

**CITY OF WEST MELBOURNE  
POLICE OFFICERS' RETIREMENT BOARD  
AUGUST 7, 2019**

The West Melbourne Police Officers' Retirement Board held its quarterly meeting on Wednesday, August 7, 2019 in the City Hall Conference Room, 2240 Minton Road, West Melbourne, Florida.

**MEMBERS PRESENT:** Chairman Scott Morgan (resident member)  
Secretary Jennifer Curran (police member)  
Pat Bentley (resident member)  
James Parsons (police member)  
Harvey Whitney (fifth member)

**CONSULTANTS:** David Robinson, Board Attorney – Sugarman & Susskind\*  
Kerry Richardville, Investment Consultant–AndCo Consulting  
Karan Rounsavall, Plan Administrator

**STAFF:** Margi Starkey, Finance Director

Chairman Morgan called the meeting to order at 9:02 a.m. A quorum was in attendance.  
\*Attorney Robinson attended the meeting via Skype.

**APPROVAL OF MINUTES**

*Member Curran moved to approve the minutes of quarterly meeting May 1, 2019 as submitted. Member Bentley seconded the motion and it carried unanimously.*

**OFFICER AND TRUSTEE REPORTS** – None

**PROCESSED DISBURSEMENTS/RECEIPTS**

*Member Curran moved to approve plan expenditures for the third quarter of Fiscal Year 2018/2019 (April 1, 2019 through June 30, 2019) in the amount of \$24,936.28 and to acknowledge receipts to the plan in the amount of \$140,367.94. (Reference Plan Administrator's memo dated July 11, 2019 for detail.) Member Whitney seconded the motion which carried on an all yes vote.*

Total disbursements during the quarter were \$186,891.22 which included monthly benefit payments to 17 retirees in the amount of \$146,163.66, refunds of employee contributions in the amount of \$15,791.28 and expenses noted above. Plan Administrator Rounsavall noted that Foster & Foster (actuary) double billed for certain services in the amount of \$432; a credit for the same amount was pending.

**CONSULTANT REPORTS**

- A. Kerry Richardville – AndCo Consulting (Performance Monitor & Investment Consultant)
- Performance Report for quarter ended June 30, 2019

Mrs. Richardville commented on the performance report for the quarter ended June 30, 2019. Although it was a very volatile quarter, both domestic and international equities posted positive results. With monetary policy pushing interest rates lower, fixed income returns were also positive. Fixed income returns were in line with equities during the quarter, with respective indices showing gains in the three to four percent range. Economic growth started to slow and this would fuel further volatility in the markets. In fact, equities had suffered a major pullback since June 30<sup>th</sup>.

Total market value as of June 30, 2019 was \$15,486,372 up from \$15,056,137 for the previous quarter ended March 31, 2019. On a percentage basis, the composite portfolio was up 3.18 percent for the quarter (gross) which ranked in the 54<sup>th</sup> percentile of public plans. Fiscal year to date, the plan was positive 3.20 percent (gross). For the trailing 12 months, the plan was up 6.86 percent, ranking in the 30<sup>th</sup> percentile. The portfolio was valued at \$15,085,723 as of the previous day.

Quarterly performance results (i.e. quarter ending June 30, 2019) for the various investment styles/managers represented in the portfolio were as follows:

*Garcia Hamilton & Associates (domestic fixed income)* – positive return of 1.99% (90)\*

*EuroPacific Growth (international)* – positive return of 3.87% (26)\*

*Vanguard Total Stock Market Index Fund* – positive return of 4.09% (42)\*

*Templeton Global Total Return (global fixed income)* – positive return of 1.46% (98)\*

*BlackRock Multi-Asset Income Fund (other assets)* – positive return of 2.77% (41)\*

*ASB Allegiance Real Estate Fund (real estate)* – positive return of 1.40% (66)\*

(\*Percentile rankings)

Mrs. Richardville stated that there were no long-term concerns with the portfolio. It was strategically positioned and would weather market swings. Volatility created opportunity.

*The board accepted the investment performance report as presented.*

- Board direction as to investment of premium tax dollars upon receipt thereof from the State Division of Retirement

The city expected to receive state monies in the amount of \$166,766.63 in mid-August. Mrs. Richardville recommended that these funds, upon receipt, be invested with Garcia Hamilton & Associates (domestic fixed income).

*Based on advice of the investment consultant, Member Whitney moved that state premium tax dollars be directed to Garcia Hamilton upon receipt thereof by the City. Member Curran seconded the motion which carried on an all yes vote.*

*Mrs. Richardville would prepare the appropriate letter of instruction to Salem Trust to carry out this direction.*

#### B. David Robinson – Sugarman & Susskind (Attorney)

Attorney Robinson reported that the State Legislature adopted no legislation affecting Chapter 175 or 185 plans during its recent session. He also mentioned that a revised buyback application was provided to the plan administrator pursuant to direction at the last quarterly meeting. Mr. Robinson also mentioned upcoming educational opportunities for trustees.

#### C. Karan Rounsavall – Plan Administrator

- Educational Opportunity: Florida Division of Retirement – Annual Police Officers' & Firefighters' Pension Trustees' Conference in Orlando (October 29-31, 2019)

If any trustee wished to attend, they were to contact the plan administrator. There was no registration fee for this conference.

- Acknowledge rollover of member contribution for Zachary Martin (non-vested member) in the amount of \$1,068.91
- Acknowledge refund of member contributions for Alejandro Garrido Cortes (non-vested member) in the amount of \$2,480.02
- Acknowledge refund of member contribution for Kyle Brockell (non-vested member) in the amount of \$1,084.24

*Member Curran moved to acknowledge rollover/refunds for non-vested members as stated above. Member Whitney seconded the motion which carried unanimously.*

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Mrs. Rounsavall also advised that all trustees timely filed their annual financial disclosure statements.

For informational purposes, she provided trustees with the comparative analysis of retirement plans throughout the State as prepared by Foster & Foster (plan actuary).

The next quarterly meeting was scheduled for November 6, 2019.

**OLD BUSINESS** - None

**NEW BUSINESS**

- A. Approval of administrative expense budget for Plan Year 2019/2020 in accordance with *Florida Statutes*

The Retirement Board was in receipt of the proposed budget for Plan Year 2019/2020 as prepared by the plan administrator. Pursuant to *Florida Statutes 185.05(8)*, the Board was required to adopt and operate pursuant to an administrative expense budget each year. The budget included all administrative expenses (e.g. actuary, legal, investment consultant, custody, administration, insurance, etc.) but did not include investment management fees. The proposed budget for 2018/2019 was \$86,745.

Mrs. Rounsavall reviewed individual line items in the proposed budget and projected increases. She anticipated a \$2,000 increase in investment consultant expenses for AndCo as its current fee was only guaranteed through 2018. Mrs. Richardville assured the Board that AndCo did not anticipate an increase in its fees for the coming year. The Retirement Plan was currently under budget for Fiscal Year 2018/2019 based on estimated expenses.

*Based on assurance from Mrs. Richardville that no fee increase was anticipated, Chairman Morgan moved to reduce the proposed allocation to AndCo Consulting (investment consultant line item) by \$2,000 and to approve the revised administrative expense budget for Plan Year 2019/2020 in the total amount of \$84,745. Member Curran seconded the motion; it carried on an all yes vote.*

Chairman Morgan commended the board and professional service providers on keeping plan expenses low. The budget would be presented to the West Melbourne City Council (plan sponsor), posted on the City's web site, and posted on the Police Department bulletin board for plan members.

- B. Discussion and possible action to establish policy as to length of time allowed for a member to commence payments following receipt of actuarial buyback calculation

At its regular meeting on June 18, 2019, the West Melbourne City Council adopted Ordinance No. 2019-11 providing for the purchase of prior military and law enforcement service. Since its adoption, Plan Administrator Rounsavall met with interested plan members to explain the buyback provisions and received the first application to purchase prior military service. She noticed that the adopted ordinance did not reference the amount of time that a participant had to take action to purchase prior service after receiving the actuarial calculation/cost. Actuary Patrick Donlan of Foster and Foster advised that this timeframe was typically 90 days.

*Member Whitney moved to establish board policy such that a member electing to purchase additional credited service must commence payments to the retirement plan within 90 days of receipt of the actuarial buyback calculation. Member Curran seconded the motion which carried unanimously.*

This policy decision would be incorporated into the *Summary Plan Description* as well as *Administrative Policies and Procedures*.

- C. Approve update to *Summary Plan Description* to include buyback provisions (biennial revision – 2019)

Board members were in receipt of the revised Summary Plan Description (SPD), which included a section for the newly enacted provision for purchase of prior military or law enforcement service (buyback). It further updated sections dealing with line of duty disability and the share plan as well as references to the latest actuarial report (i.e. October 1, 2018) and most recent collective bargaining agreement.

*Member Curran moved to approve the updated SPD as presented, including 90-day policy to commence payments following receipt of buyback calculations. Member Whitney seconded the motion and it carried on an all yes vote.*

The SPD would be distributed to all active members and made available to Human Resources Department for distribution to new hires.

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Revisions/updates to the Board's *Administrative Policies and Procedures* would be presented for review/approval at the next quarterly meeting.

**PUBLIC COMMENT** - None

**ADJOURNMENT**

The meeting adjourned at 9:59 a.m.