Police Pension Board Meeting

City of St. Pete Beach

155 Corey Avenue

Thursday, July 21, 2016

1:30 PM

Call to Order
Pledge of Allegiance
Roll Call

REGULAR MEETING

1. **Changes to the Agenda** – Agenda items to be added, moved or deleted will be addressed at this time. Added items will be assigned agenda item numbers and moved items should remain with the same item numbers. Notation will be made that those items will be taken out of order.

2. **Audience Comments** - Comments shall be limited to three minutes per person to issues not on the agenda.

3. **Seating New City Appointed Member of the Board, Mr. Jack Frieder.**

4. **Approval of Minutes** – Regular Meeting of April 21, 2016

5. **Authorization of Payments:**

Continued On Next page

- [Attachment "A"] Christiansen & Dehner Invoice (28180) dated April 30, 2016 for services through that date in the amount of $653.11
- Anticipating an invoice from Bogdahn Group. If it arrives prior to the meeting, it will be brought before the board for action.
- Anticipating an invoice from Anchor Capital. If it arrives prior to the meeting, it will be brought before the board for action.
- Anticipating an invoice from Insight (formerly Cutwater). If it arrives prior to the meeting, it will be brought before the board for action.

6. Renewal of Liability Insurance. ($3,748 Chairman Rogers)

7. Presentations

- Bogdahn Group – Discussion of actively managed Growth and Value stock funds as opposed to index investing of these funds.

- Salem Trust

- Christiansen & Dehner

8 Correspondence or actions since last meeting

- January 5, 2016 letter from Chairman Rogers to Bureau of Local Retirement Systems transmitting the board's 2016 budget. [Attachment "B"].
- March 14, 2016 letter from Chairman Rogers to the City Commission providing an update on the plan. [Attachment "C"]

9. Other Business

10. Adjournment

APPEAL

If a person decides to appeal any decision made at this meeting, he or she will need a record of the proceeding and, for such purpose, may need to ensure that a verbatim record of the meeting is made, which record includes the testimony and evidence upon which the appeal is to be based (F.S. 286.0105). The City does not furnish verbatim transcripts; interested parties should make the necessary arrangements for verbatim transcripts.

AMERICANS WITH DISABILITIES ACT

In Accordance with the Americans with Disabilities Act and F.S. 286.26, persons with disabilities needing special accommodations to participate in this meeting should contact City Hall at (727) 367-2735 no later than four days prior to the meeting for assistance. The public is cordially invited to attend. All agenda material is available for review at City Hall.

Christiansen & Dehner, P. A.

ATTACHMENT "A"
1/2

63 Sarasota Center Boulevard
Suite 107
Sarasota, FL 34240-

941-377-2200
Phone

941-377-4848
Fax

April 30, 2016

City of St. Pete Beach Police
Officers' Pension Fund
155 Corey Avenue
St. Pete Beach, FL 33706
Thomas Lange

Invoice Number

In Reference To: Police Pension Fund	8926	28180

Professional Services

		Hours	Amount
4/21/2016	Travel Time	0.60	118.20
	Preparation and attendance at Board Meeting.	1.30	512.20
	For professional services rendered	1.90	$630.40

Additional Charges :

		Qty	
4/20/2016	Tolls	1	0.63
4/21/2016	Car Expense	1	14.58
	Food Expense	1	7.50
	Total additional charges		$22.71

	Total amount of this bill	$653.11
	Previous balance	$771.30
	Accounts receivable transactions	
5/4/2016	Payment - thank you. Check No. 23810	($771.30)
	Total payments and adjustments	($771.30)

City of St. Pete Beach Police

2/2

April 30, 2016

	Amount
Balance due	$653.11

** Please note that the "Balance Due" figure at the end of this bill reflects both "Total New Charges - Current Period" and any previous balances due. In most cases, if the previous balance(s) have already been approved for payment but not yet received in our office, you should be paying only the "Total New Charges - for services and/or expenses". Thank you.

Please indicate account number(s) with payment.
(Please Deduct any payments not reflected in Balance due)

ATTACHMENT "B"

1/2

THE SUNSET CAPITAL OF FLORIDA

Mr. Robert Miller Rogers, Chair
City of St. Pete Beach
155 Corey Avenue
St. Pete Beach, Florida 33706

January 5, 2016

Mr. Keith Brinkman, Bureau Chief
Bureau of Local Retirement Systems
PO Box 9000
Tallahassee, FL 32399-1560

Dear Mr. Brinkman,

Please find attached the 2016 budget for the St. Pete Police Pension Plan which was adopted at our October 2015 meeting.

Regards,

Robert Miller Rogers, Chair
SPB Police Pension Board

St Pete Beach Police Pension - Fiscal Year 2015-16 Budget

	2014-15	proposed 2015-2016
Plan Operating expenses		
Actuary - Foster & Foster	$ 14,700	$ 15,000
Trust services - Salem	$ 11,050	$ 11,100
Attorney - L Deiner	$ 6,240	$ 6,400
Consultant - Bogdahn	$ 15,200	$ 15,500
total operating exp	$ 47,190	$ 48,000
Investment Management Expenses		
Anchor mgt fees	$ 8,400	$ 8,500
Vanguard fees	$ 14,000	$ 14,000
Wells Fargo	$ 8,250	$ 8,250
M&N	$ 8,250	$ 8,250
Cutwater	$ 15,400	$ 15,400
total invesment fees	$ 54,300	$ 54,400
Other Expenses		
Liability Insurance	$ 3,748	$ 3,800
Travel & Education	$ 150	$ 200
total other exp	$ 3,898	$ 4,000
Plan Total Expenses	$ 105,388	$ 106,400

2/2

ATTACHMENT "Z" 1/2

RECEIVED
APR 15 2016
4:18 pm
CITY CLERKS OFFICE

Mayor Lowe and Commissioners

St. Pete Beach, Florida

3/14/2016

Dear Mayor Lowe and City Commission,

I am writing to review the Police Pension progress YTD and to offer some thoughts on fiscal planning.

First a brief review: the Police Pension Board continues to work to meet the obligation of the City of St. Pete Beach to pay the earned pension benefits for our now retired Police Officers. As of the end of calendar year ending 12/31/2014 all of our police officers were retired or are vested and will receive their benefit when they are eligible under the retirement system in effect when they left city service. The St Pete Beach Pension plan is closed to any new beneficiaries. Therefore, the only contributions to the plan are from (1.) City required contributions as determined by the actuary's annual report and (2.) An annual rebate on a state tax included with automobile insurance policies issued to St. Pete Beach residents.

There are 32 total persons entitled to retirement benefits under the St Pete Beach Police Retirement Plan. They are categorized as follows: 23 service retirees with average age 60.2, 1 person receiving a death benefit age 94.9, and 1 person receiving a disability benefit age 79.1, 5 vested average age 48.1 (a benefit will be paid when they reach retirement age), and 2 persons in the DROP who are vested, average age 62.2. The life expectancy for this age population is about 86, therefore, the plan can expected to be in operation for more than 25.

In July, 2014 the Plan's advisor recommended that because of the age of the beneficiaries and the absence of future member contributions that the Board should consider a more prudent and conservative approach to the investment policy and the mix of equities to fixed income investments. The board took two important steps based on this recommendation. **First**, by unanimous vote the board moved to a gradual reduction from about 70% equity to a 50% equity-50% fixed income portfolio. An adopted revised Investment Policy Statement reflects this change. **Second,** the board voted in October to change the growth assumption from 7.75% to a 7.0% assumption to reflect the realistic growth for a portfolio with 50% equity - 50% fixed asset mix. **As of April, 2016**, the plan has 54% of assets in equities and 43% in fixed income with a 2% cash position.

The market value of assets in the Plan At fiscal year-end Oct., 2015 was $11,045,917. Net assets at fiscal year-end Oct., 2014 was $11,633,140 for a decrease in value of $587,223. Concurrently the Plan had beneficiary distributions of $1,098,393.03 last year. Of that: $1,086,251.74 for pension benefits and $12,141.29 for Share distributions. The plan had operating expenses of $72,400 during the plan year. Last fiscal year the plan had a rate of return loss of -1.17% instead of the plan's expected 7.00% return. The Plan is being conservatory managed but market forces were a strong headwind against the desired positive result. However, from the perspective of a comparison against other pension plans, this plan's performance is in the top 20% of public employee plans since 2007. Make no mistake, this board has no interest in being the best of a poorly performing segment. The Board is focused on prudent management of the funds with a sharp eye on expense control while demanding excellent performance from our consultants and money managers. The Police Pension Board continues to work diligently to ensure the pension benefit for our retired police officers will be met.

One item I want to emphasize for your future budgetary planning that a clause in Florida Law allows public employee plans to use a 4 year smoothing technique to calculate the required funding by the city. This clause worked in the city's favor this year. Because of smoothing, the four year average was 9.57% even though the plan had a -1.17% RETURN LAST YEAR. The four year smoothing, therefore, produces an actuarial gain to give the false impression that all is well. Market conditions aren't indicating that strong returns should be expected this year. For the plan to enjoy a 7% return, the equity portion of the portfolio will need to have a 12% return. This does not appear to be a realistic result. I am recommending that for future budgetary planning that the City will be required to significantly increase funding for the Police Pension Plan.

I would be pleased to meet with Commission members individually to more fully explain the working of a pension plan.

RM Rogers

Robert M. Rogers, Chair

Police Pension Board