I. **Call to Order** – The meeting was called to order at 12:20 p.m. by Matt Harrelson.

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

III. **Public Comments** – None.

IV. **Approval of Minutes**

The minutes from the November 21, 2018, quarterly meeting were approved upon motion by Dave Puscher and second by Ann Thompson; motion carried 5-0.

V. **Consent Agenda**

a. **Invoices for Ratification**
   a. Warrant #21, #22, #23, and #24
   b. Quarterly Fund Activity Report for November 15, 2018 to February 13, 2019

The consent agenda was approved as presented, upon motion by Dave Puscher and second by Ann Thompson; motion carried 5-0.

VI. **New Business**

a. **Trustee Term Expirations**
   a. The board discussed the term limits all expiring at the same time and suggested this be changed to stagger terms.
   b. Ken Harrison commented he would check the ordinance to see if it provided a provision to change the terms so they could stagger.
   c. All board members stated they would like to run for another term.
   d. Ken Harrison commented they cannot change the terms this time, but next cycle.
e. Ken Harrison mentioned there could be a potential issue if three people ran, as the majority of the plan members must vote for the one person. Ken commented to contact him if there are three or more people nominated as there may need to be a runoff. Furthermore, the nomination must be posted for 30-days.

b. Annual Statements
   a. Matt Harrelson commented he handed out the annual statements to all plan members and had each member sign off stating they received. Matt stated he would send the list to Kim Kilgore and City’s clerk office.

VII. Old Business
   a. The board discussed they would like to send out a Request for Proposal (RFP) for actuarial service due to the increasing fees with the current actuary.
   b. The board and Ken Harrison discussed who would prepare and send out the RFP. Ken Harrison agreed the RFP would be sent out by his office since the administrator’s firm may bid on it.
   c. The board of trustees confirmed with the attorney that Freiman Little would be included in the RFP.

The board voted to send out a Request for Proposal for actuarial services upon motion by Dave Puscher and second by Harry Offutt; motion carried 5-0

VIII. Reports (Attorney/Consultants)
   a. Salem Trust, Karen Russo, Custodian
      a. Class Action Report
         1. Karen Russo reviewed the class action report for October 1, 2018 through December 31, 2018. Karen commented there were 4 class actions filed for this past quarter for a total of $3,139.55.
         2. Karen Russo discussed how the board could access information regarding class actions that had been filed via Salem Trust’s system. Karen further discussed it would be best to give the plan administrator access.
      b. Service Report Summary
         1. Karen Russo recommended the board review the service report summary through December 31, 2018.
      c. Firm Update
         1. Karen Russo informed the board the Deerfield Beach office would be relocating to Hollywood and the board would now be supported by the trust associates in the Tampa office.
         2. Karren Russo commented there would be no changes for submissions from the plan administration and it should not impact the plan in any way.

   b. City of Vero Beach, Cindy Lawson, Finance Director
      a. Presentation of financial statements, First Quarter
         1. Cindy Lawson presented the financial statements to the board.
         2. Cindy Lawson explained this report was a summary level of where the plan was at the end of the year. Cindy commented there was also a detailed reconciliation she performed to reconcile the payments with the Salem Trust statements and a detailed accounting report was available. Cindy commented the reconciliation helped to find potential errors in benefit payments.
         3. Cindy Lawson commented this report goes to the actuary for the valuation in the City’s CAFR.
         4. Cindy Lawson commented the statement of changes in net position was comparable to an income statement.
         5. Cindy Lawson reviewed contributions from all sources.
         6. Cindy Lawson commented the refunds were higher due to a rollover as payables and further explained how that impacted the balanced sheet.
7. Cindy Lawson reviewed the refunds payable (Attachment B), noting one member was highlighted in red due to being termed in the fiscal year prior but not being reported in that year.

8. Cindy Lawson reviewed the detailed expense account report (Attachment C). Cindy explained what each column represented and commented that getting copies of the warrants later created a lag in reporting for the purpose of these financial statements.

9. The board discussed with the attorney and the administrator procedures to have terminated members take returns of contributions. Kim Kilgore commented that contact has been made with all terminated members who are due a refund.

10. Cindy Lawson commented the only “red flag” were bills not getting paid on time which was an old issue with the previous administrator and seemed to be on track now.

11. The board discussed with Cindy Lawson her presenting this report at all quarterly meetings going forward.


13. Cindy Lawson noticed the board the Fiscal Year 2017/2018 financial statements provided to the actuary needed to be modified due to accrual issues with the investment advisors’ invoices. Cindy further commented the valuation would have to be revised due to the modification in the financial statements. Cindy requested the board approve the valuation with the amendments to allow the City to move forward with the CAFR.

14. Chad Little commented everything in the valuation would change, but only minimally.

15. Chad Little and Ken Harrison discussed it made sense to approve the valuation now for the City’s CAFR. Ken commented it was acceptable to remove “DRAFT” for this purpose and Chad should bring the corrected valuation to the next quarterly meeting for ratification.

16. The board and the attorney discussed sending a letter to the prior administrator to request reimbursement for the revision fee that would be charged to the plan by the actuary.

The board voted to have the attorney send a letter to the prior administrator to pay the Actuary fee for the revision to the valuation due to bills not paid by them in a timely manner, upon motion by Dave Puscher and second by Ann Thompson; motion carried 5-0.

c. Garcia Hamilton, Janna Hamilton, Investment Manager  
a. Quarterly report as of December 31, 2018
   2. Janna Hamilton discussed the current market and predictions on the rates.
   3. Janna Hamilton commented they were still maintaining their short duration.
   4. Janna Hamilton commented for the quarter they underperformed, but for the year they were still outperforming.
   5. Janna Hamilton reviewed their expectations for the yield curve and commented December 18, 2018 was the flattest they had ever seen it.
   6. Janna Hamilton reviewed floating rate bonds and how the bonds in the portfolio were moving.
   7. Janna Hamilton reviewed how they move sectors around in the bond portfolio.

d. Dana Investment, Greg Peters, Investment Manager  
a. Quarterly report as of December 31, 2018
   2. Greg Peters reviewed the equity markets in the quarter commenting they were slightly behind the Russell 1000.
3. Greg Peters and Dave West reviewed which factors had the greatest influence on their strategy.
4. Dave West commented why Sawgrass was able to outperform for this quarter.
5. Dave Puscher asked Greg Peters if they had changed or planned on changing the strategy in the portfolio. Greg commented no because they believed in the long-term it was a good portfolio.
6. Dave Puscher discussed his concerns with the underperformance compared to the benchmark for the 1-year, 3-year and quarter returns.
7. Dave West and Greg Peters discussed the poor years that strongly affected the cumulative returns.
8. Dave Puscher commented he was not recommending any changes at this time but would like to call the board’s attention to this and he would like to see better results.
9. Greg Peters commented he believed Dana would do better in the upcoming market.

e. AndCo Consulting, Dave West, Investment Consultant.
   a. Quarterly report as of December 31, 2019
   1. Dave West presented the quarterly report.
   2. Dave West reviewed the method trading including more computer trading and commented it was best to stay on track with the current policies and procedures.
   3. Dave West commented they had taken measures for further diversity and they had a nice diversification in the portfolio.
   4. Dave West commented the bottom line was the total fund was -8.68% for the quarter and the 1 year was -2.71%. He commented they were 1.16% worse than the benchmark due to the investment managers not meeting their benchmark aside from Sawgrass.
   5. Dave West reviewed the different funds and commented the only observation was the real estate returns were starting to normalize and come down.
   6. Dave West commented there were no manager-change issues at this time.
   7. Dave West reviewed the cash flow of the plan. Dave commented they ended the quarter with less money than they started with.
   8. Dave West reviewed the current allocation and commented it was in line with the Investment Policy Statement and the policy benchmark. He commented there were no rebalancing recommendations at this time.
   9. The board and Dave West discussed the volatility of the market and the factors that impacted it. Dave West commented if the board stays on course with their current strategy they would do well.

f. Freiman Little Actuaries, Chad Little, Actuary
   a. Presentation of the October 1, 2018, valuation report
   1. Chad Little commented there was a small overall demographic gain which improved the unfunded liability.
   2. Chad Little reviewed the funded ratio of 90.5%.
   3. Chad Little commented the current assumed rate of return of 7.65% was used in this valuation.
   4. Chad Little stated the market value return of assets was 10.5% and with the five-year smoothing method used, an 8.4% actuarial value return was achieved producing an investment related gain.
   5. The board and Chad Little discussed the impact of the revised financial statements on the funded ratio and Chad commented that it would be minimal.
6. The board and Chad Little discussed changes in the assumptions due to the mortality table. Chad commented there was a new table, but it probably would not be used for 2-3 more years and had the potential to be changed before it goes into effect. Chad commented the new table would add costs to the plan.

7. Chad Little reviewed the unfunded liability and the factors that changed it. Chad commented the total unfunded accrued liability changed by $17,666.

8. Chad Little reviewed the City's required contributions which decrease by $30,715 from prior valuation. Chad commented these contributions were enough to offset the change in the assumed rate of return.

9. Chad Little reviewed the long history of returns and the affect of good and bad markets had on the plan. Chad discussed how the returns impacted the unfunded liability.

10. Chad Little commented he would continue to recommend lowering the assumed rate of return.

11. Dave West and Chad Little discussed things that trustees and the City could do to help with market volatility. Chad reviewed the smoothing technique and the level dollar amortization that the board used and commented that he thought the board was already being proactive with market volatility. Chad commented his only recommendation was to decrease the assumed rate of return.

12. Chad Little discussed the smoothing technique and commented that he liked the five-year method they were on.

The board approved the actuarial valuation after amendments, upon motion by Dave Puscher and second by Harry Offutt; motion carried 5-0.

6. The board approved the actuarial valuation after amendments, upon motion by Dave Puscher and second by Harry Offutt; motion carried 5-0.

7. Revised DROP calculation for September 1, 2018 entries
   a. Chad Little noticed the board that 3 DROP entry dates were provided to him incorrectly. Chad commented that these 3 calculations had been revised.
   b. Chad Little commented that Foster & Foster recommended changing the DROP entry dates to the 1st of the month.
   c. Chad Little discussed some issues with the current method. David Puscher commented the reason behind the current method was so members could receive their calculations prior to DROP entry.
   d. The board, Ken Harrison, and Chad Little discussed that the entry date would be the first of the month and the last date of contributions and credited service would be the last day of the month prior to DROP entry. Ken commented that if someone retired on the first, they could enter DROP on the first.

8. Update on State Annual Report
   a. Chad Little noticed the board that the report had been submitted. Chad commented that they had received questions from the State already and there should not be any delays in receiving the State money.

The board voted the declaration of returns for the plan shall be 7.65% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by Ann Thompson and second by David Puscher, motion carried 5-0.

9. Sugarman & Susskind, Ken Harrison, Attorney
   a. Operating Rules & Procedures Update
      1. Ann Thompson commented on page 3, credit card section, being crossed out. Ken Harrison commented he would have it put back in and change the wording.
      2. The board discussed having the trustee terms changed. Ken Harrison commented that it would be changed if the Ordinance provides for it.
3. The board and Ken Harrison discussed the recording of meetings. Ken Harrison commented that the board does not record and does not have a responsibility to the recordings and therefore, it does not need to be included.

4. Ann Thompson commented on the chair and signature being stricken out to execute signatures. Ken Harrison commented that it could be any two trustees.

5. Ken Harrison reviewed the difference between "within 90-days" and "at least 90 days" regarding the disability process. The board requested Ken change the disability language to reflect "the next regularly scheduled quarterly meeting" rather than "90-days" for the initial hearing.

6. The board and Ken Harrison discussed and agreed to change the wording of "individual retirement account" regarding DROPs.

7. Ken Harrison commented he would make the appropriate changes and have the completed document at the next meeting for approval.

j. Legislative/legal updates
   a. Ken Harrison commented they stopped the IRS determination letter process. Ken had to review the questions that had come up.
   b. Ken Harrison noticed the board there was a new house bill, if passed, there would be some new requirements, such as needing two meeting agenda packets available for the public.
   c. Ken Harrison reviewed some other legislative updates. Ken commented the most recent recommended change for FRS plan was converting to a defined contribution plan going forward.

IX. Staff Reports, Discussion and Action
   a. Foster & Foster, Kim Kilgore, Plan Administrator
      a. FPPTA guest fee
         1. Kim Kilgore noticed the board that there was a guest registration fee going forward. Ken Harrison commented the plan cannot pay for this fee.
         2. Kim Kilgore noticed the board of the upcoming FPPTA annual conference and the Division of Retirement conference.
         3. David Puscher and Matt Harrelson commented he would not be attending annual FPPTA conference.

X. Trustee Reports, Discussion, and Action – None.

XI. Adjournment – The meeting was adjourned at 3:06 pm.

XII. Next Meeting – The next regular meeting is scheduled May 15, 2019, at 12:20 p.m.

Respectfully submitted by:                     Approved by:

Kim Kilgore, Plan Administrator               Matt Harrelson, Chairman

Date Approved by the Pension Board:
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Respectfully submitted by: Kim Kilgore, Plan Administrator

Approved by: Matt Harrelson, Chairman

Date Approved by the Pension Board: 5/15/19