CITY OF ST. PETE BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM PENSION BOARD OF TRUSTEES QUARTERLY MEETING MINUTES

City Hall, 2nd Floor Conference Room, 155 Corey Avenue, St. Pete Beach, FL 33706

Thursday, January 16, 2020 at 1:30PM

TRUSTEES PRESENT: Samantha Brem
Ray Gallant
James Gaskins
Tim McLean
Nancy Schultz

TRUSTEES ABSENT: None

OTHERS PRESENT: Lynn Skinner, Salem Trust
Patrick Donlan, Foster & Foster
David Wheeler, Graystone Consulting
Andy McIlvaine, Graystone Consulting
Stu Kaufman, Klausner, Kaufman, Jensen & Levinson
Kim Kilgore, Foster & Foster
Vince Tenaglia, Finance Director & Assistant City Manager

1. **Call to Order** – Samantha Brem called the meeting to order at 1:30PM.

2. **Roll Call** – As reflected above.

3. **Public Comments** – None.

4. **Approval of Minutes**

The board voted to approve the minutes from the October 17, 2019 quarterly meeting upon motion by Nancy Schultz and second by Ray Gallant; motion carried 5-0.

5. **New Business** – None.

6. **Consent Agenda**
   a. Payment ratification
      i. Warrant #10
         1. Fisher & Sauls, P.A., Settlement Agreement for Melanie Johnson, $10,000.00
      ii. Warrant #11
         1. Anchor Capital Advisors, 2nd quarter fees, $2,417.33
         2. Graystone Consulting, invoice #10130019192, $4,375.00
         3. Insight Investment, invoice #1284-ISC-TRSA, 2nd quarter fees, $2,451.21
         4. Klausner, Kaufman, Jensen & Levinson, invoice #24255, $4,486.30
         5. Klausner, Kaufman, Jensen & Levinson, invoice #24502, $4,881.92
         6. Klausner, Kaufman, Jensen & Levinson, invoice #24654, $8,198.56
         7. Graystone Consulting, invoice #10130019287, $4,375.00
         8. Insight Investment, invoice #194-Q-NT, 3rd quarter fees, $2,478.22
         9. Klausner, Kaufman, Jensen & Levinson, invoice #24786, $12,934.54
         10. Anchor Capital Advisors, 3rd quarter fees, $2,489.05
         11. Foster & Foster, invoice #15708, $593.96
         12. Foster & Foster, invoice #15882, $0.00 ($1,640.00 credit applied to this invoice)
         13. Klausner, Kaufman, Jensen & Levinson, invoice #24959, $66.91

14. Foster & Foster, invoice #15949, $1,080.00

b. New invoices for payment
    i. Warrant #12
        1. Gray Robinson, invoice #10883762, $2,242.26
        2. Gray Robinson, invoice #10890941, $1,542.50
        3. Gray Robinson, invoice #10897200, $1,143.89
        4. Gray Robinson, invoice #10904353, $1,853.94
        5. Foster & Foster, invoice #16084, $1,080.00

c. Fund Activity Report for October 11, 2019 – January 9, 2020

The board voted to approve the Consent Agenda as presented upon motion by Tim McLean and second by James Gaskins, motion carried 5-0.

7. **Reports**
    a. Salem Trust, Lynn Skinner, Custodian
        i. Lynn Skinner introduced herself to the board and reviewed her role as the custodian of the funds for the plan.
        ii. Lynn Skinner commented effective March 1, 2020, account numbers, ACH wires instruction and investment managers trade delivery instructions would change due to Salem Trust's acquisition with TMI.
        iii. Lynn Skinner stated Salem Trust's statements and benefits would remain the same.
        iv. Lynn Skinner requested confirmation on which trustees needed to access the plan's statements. Lynn Skinner stated she would remove the prior trustee from having access to the plan's account.

    b. Foster & Foster, Patrick Donlan, Actuary
        i. Presentation of the October 1, 2019, Valuation Report
            1. Patrick Donlan stated the funding requirement went down from 67.60% to 55.60%, as a percentage of projected annual payroll. Patrick further stated the decrease was due to an increase in payroll and decrease in Unfunded Actuarial Accrued Liability (UAAL) balance.
            2. Patrick Donlan commented the primary source of actuarial gain were the plan's favorable turnover and retirement experience.
            3. Patrick Donlan reviewed the four-year average return of 7.50% which was right in line of the return assumption. Patrick further commented the next valuation would be dropping off a good return, so a good return would be needed this year to meet the assumed rate.
            4. Patrick Donlan reviewed the participant data used in the valuation.
            5. Patrick Donlan reviewed the GASB 67 accounting with the Plan's fiduciary net position increase from 72.03% to 74.22% as a percentage of the total pension liability.
            6. Patrick Donlan stated the UAAL balance beginning on October 1, 2018 was $4,206,223 with the actual UAAL as of October 1, 2019 was $3,709.597 mainly due to the turnover of members.
            7. Patrick Donlan commented the plan's funding ratio had increased from 75.0% to 77.9% for October 1, 2019.

The board approved the October 1, 2019 Valuation Report as presented upon motion by Tim McLean and second by Nancy Schultz; motion carried 5-0.

The board voted the declaration or returns for the plan shall be 7.50% for the next year, the next several years, and the long-term thereafter net of investment related expense, upon motion by Tim McLean and second by Ray Gallant; motion carried 5-0.

8. Patrick Donlan stated Foster & Foster would be paying the fund ten thousand dollars for the Melanie Johnson settlement.

c. Graystone Consulting, David Wheeler/Andy McIlvaine, Investment Consultant
   i. Quarterly report as of December 31, 2019
      1. Andy McIlvaine reviewed the market environment during the past quarter.
      2. Andy McIlvaine reviewed the U.S. equity market, S&P 500 sector, developed markets equity, emerging markets equity and fixed income returns.
      3. The total portfolio value was $12,915,669.22 as of December 31, 2019.
      4. David Wheeler reviewed the asset allocation compared to the investment policy allowance.
      5. David Wheeler reviewed each investment manager returns for the past quarter, 1-, 3-, 5-year periods and since inception.
      6. The net total fund returns for the quarter were 4.63% outperforming the policy benchmark of 4.57%. Trailing returns for the 1, 3 and 5-year periods were 19.51%, 8.45% and 6.24%. Since inception (7/31/2006) gross returns was 6.79% and since inception (6/30/1994) was 7.75%.
      7. Vince Tenaglia asked about Anchor's fee reduction, David Wheeler stated he would contact Anchor about the fee reduction.
      8. David Wheeler reviewed the current active manager peer universe comparison report.
   ii. Small Cap Value & Growth Search
      1. David Wheeler presented the following managers in the search were Delaware, Looms Sayles, Neuberger Berman Intrinsic, T. Rowe Price, and Virtus KAR.
      2. David Wheeler reviewed the trailing period returns of each investment manager.
      3. David Wheeler reviewed the 3-year rolling period Returns, Alpha and Sharpe Ratio.
      4. David Wheeler recommended the investment in Virtus KAR small cap value commenting they had the lowest standard deviation.

The board approved to transfer (sell) half of the assets in the Vanguard Small Cap Value fund and purchase Virtus KAR Small Cap Value, motion by Nancy Schultz and second by James Gaskins, motion carried 5-0.

5. David Wheeler would like to table the Small Cap Growth search until the next quarterly meeting due to time restraints.
6. David Wheeler reviewed the rebalancing instructions of the Receipt & Disbursement (R&D) account with Salem recommending rebalancing the funds on a pro rata approach.

The board approved to rebalance the R&D account with Salem using a pro rata approach, motion by Nancy Schultz and second by Tim McLean, motion carried 5-0.

d. Klausner, Jensen & Levinson, Stu Kaufman, Board Attorney
   i. Plan Attorney Client Conference
      1. Stu Kaufman introduced himself to the board and explain his role as the plan's attorney.
      2. Stu Kaufman invited the board to the Klausner, Kaufman, Jensen and Levinson Annual Client Conference from May 27-29, 2020 in Fort Lauderdale, Florida.
   ii. Uniformed Services Employment and Reemployment Rights Act (USERRA)
      1. Stu Kaufman reviewed the current USERRA requirement as it relates to members on military leave.
   iii. SECURE Act

1. Stu Kaufman reviewed the Secure Act and commented the new law was primarily intended to expand opportunities to increase individual retirement savings. Stu further reviewed the Secure Act moved the Required Minimum Distribution (RMD) from age seventy and a half to age seventy-two. Stu commented this new amendment only applied to individuals who reached seventy and a half after 2020.

iv. Notary electronically

1. Stu Kaufman reviewed the changes to the Florida's notary public law to permit remote online notarizations. Stu reviewed the items that must be met in order to become a remote notary.
2. Stu Kaufman commented all the pension forms requiring a notary signature would need to be updated to provide for a remote notary.

8. **Old Business** - None.

9. **Staff Reports, Discussion, and Action**

a. Kim Kilgore, Foster & Foster, Plan Administrator

i. Records Management Liaison Officer (RMLO)

1. Kim Kilgore asked the board if they would like Foster & Foster to be the RMLO for the plan since we hold the records.

The board appointed Kim Kilgore with Foster & Foster to be the Records Management Liaison Officer for the plan, motion by Ray Gallant and second by James Gaskins, motion carried 5-0.

10. **Trustees' Reports, Discussion, and Action** – None.

11. **Adjournment** – The meeting adjourned at 3:25PM.

12. **Next Meeting** – April 16, 2020 at 8:30AM, Quarterly Meeting

Respectfully submitted by: Approved by:

Kim Kilgore

Kim Kilgore, Plan Administrator | Samantha Brem, Chairman

Date Approved by the Pension Board: 04/16/2020