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

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.

Thursday, April 16, 2020 at 8:30AM

TRUSTEES PRESENT: Samantha Brem (via phone)
Ray Gallant (via phone)
James Gaskins (via phone)
Tim McLean (via phone)
Nancy Schultz (via phone)

TRUSTEES ABSENT: None

OTHERS PRESENT: Bonni Jensen, Klausner, Kaufman, Jensen, Levinson (via phone)
David Wheeler, Graystone Consulting (via phone)
Andy McIlvaine, Graystone Consulting (via phone)
Scott Owens, Graystone Consulting (via phone)
Kim Kilgore, Foster & Foster (via phone)
Vince Tenaglia, Finance Director & Assistant City Manager (via phone)

1. **Call to Order** – Samantha Brem called the meeting to order at 8:38AM.

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

3. **Public Comments** – None.

4. **New Business**
   a. Administrative Policy, Use of Audio-Video Conferencing

The Board approved the policy as presented upon motion by Tim McClean and second by James Gaskins; motion carried 4-0.

5. **Approval of Minutes**

The Board voted to approve the minutes from the January 16, 2020 quarterly meeting upon motion by Ray Gallant and second by Tim McLean; motion carried 4-0.

Note: Nancy Schultz arrived at 8:44AM.

6. **Consent Agenda**
   a. Bonni Jensen made note of the $1,640.00 credit that was applied to Foster and Foster invoice #16234.

   b. Payment ratification
      i. Warrant #13
         1. Foster & Foster, invoice #16234, $9,288.00
         2. Klausner, Kaufman, Jensen & Levinson, invoice #25149, $146.39
      ii. Warrant #14
         1. Salem Trust, 4th quarter fees (Auto-Deduct), $2,950.00
         2. Insight Investment, invoice #409-Q-NT, $2,218.47

        3. Klausner, Kaufman, Jensen & Levinson, invoice #25343, $1,463.32
        4. Foster & Foster, invoice #16373, $1,175.64
    iii. Warrant #15
        1. Klausner, Kaufman, Jensen & Levinson, invoice #25534, $265.20
        2. Foster & Foster, invoice #16538, $1,080.00

c. New invoices for payment
    i. None.
d. Fund Activity Report for January 10, 2020 – April 9, 2020

The Board voted to approve the Consent Agenda as presented upon motion by Nancy Schultz and second by Ray Gallant; motion carried 5-0.

7. **Reports**
    a. Graystone Consulting, David Wheeler/Andy McIlvaine, Investment Consultant
        i. Quarterly report as of March 31, 2020
            1. Andy McIlvain reviewed the market environment and the immense impact of the COVID-19 pandemic on the economy.
            2. Andy McIlvain commented since there was a possibility there would be a resurgence of the coronavirus, uncertainty in the markets could continue and added it would be prudent to not make hasty investment decisions while the market was so volatile.
            3. David Wheeler commented the recent collapse of the oil market had exacerbated the economic problems caused by the coronavirus.
            4. The total portfolio value was $10,695,845 as of March 31, 2020.
            5. The gross total fund returns for the quarter were -15.30% underperforming the policy benchmark of -14.20%. Trailing returns for the 1, 3 and 5-year periods were -7.45%, 1.65% and 2.65%. Since inception (8/1/2006) gross returns were 5.73% outperforming the policy benchmark of 5.13%.
            6. David Wheeler reviewed the portfolio's asset allocation.
            7. Nancy Schultz asked how reactive the fund should be in this market environment and David Wheeler stated they would continue to make sure there was enough cash to make benefit payments and if needed they would ask the Board to rebalance the fund to move fixed income assets to equities.
            8. Vince Tenaglia asked David Wheeler to verify the allocations and David commented they were approximately 3.00% underweight in fixed income and 3.00% overweight in equities.
        ii. Anchor Capital Advisors fee change
            1. David Wheeler advised the Board Anchor Capital Advisors agreed to lower their management fees from .60% to .50%.

The Board agreed to accept Anchor Capital Advisors addendum to the contract reducing the fees upon motion by Nancy Schultz and second by Ray Gallant; motion carried 5-0.

        iii. Small Capitalization Growth Fund Search
            1. David Wheeler commented three funds were compatible with Salem Trust's platform, Alliance Bernstein, Ivy and Janus Henderson. David added they were using the Russell 2000 as an index benchmark.
            2. David Wheeler reviewed the differences in performance, risk and fees of the three funds.
            3. Tim McLean asked why the other two funds previously considered could not be included because they were not compatible with the Salem Trust's platform. David Wheeler stated he was not sure, but they could explore the issue further at a later date.

4. Bonni Jensen asked if it would be available as a separate account. David Wheeler commented the asset amount of $200,000 to $250,000 would not meet the minimum requirement.
5. David Wheeler reviewed the 3 year rolling returns for each of the funds.
6. Nancy Schultz commented the Ivy and Janus Henderson funds both underperformed during periods of market growth.
7. David Wheeler recommended the Board add the Janus Henderson fund.
8. David Wheeler recommended the Board split their small cap allocation to 50.00% actively managed and 50.00% remain in the Vanguard index fund.

The Board voted to split the small cap growth portion of their portfolio to 50.00% active and 50.00% passive management upon motion by Tim McClean and second by Ray Gallant; motion carried 5-0.

The Board voted to hire Janus Henderson to invest the actively managed portion of their small cap growth fund upon motion by Ray Gallant and second by Tim McLean; motion carried 5-0.

iv. Asset Allocation Rebalancing Instructions
1. David Wheeler advised the board in order to improve the process of raising cash asset allocation rebalancing should be done and it would be better on a pro rata basis.
2. Tim asked how often rebalancing occurred, and David Wheeler stated it depended on when benefit payments were due and when the City contributions were made.

The Board approved the rebalancing of the allocation spreadsheet and to incorporate the new manager upon motion by Tim McLean and second by Nancy Schultz; motion carried 5-0.

b. Klausner, Kaufman, Jensen & Levinson, Stu Kaufman, Board Attorney
   i. IRS Mileage Rate for 2020
      1. Bonni Jensen advised the Board the Internal Revenue Service (IRS) mileage rate had changed to 57.5 cents per mile.
   ii. Annual Financial Disclosures (Form 1) memo
      1. Bonni Jensen reminded the Board to file their financial disclosure forms to the Supervisor of Elections in the county in which they resided.
      2. Ray Gallant commented the City Clerk's office would file the forms for them.
   iii. COVID 19 memo
      1. Bonni Jensen reviewed the recent changes caused by the COVID 19 pandemic and commented due to not meeting in person it was more difficult to get documents signed. Bonni Jensen commented her firm had been looking into electronic signature applications.
   iv. Legislative Update
      1. CARES Act memo
         a. Bonni Jensen reviewed the provision in recent federal legislation that applied to pension plans. Bonni commented most of them, including Required Minimum Distributions (RMDs), applied to defined contribution plans such as 457 plans, and not defined benefit plans.
      2. SECURE Act memo
         a. Bonni Jensen advised the Board this legislation raised the Required Minimum Distribution (RM) age to 72. Bonni commented this change needed to be reflected in the Ordinance as it was referenced in multiple places within the plan.
         b. Nancy Schultz asked if there would be a deadline to this addendum and Bonni stated the governmental sector had until 2024.

c. Bonni Jensen stated there was no provision for members to take a lump sum from their defined benefit plans like they could from a defined contribution plan, like a 401(k) or 457 plan.

The Board voted to approve the proposed Ordinance as presented upon motion by Nancy Schultz and second by Tim McLean; motion carried 5-0.

Reports (cont'd)

v. David Wheeler recommended to move funds from Insight to Western Core to bring investment allocations in line with the IPS.

The Board voted to approve to bring the asset allocation in line with the Investment Policy Statement (IPS) by moving $400,000 from Insight to Western Core upon motion by Ray Gallant and second by Tim McLean; motion carried 5-0.

8. **Old Business** - None.

9. **Staff Reports, Discussion, and Action**
   a. Kim Kilgore, Foster & Foster, Plan Administrator
      i. Update on Foster & Foster's cybersecurity
         1. Kim Kilgore reviewed the measures taken by Foster and Foster to protect client's electronic data.
      ii. SB534 required posting
         1. Kim Kilgore reviewed the SB534 posting requirement and commented all documents had been sent to the City for posting.

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

11. **Adjournment** – The meeting adjourned at 10:50AM.

12. **Next Meeting** – July 16, 2020 at 10:30AM, Quarterly Meeting

Respectfully submitted by:

Kim Kilgore

Kim Kilgore, Plan Administrator

Approved by:

Samantha Brem, Chairman

Date Approved by the Pension Board: 7/16/2020