

OFFICIAL NOTICE
CITY OF VERO BEACH POLICE OFFICERS' PENSION PLAN & TRUST FUND
BOARD OF TRUSTEES QUARTERLY MEETING
CITY HALL, COUNCIL CHAMBERS
1053 20TH PLACE, VERO BEACH, FL 32960

AGENDA

Wednesday, May 16, 2018 – 12:20 P.M.

Pursuant to Chapter 286, F.S., if an individual decides to appeal any decision made with respect to any matter considered at a meeting or hearing, that individual will need a record of the proceedings and will need to ensure that a verbatim record of the proceedings is made. In accordance with the Americans with Disabilities Act, persons needing assistance to participate in any of these proceedings should contact the City Clerk at (772) 978-4703, 48 hours prior to the meeting.

I. CALL TO ORDER/ROLL CALL/DETERMINATION OF A QUORUM

II. PUBLIC COMMENTS

III. APPROVAL OF MINUTES

1. February 21, 2018, quarterly meeting, *prepared by PRC*

IV. CONSENT AGENDA

1. Invoices for ratification
 - a. Warrant #10, #11, PRC Warrant
2. Invoices for approval
 - a. Warrant #12
3. Quarterly fund activity report for March 15, 2018 to May 9, 2018

V. NEW BUSINESS

1. Discussion of a delayed DROP entry awaiting final CBA for this year
2. FPPTA Board of Directors Election

VI. OLD BUSINESS

1. Further discussion of establishing an Operating Rules & Procedure document

VII. REPORTS (ATTORNEY/CONSULTANTS)

1. Garcia Hamilton & Associates, Janna Hamilton, Investment Manager
 - a. Quarterly report as of March 31, 2018
2. Salem Trust, Karen Russo, Board Custodian
 - a. Quarterly service report as of March 31, 2018
 - b. Class actions filed as of March 31, 2018
 - c. Class action filing fee reduction
3. AndCo Consulting, Dave West, Investment Consultant
 - a. Quarterly report as of March 31, 2018
4. Freiman Little Actuaries, Chad Little, Actuary
 - a. Further discussion of investment return assumption
 - b. Updated Summary Plan Description (SPD)
5. Sugarman & Susskind, Ken Harrison, Attorney
 - a. Legislative update
 - b. Proposed Ordinance

VIII. STAFF REPORTS, DISCUSSION, AND ACTION

1. Foster & Foster, Ferrell Jenne, Plan Administrator
 - a. Fiduciary liability insurance renewal quote
 - b. Educational opportunities
 - i. Division of Retirement Trustee School, June 3-6, 2018, Tallahassee, FL
 - ii. FPPTA Annual Conference – June 24-27, 2018, Orlando, FL
 - c. Update on SB534 posting
 - d. Financial disclosure forms
 - e. Update on Sun Trust credit card account authorization

IX. TRUSTEE REPORTS, DISCUSSION, AND ACTION

X. ADJOURNMENT

Next Regular Meeting Date: August 15, 2018, at 12:20 PM

CITY OF VERO BEACH POLICE OFFICERS' RETIREMENT TRUST FUND

Minutes: Meeting of February 21, 2018

CALL TO ORDER

Chairman Matt Harrelson called a meeting of the Board of Trustees for the Vero Beach Police Officers' Retirement Trust Fund to order at 12:20 PM in the Council Chambers at City Hall. Kyle Tintle called the roll. Those persons present included:

TRUSTEES

Matt Harrelson , Chairman
Ann Thompson, Secretary
David Puscher
Harry Offutt
Greg Budde

OTHERS

Kyle Tintle, Resource Centers
Ken Harrison, Sugarman & Susskind
Chad Little, Freiman Little Associates
David West, AndCo
Greg Peters, Dana Investment
Cindy Lawson, Finance Director, City of Vero Beach
Ferrell Jenne & Kim Kilgore, Foster & Foster

Chairman Harrelson received a request to amend the Agenda, moving item 6 after item 4b.

- **David Puscher made a motion to approve amending the Agenda as requested. Ann Thompson seconded the motion, approved by the Trustees 5-0.**
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Ferrell Jenne and Kim Kilgore of Foster & Foster were introduced to the Board.

APPROVAL OF MINUTES

The Board reviewed the Minutes for the meeting of November 15, 2017.

- **Ann Thompson made a motion to approve the Minutes of November 15, 2017. Greg Budde seconded the motion, approved by the Trustees 5-0.**

PUBLIC COMMENT

Mr. Harrelson acknowledged that there were no public comments and called for the Reports.

PLAN FINANCIALS

Salem Trust, Custodian

Ms. Russo reviewed the Salem Trust 4th Quarter Class Action report. She explained that page one of the report is not plan specific and page two reports the class actions filed on behalf of the Vero Beach Police Pension Plan. One class action was filed for Rocket fuel and the two settlements received during the quarter were for Baxter \$113.86 and Groupon \$318.62. Ms. Russo discussed the Salem Trust Service Report Summary for the quarter highlighting the volume of benefit payments and trades. Ms. Russo provided the necessary documents to provide access to the accounts for the new Administrator.

- **Ann Thompson made a motion to provide online access to custodial records. Dave Puscher seconded the motion, approved by the Trustees 5-0.**

Mr. Harrison will provide a letter of direction to Salem Trust arranging for the online access. Ms. Russo brought an authorized signors form. Mr. Harrison requested to review any forms prior to the Trustees signing.

Mr. Little arrived at 12:32 PM.

The number of required signatures for authorization is up to the Board. Ms. Lawson suggested keeping the number of required signatures the same. Benefit payments would still require 1 Plan Administrator and 1 Trustee.

Ms. Russo thanked the Board for their business.

Chad Little, Actuary (Freiman Little Actuaries)

Mr. Little presented the Annual Actuarial Valuation for 2017 and the GASB 67 and 68 reports.

He reported there was a slight decrease to the City's contribution from the current 29.31% to 27.62%. Mr. Little stated the Plans unfunded liability increased from 88.76% to 90.00% and the expected State contribution from 9.49% to 8.05%. The minimum funding requirement, from the City and the State, went down from 38.80% to 35.67%. There were no current assumption changes to the Plan. The assumed rate of investment return is 7.75% and the salary increase assumption is 4.28%. Mr. Little reviewed the investment results since the prior year's valuation: \$37,176,637 as of October 1, 2016 versus \$40,539,658 October 1, 2017. He remarked that the assets have almost doubled since the market downturn of 2008. Ms. Lawson commented that the City's budget is almost back to where it was before the 2008 crash. Mr. Little encouraged the Board to lower the expected rate of return. Ms. Lawson stated that in other areas the expected rate of return is 6% to 6 ½% and the higher return rate is over optimistic. Discussion followed regarding the expected rate of return. Mr. Harrison advised that the Board should consider what is best for the Plan and rely on the experts. Mr. West suggested that the best time to have this discussion is when times are good. A discussion on the expected rate of return ensued. Mr. Little reviewed the City's minimum required contribution as of the prior Actuarial Valuation was \$779,802 which was 29.31% of pay and as of the current valuation the dollar amount is \$827,878 which is 27.62% of pay.

- **Dave Puscher made a motion to approve the Annual Actuarial Valuation. Ann Thompson seconded the motion, approved by the Trustees 5-0.**

The Board discussed who should send the Expected Rate of Return letter to the State. Mr. West said historically he had produced and sent the letter. After some discussion a motion was made.

- **Ann Thompson made a motion for Dave West to compose and send the Expected Rate of Return letter to the State. Dave Puscher seconded the motion, approved by the Trustees 5-0.**

As requested at the beginning of the meeting, Ms. Lawson addressed item 6.b on the Agenda, retirement calculation and best of five years. A lengthy discussion on using the calendar year versus the fiscal year occurred. Ms. Lawson prefers the Board mandates how to view "the year". She asked the Board if the term "year" in the ordinance for calculating benefits was a fiscal year, a calendar year, or the anniversary date of an officer. Ms. Lawson stated the current practice is to use a rolling twelve months for calculating purposes. Mr. Little agreed with her and would like the Board to make a decision that is the rule for both the Actuary and the City to follow. Mr. Harrison explained that the Vero Beach Police Officers' Retirement Fund follows the State rules. Additional discussion resulted in a motion.

Ann Thompson made a motion that for benefit calculation purposes 'the year' would be a rolling twelve months from the date of request for calculation. Harry Offutt seconded the motion, approved by the Trustees 5-0.

Ms. Lawson thanked the Board for allowing the Agenda item to be moved up so she could be part of the discussion. It was noted that item 6.a. "other expenses from Financial Position report 09/30/17" was not discussed because Ann Thompson's questions were answered prior to the Board meeting. Ms. Lawson departed the meeting.

Greg Peters (Dana Investment Advisors)

Mr. Peters reviewed the Dana portfolio's performance year to date which was 15.98% versus the Russell 1000 Value Index which was 13.66%. He said that growth outperformed value and he was pleased because it was a very good year for the Plan. He reviewed the equity market index numbers and then proceeded to with an economic overview. Mr. Peters summarized Dana's large cap value equity strategy and investment process which focuses on management teams that execute at a high level. Seeing there were no question on the portfolio's performance Mr. Peters thanked the Board for their business.

Dave West, (AndCo)

Mr. West presented the quarterly report beginning with a firm overview. Mr. West reported the total portfolio had assets of \$42,360,244 as of December 31, 2017 versus \$40,563,782 as of September 30, 2017. He gave a brief summary of the individual manager's quarterly and fiscal year to date numbers. The portfolio gained 4.14% net for the quarter versus compared to 3.91% for the bench. Long term the portfolio gained 9.94% gross since the trailing 5 years. Mr. West reviewed the Sawgrass returns since

the last quarter's change from the Sawgrass concentrated portfolio to the Sawgrass diversified. He continued by reviewing the contributions, disbursements, and management fees for the quarter and fiscal year to date. Mr. West recommended no changes to the portfolio at this time. Mr. Harrison commented that compare to other plans this is the best quarterly report he had seen. Mr. West concluded by thanking the Board for their business.

- **Ann Thompson made a motion to accept the AndCo quarterly report. Dave Puscher seconded the motion, approved by the Trustees 5-0.**

The Board took a 5 minute recess.

Ken Harrison, Attorney (Sugarman and Susskind)

Mr. Harrison presented the revised Divorce Kit for the Board's consideration. The information is intended for use by the Administrator to assist attorneys in resolving pension issues in dissolution proceeding involving retirement fund members and their spouses.

- **Dave Puscher made a motion to approve the Divorce Kit for use by the Administrator. Ann Thompson seconded the motion, approved by the Trustees 5-0.**

The next item Mr. Harrison addressed was the amended procedure for the purchase of credited service. After receiving the no impact statement from the Actuary the amended procedure was drafted. The proposed amendment would extend the period for member election to purchase service from 30 to 60 days following the member's attainment of 10 years of service. The amendment also eliminated the option to pay for the purchase cost over a 5 year period. Ms. Tittle stated that two members applied for prior service purchase under the existing ordinance and they would be under the current language which allows for payment in full within 5 year period. Discussion ensued of how and to whom payments would be made, how the payments would be tracked, and when the member would receive credit for the service purchase. Ms. Tittle distributed copies of the Operating Rules & Procedures for the Board's review. Mr. Harrison called for a motion of how the Board wanted to proceed at the end of the discussion.

- **Ann Thompson made a motion to have any administrative costs of the extended payment plan be paid for by the member. In addition the interest rate for the payments will be set at the current rate of return. Greg Budde seconded the motion, approved by the Trustees 5-0.**

Mr. Harrison proceeded with a review of the current pending legislations. He will keep the Board apprised of any legislation that would affect the Plan. Mr. Harrison wanted the Board to know that Dustin Watkins had left the law firm for personal reasons. Lt. Harrelson asked Mr. Harrison if a Trustee enters the DROP, they are technically retired so can they still serve on the Board. According to the State statues retirees cannot serve on the Board per Mr. Harrison. He added that if a Trustee enter the DROP they would be able to complete their current term. After some discussion a motion was made.

- **Ann Thompson made a motion that DROP participants can serve of the Board. Harry Offutt seconded the motion, approved by the Trustees 5-0.**

Administrator Report (Kyle Tintle, Resource Centers)

Ms. Tintle directed the Board's attention to the 2018 Conference list that was included in the meeting packet. She noted that the conferences listed both regional and national educational opportunities.

The Board reviewed the Warrants.

- **Ann Thompson made a motion to ratify the Warrants from 11/29/17, 12/04/17, 12/15/17, 01/15/18, and 01/22/18. Harry Offutt seconded the motion, approved by the Trustees 5-0.**

BENEFIT APPROVALS

- **Ann Thompson made a motion to ratify the refund of contributions for Anthony Schnur. Dave Puscher seconded the motion, approved by the Trustees 5-0.**

BOARD REPORTS

None

NEXT MEETING DATE

The Board previously scheduled the next quarterly meeting for Wednesday, May 16, 2018 at 12:20 PM.

ADJOURNMENT

There being no further business, the Trustees adjourned the meeting at 3:30 PM.

Respectfully submitted,

Ann Thompson, Secretary