CITY OF ST. PETE BEACH POLICE OFFICERS' 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 10:30AM

TRUSTEES PRESENT:	Roger Dunn Richard German Robert Micklitsch Chris Centofanti
TRUSTEES ABSENT:	None
OTHERS PRESENT:	Stu Kaufman, Klausner, Kaufman, Jensen & Levinson Kerry Richardville, AndCo Consulting Lynn Skinner, Salem Trust Patrick Donlan, Foster & Foster Kim Kilgore, Foster & Foster Vince Tenaglia, Finance Director & Assistant City Manager

1. **Call to Order** – Roger Dunn called the meeting to order at 10:30AM.

2. **Roll Call** – All trustees present, quorum confirmed.

3. **Public Comments** – None.

4. **New Business**
    a. 5th Trustee Seat – Nominations
        i. Roger Dunn presented the resume of Patricia Cucchiara as a nomination to fill the vacancy of the 5th member of the board.
        ii. Conversations ensued between the trustees of the nomination presented by Roger Dunn.

The board approved the appointment of Patricia Cucchiara as the 5th member of the board of trustees upon motion by Richard German and second by Robert Micklitsch; motion carried 4-0.

5. **Approval of Minutes** – Moved to the end of the meeting.

6. **Consent Agenda**
    a. Payment ratification
        i. Warrant #10
            1. Klausner, Kaufman, Jensen & Levinson, invoice #24057, $530.40
            2. Christiansen & Dehner, invoice #28855, $1,280.95
            3. Klausner, Kaufman, Jensen & Levinson, invoice #24251, $4,442.10
            4. Klausner, Kaufman, Jensen & Levinson, invoice #24500, $2,917.20
            5. AndCo, invoice #33197, $3,800.00
            6. Klausner, Kaufman, Jensen & Levinson, invoice #24650, $884.00
            7. Foster & Foster, invoice #15448, $6,880.00
            8. Klausner, Kaufman, Jensen & Levinson, invoice #24957, $3,157.11
    b. New invoices for payment
        i. None.
    c. Fund Activity Report for October 11, 2019 – January 9, 2020

The board voted to approve the Consent Agenda as presented upon motion by Chris Centofanti and second by Richard German; motion carried 4-0.

7. **Reports**
    a. Salem Trust, Lynn Skinner, Custodian
        i. Upcoming transition for banking and settlement instructions
            1. Lynn Skinner commented effective March 1, 2020, account numbers, ACH wire instructions and investment managers trade delivery instructions would change due to Salem Trust's acquisition with TMI.
            2. Lynn Skinner stated Salem Trust's statements and benefit payments would remain the same.

    b. Foster & Foster, Patrick Donlan, Actuary
        i. Presentation of the October 1, 2019, Valuation Report
            1. Patrick Donlan explained his role as the Actuary for the plan.
            2. Patrick Donlan commented the primary source of actuarial gain was due to the investment return exceeding the 7% assumed rate of return.
            3. Patrick Donlan reviewed the rate of return used in the valuation was a rolling 4-year average return using the past four years' returns. Patrick further stated the 2016 return of 9.22% would be falling off for next valuation, so a good return this year would be needed to meet the assumed rate.
            4. Patrick Donlan reviewed the comparative summary of data used for 2018 and 2019 valuation reports.
            5. Patrick Donlan reviewed the reconciliation of the Unfunded Actuarial Accrued Liabilities (UAAL) with ending balance on October 1, 2019 of $6,522,975.
            6. The funding ratio increased from 63.2% for October 1, 2018 to 64.9% for October 1, 2019.
            7. Vince Tenaglia commented a loan was issued to the City to pay off the UAAL, but it was found the plan would lose the State money if the plan was 100% funded.
            8. Stu Kaufman commented it would be in the best interest of the plan not to lose the State money. Stu Kaufman stated to bring the Florida Division of Retirement into the conversation to make sure all avenues were covered.

The board approved the October 1, 2019 Valuation Report as presented upon motion by Robert Micklitsch and second by Richard German; motion carried 4-0.

The board voted the declaration or returns for the plan shall be 7.00% for the next year, the next several years, and the long-term thereafter net of investment related expense, upon motion by Richard German and second by Robert Micklitsch; motion carried 4-0.

    c. AndCo Consulting, Kerry Richardville, Investment Consultant
        i. Quarterly report as of December 31, 2019
            1. Kerry Richardville reviewed the market environment during the last quarter.
            2. Kerry Richardville reviewed the financial reconciliation for the last quarter with a beginning market value of $11,565,026 on October 1, 2019 and ending market value of $17,962,195 on December 31, 2019.
            3. The asset allocation of the fund as of December 31, 2019 was Domestic Equity at 45.70%, International Equity at 10.20%, Domestic Fixed Income at 37.30%, Global Fixed at 4.90%, and Cash Accounts at 1.90%.
            4. Kerry Richardville stated asset allocations were within the investment policy and no recommendation was made to rebalance at this time.

5. The total fund gross returns without Real Estate for the quarter were 4.93%. Trailing returns for 1, 3, and 5-year periods were 19.33%, 9.46%, and 7.07% respectively. Since inception (10/1/1994), gross returns were 8.20%.
6. Kerry Richardville reviewed the performance of each manager for the past quarter.
7. Kerry Richardville stated Anchor Capital investment fees were being reduced.

d. Klausner, Kaufman, Jensen & Levinson, Stu Kaufman, Board Attorney
    i. Legal/Legislative update
        1. Stu Kaufman introduced himself and informed the board he was filling in for Bonni Jensen who was unable to attend the meeting.
        2. Stu Kaufman explained the role he performed as the attorney for the board and plan.
    ii. Proposed ordinance on member elected trustee
        1. Stu Kaufman reviewed the proposed ordinance defining who could fill the member elected trustee seat when the active membership fell below ten members due to plan closure.
        2. Stu Kaufman stated the proposed ordinance would be going for first reading by the City Commission.
    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 January 1, 2020.
    iv. Online Notary
        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. Stu commented all the pension forms requiring a notary signature would need to be updated to provide for a remote notary.
    v. Klausner, Kaufman, Jensen & Levinson Client Conference
        1. Stu Kaufman reviewed the topics for discussion to be presented at their annual client conference.
        2. Stu Kaufman commented that was no charge for the conference and the plan would pay for travel and accommodations.
        3. Stu Kaufman reviewed Florida law 122.661 on the requirement of continuing education attended by trustees with no specifics.

8. **Old Business** - None.

9. **Staff Reports, Discussion, and Action**
    a. Kim Kilgore, Foster & Foster, Plan Administrator
        1. Kim Kilgore commented she had been working closely with the City during the transition as the new plan administrator.

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

11. **Approval of Minutes**

The board voted to approve the minutes from the October 17, 2019 quarterly meeting and the November 22, 2019 quarterly meeting upon motion by Richard German and second by Robert Micklitsch; motion carried 4-0.

12. **Adjournment** – The meeting adjourned at 11:36AM.

13. **Next Meeting** – April 16, 2020 at 1:30PM, Quarterly Meeting

Respectfully submitted by

Kim Kilgore

Kim Kilgore, Plan Administrator

Approved by:

Roger A Dunn

Roger Dunn, Chairman

Date Approved by the Pension Board: 5-5-20