



CITY OF STARKE POLICE OFFICERS' RETIREMENT SYSTEM

QUARTERLY MEETING MINUTES: WEDNESDAY, JANUARY 24, 2024

1. CALL TO ORDER

Chair Jeff Johnson called a meeting of the Board of Trustees for the City of Starke Police Officers' Retirement System to order at 1:35 PM in the City Commission Room at City Hall. He called roll. Those persons present included:

TRUSTEES

Chief Jeff Johnson, Chair
Major John Riles, Secretary
Shirley Mangol, Trustee
Jeff Oody, Trustee

OTHERS

Scott Baur & Kyle Tintle - Administrator (Resource Centers)
Josh Smittkamp, Investment Consultant (Dover Consulting)
Ron Cohen, Attorney (Lorium Law) electronically
Shelly Jones, Actuary (GRS) electronically

2. MINUTES

The Trustees reviewed the Quarterly Meeting Minutes and the Special Meeting Minutes for October 25, 2023.

Shirley Mangol made a motion to approve the minutes for the Quarterly Meeting October 25, 2023. The motion received a second from John Riles, passed by the Trustees 3-0.

Chief Jeff Johnson requested the topic of the department closure be moved to the end of the agenda.

3. REPORTS

Investment Consultant: Quarterly Report (Josh Smittkamp, Dover Consulting)

Mr. Smittkamp reported on the returns for asset classes for the 2023 calendar year. Markets have returned to highs after 2022, after being down over 10% mid-year. He reviewed the current portfolio asset allocation. The assets gained 9.47% for the December 31st quarter and 11.88% for the September 30, 2023 fiscal year end. The portfolio ended December 31st with \$4,301,272 in total assets. The index funds had an average 0.08% expense ratio.

Mr. Smittkamp recommended the Board continue to lengthen duration of fixed income holdings by moving 4% of the total plan assets into short term bonds and buy Baird Cor Plus Bond Fund Institutional. Jeff Oody asked if the Board should hold allocation decisions waiting for clarification on the status of the plan. Mr. Cohen advised the Board to continue to manage asset decisions as business as usual in the meantime. Mr. Smittkamp held to his recommendation based on what he knows so far regarding the closure of the Police Department. Jeff Oody asked if recommendations were longer term and do they adhere to the Investment Policy (IPS). Mr. Smittkamp's recommendations are aligned with the IPS and noted the Fed signaled interest rates should stop increasing further.

Jeff Oody made a motion to approve the recommendation to move 4% of plan assets to short term bonds (about \$200,000) and buy Baird Core Plus Fund. The motion received a second from John Riles, passed by the Trustees 4-0.

Mr. Smittkamp provided a report card on actively managed funds, only 1% of large cap equity stayed in the top quartile or top half remained above average after only 4 years. He reviewed records request for alternative asset holdings. Mr. Smittkamp explained types of alternative investment holdings.

4. Attorney Report (Ron Cohen, Lorium Law)

Mr. Cohen reported on the December 15th filing of the initial biennial report to comply with House Bill #3. His office recommended a template to file the comprehensive report. Mr. Cohen was not able to determine if any plans failed to comply. The Board invests assets based only on fiduciary factors anyway. The Board must also vote for proxies based

solely on pecuniary factors. Dover votes proxies if they arise from the mutual funds' holdings. Mr. Cohen recommended a letter of direction to Dover for voting proxies authorized by the Board.

5. Administrator Report (Scott Baur, Resource Centers)

Mr. Baur informed the Board that the required biennial report was submitted to the state by December 15th. He discussed the Soc 1 Type 2 audit as the Resource Centers successfully completed another internal audit. The 2023 SSAE-18 SOC 1 Type 2 Audit (aka SOC 1) reported by the auditor no exceptions, a completely clean audit report, which makes 16 years with the same results. The audit reviewed the internal controls and procedures established to avoid inadvertent errors and fraud. The auditor compares the controls and procedures to the actual workflow. Mr. Baur presented the Share Allocation Report, and distributions to inactive members. The Board directed that the city should make the distributions.

The interim financial statements were distributed to the Board; they were received and will be filed.

6. APPROVAL OF WARRANTS

The Board reviewed the warrant and expenses for January 24, 2024.

Jeff Oody made a motion to approve the payment of expenses dated January 24, 2024. The motion received a second from Shirley Mangol, passed by the Trustees 4-0.

7. NEW BUSINESS

No new business.

8. OTHER BUSINESS

No other business

9. PUBLIC COMMENTS

The Board recognized the public. James Hooper had a question regarding his Share Account future payment of his vested defined benefit from the retirement system.

Mr. Cohen advised that the city will obtain police service from the county but no decisions were made related to the pension plan. He stated at the least, the plan would freeze as of February 29th. No active members will remain after that date. Benefit accruals will freeze. If the plan is closed, the plan still has obligation. The plan may continue to exist for a very long time. No member will lose a vested benefit.

The City may need to change the Board composition. The Police Chief is a charter officer and a "night Watchman". The city attorney advised no action was yet taken related to the pension. If the plan is closed to new hires, rehired, and vested deferred members will continue to receive benefits. Ms. Jones will continue to provide annual valuation reports. The city must keep the plan actuarially sound.

The Board considered future contributions, which may still be required by the city. Ms. Jones advised the state money will continue until the plan is fully funded (the trust has enough money to meet all current and future liabilities). The plan is not currently fully funded. Mr. Cohen explained a closed plan continues to receive premium tax receipts but with no police department a question remains.

James Hooper said the police chief has no law enforcement powers if the city has no police department. Jeff Johnson's term as Police Chief, runs through September 30, 2025. A law enforcement officer must be attached to an agency to maintain certification. It would be in the best interest of the city to continue to receive the Chapter 185 premium tax

receipts. The city can terminate the plan. Ms. Jones advised administrative expenses remain a future contribution requirement. Mr. Cohen believes the plan will close. He does not think the plan is terminated. Mr. Cohen referred to the Town of Lake Park Fire decision where the plan was terminated. In a termination all benefits become immediately vested and non-forfeitable. The Board must then determine how to pay benefits. Ms. Jones repeated the plan will continue to receive the Chapter 185 premium tax receipts following the closure until it is fully funded. The city may not make a determination. Jeff Oody asked if administration can be streamlined by the city. Mr. Cohen will investigate the issue further. Mr. Cohen advised the plan will close on March 1 with no future benefit accruals. The Trustees will holdover. The city will continue to pay benefits and make contributions. If the city stops making contributions the Board may consider the plan termination. The Board may need a new valuation. Ms. Jones advised the plan will need to be closed for the actuary to value the plan as a closed plan. An impact statement might indicate an updated contribution requirement.

The city contributes bi-weekly basis on payroll. The Board considered non-vested members. In a closed plan the members will receive a refund for their contributions. Members vest immediately in a terminated plan. Mr. Cohen would not take an immediate refund of contribution. The Board considered whether a member might have a consideration of benefits if remaining as a city employee. The Board also considered whether the city might still vest the remaining active members. Ms. Jones cannot do an impact statement without a proposed ordinance. The Board therefore directed Mr. Cohen to work with the city's attorney to confirm that the plan closed, also consider vesting 2 remaining members at 5 years.

10. NEXT MEETING

The next regularly scheduled Quarterly Meeting is for Wednesday, April 24, 2024 at 3:40 PM. Ms. Shirley Mangol notified the Board that she is unavailable to attend the April meeting.

Shirley Mangol made a motion to adjourn the meeting as there is no other business. The motion received a second from John Riles, passed by the Trustees 4-0.

There being no further business, the meeting adjourned at 3:40 PM.

Respectfully submitted,

Board Chair