CITY OF ST. PETE BEACH POLICE OFFICERS' RETIREMENT SYSTEM PENSION BOARD OF TRUSTEES QUARTERLY MEETING MINUTES

Thursday, October 15, 2020 at 10:30AM

Governor Ron DeSantis signed Executive Order 20-69 which suspends all statutes that require a quorum to be present in person or require a local government body to meet at a specific public place. It also provides that local government bodies may utilize communications media technology, such as telephonic and video conferencing, as provided in section 120.54(5)(b)2, Florida Statutes. Under Executive Order 20-69, the board meeting was held via video conference using Zoom Meeting.

TRUSTEES PRESENT: Roger Dunn
Richard German
Patricia Cucchiara
Chris Centofanti
Robert Micklitsch

TRUSTEES ABSENT: None

OTHERS PRESENT: Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Kerry Richardville, AndCo Consulting
Vince Tenaglia, City's Assistant City Manager/Finance Director
Kim Kilgore, Foster & Foster

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

2. **Roll Call** – Quorum confirmed.

3. **Public Comments** – None.

4. **Approval of Minutes**

The Board voted to approve the minutes from the July 16, 2020 quarterly meeting upon motion by Richard German and second by Robert Micklitsch; motion carried 4-0.

(Chris Centofanti arrived at 10:35AM)

5. **New Business**
    a. Proposed 2021 meeting dates

The proposed 2021 meeting dates presented were approved upon motion by Richard German and second by Robert Micklitsch; motion carried 5-0.

    b. Actual expenses as of September 30, 2020
        i. Kim Kilgore stated the actual expense report was not completed and would be presented at the next meeting.
    c. Term expirations
        i. Kim Kilgore commented both terms for the council appointed trustee position of Roger Dunn and Robert Micklitsch were expiring in November. Both trustees stated they would like to be reappointed. Kim Kilgore stated she would notify the City of their interest of being reappointed.

6. **Consent Agenda**
    a. Payment ratification

i. Warrant #16
   1. AndCo, invoice #35703, $3,800.00
   2. Klausner, Kaufman, Jensen & Levinson, invoice #26382, $353.60
   3. Foster & Foster Administration, invoice #17509, $855.00
   4. United Members Insurance, invoice #07068, $3,764.00

ii. Warrant #17
   1. Salem Trust, 2nd quarter fees (Auto-Deduct), $2,875.00
   2. Klausner, Kaufman, Jensen & Levinson, invoice #26600, $1,071.50
   3. Foster & Foster Administration, invoice #17771, $855.00

iii. Warrant #18
   1. Klausner, Kaufman, Jensen & Levinson, invoice #26809, $132.60
   2. Foster & Foster, invoice #18046, $855.00
   3. AndCo, invoice #36432, $3,800.00

b. New invoices for payment
   None.

c. Fund Activity Report for July 10, 2020 – October 8, 2020

The Board voted to approve the Consent Agenda as presented upon motion by Richard German and second by Chris Centofanti; motion carried 5-0.

7. **Reports**

a. AndCo Consulting, Kerry Richardville, Investment Consultant

ii. Quarterly report as of September 30, 2020
   1. Kerry Richardville reviewed the market environment during the past quarter commenting growth continued to lead value.
   2. The fund had an ending market value of $17,978,835 on September 30, 2020.
   3. The asset allocation of the fund as of September 30, 2020 was Domestic Equity at 45.90%, International Equity at 10.10%, Domestic Fixed Income at 37.50%, Global Fixed at 4.60%, and Cash Accounts at 2.00%.
   4. The total fund gross returns for the quarter were 5.62%. Trailing returns for FYTD, 3, and 5-year periods were 11.00%, 7.90%, and 8.96%, respectively. Since inception (10/1/1994), gross returns were 8.19%.
   5. Kerry Richardville reviewed the returns by asset type and each investment manager.
   6. Kerry Richardville reviewed Templeton's investment strategy and the reason for the fund not performing well. Kerry recommended replacing the Templeton investment and stated she would bring some possible replacements to the next meeting.

iii. Asset Allocation Glide Path Analysis
   1. Kerry Richardville commented with a closed plan over time the focus of the plan shifted to growing assets (equity) to stabilizing assets (fixed income).
   2. Kerry Richardville reviewed the glide path of the asset allocation compared to the age of pensioners and beneficiaries. Kerry reviewed the asset allocation corresponding to the average age for this plan of age 64.
   3. Kerry Richardville commented the estimated projected returns were based on JP Morgan's 2020 asset class return assumptions that looked forward ten to fifteen years compared to the asset allocation and the age of pensioner showing the fund's current allocation would be in the low 6.00%.
   4. Kerry Richardville recommended to ask the Actuary for different assumed rate scenarios when preparing the valuation and using 7.00%, 6.75%, and 6.50%.
   5. Conversation ensued on having the Actuary perform the valuation showing lower assumed rate of returns.

iv. Introduction to Private Real Estate investment

1. Kerry Richardville stated the fund was not currently invested in real estate due to previous Board members not comfortable with the liquidity of the investment.
2. Kerry Richardville commented real estate invested in office space, multi-family, industrial and retail properties.
3. Kerry Richardville commented real estate investment had a very stable market with a lot of business and demands showing a 6.00% long term return.
4. Kerry Richardville commented taking a piece of the fixed income investment and moving it to real estate as other funds had done.
5. Kerry Richardville reviewed the process of buying into and selling real estate and how the investment was valued per appraisal. Kerry commented there was a $1 million minimum investment needed by most managers and the fees were in the 1.00% range.
6. Roger Dunn asked if the reason for bringing up the real estate investment was because of the low returns with the fixed income. Kerry Richardville commented yes but to possibly wait until the market stabilized to purchase.

v. Proposed fee increase

1. Kerry Richardville commented it had been ten years since AndCo had increased fees for providing investment consulting services.
2. Kerry Richardville proposed a fee increase of $2,000 per year bringing their fee to $17,200 per year. Kerry further stated the fee would be guaranteed for three years effective October 1, 2020.

The Board approved the fee increase to $17,200 annually effective October 1, 2020 with AndCo for investment consultant services upon motion by Patricia Cucchiara and second by Chris Centofanti; motion carried 5-0.

b. Klausner, Kaufman, Jensen & Levinson, Bonni Jensen, Board Attorney

i. Governor's Order extension to virtual

1. Bonni Jensen commented the Governor had extended the Order to hold meetings virtually to November 1, 2020 with a strong message the Order may not be extended any further and was wanting to resume physical meetings.
2. Bonni Jensen recommended to possibly meet in a larger venue for better social distancing. Bonni further explained they would need to have at least three trustees physically present to conduct the meeting with the other trustees calling in.

8. **Old Business** – None.

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

a. Foster & Foster, Kim Kilgore, Plan Administrator

i. Foster & Foster cyber liability coverage update

1. Kim Kilgore commented Foster & Foster increased their cyber liability coverage from $1 million to $2 million per claim.

ii. State monies update

1. Kim Kilgore stated the annual State Report had been approved in August and a premium tax disbursement in the amount of $99,318.48 had been deposited into the plan's account on September 4, 2020.

iii. Educational opportunities

1. Kim Kilgore commented the FPPTA Virtual Summit would be held October 26-28, 2020. Kim Kilgore further commented the annual FPPTA membership fees would also need to be paid along with any registration for the event.

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

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

12. **Next Meeting** – January 21, 2021 at 1:30PM, Quarterly Meeting

Respectfully submitted by: Kim Kilgore

Kim Kilgore, Plan Administrator

Approved by: Ron Dunn

As: Chairman

Date Approved by the Pension Board: 01-21-2021