

**CITY OF WEST MELBOURNE  
POLICE OFFICERS' RETIREMENT BOARD  
JANUARY 26, 2022**

The West Melbourne Police Officers' Retirement Board held its quarterly meeting on Wednesday, January 26, 2022 in the City Council Chamber, 2285 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)  
William Paz (fifth member)

CONSULTANTS: Pedro Herrera, Board Attorney – *Sugarman & Susskind\**  
Kerry Richardville, Consultant – *AndCo Consulting*  
Patrick Donlan, Actuary – *Foster & Foster\**  
Karan Rounsavall, Plan Administrator

Chairman Morgan called the meeting to order at 9:00 a.m. A quorum was in attendance. \*Virtual presence – these consultants attended meeting via communications media technology (Zoom platform hosted by the City of West Melbourne).

Board members welcomed Officer William Paz (fifth member).

**APPROVAL OF MINUTES**

*Member Curran moved to approve minutes of quarterly meeting October 27, 2021 as submitted. Member Parsons seconded the motion; it carried unanimously.*

**OFFICER AND TRUSTEE REPORTS**

Chairman Morgan announced his plans to retire as city manager on August 31, 2022. He currently served as a resident member of the West Melbourne Police Retirement Board. At the City Council's pleasure, he was willing to continue to serve as a trustee on the retirement board.

**PROCESSED DISBURSEMENTS/RECEIPTS**

*Member Curran moved to approve plan expenditures for the first quarter of Fiscal Year 2021/2022 (October 1, 2021 through December 31, 2021) in the amount of \$24,894.23 and to acknowledge receipts to the plan in the amount of \$162,172.23. (Reference Plan Administrator's memo dated January 9, 2022 for detail.) Member Parsons seconded the motion which carried on an all-yes vote.*

Total disbursements during the quarter were \$206,107.79 which included monthly benefit payments to retirees in the amount of \$165,390.33, refund of employee contributions (\$15,823.23), and expenses noted above.

**CONSULTANT REPORTS**

- A. Patrick Donlan – Foster & Foster (Actuary)
- Presentation of annual actuarial valuation as of October 1, 2021
  - Declare expected annual rate of investment return for assets of West Melbourne Police Officers' Retirement Plan

Actuary Patrick Donlan presented the October 1, 2021 Actuarial Valuation Report for the West Melbourne Police Officers' Retirement Plan and began his comments by emphasizing that the plan continued to be in excellent shape. The plan had good experience for the fiscal year and the city's costs decreased even with a reduction in the assumed rate of return. The valuation established the annual contributions applicable to the Retirement Plan for the fiscal year ending September 30, 2023. The report also included GASB 67/68 disclosure information as of September 30, 2021.

The city's minimum required contribution for the ensuing fiscal year, including the State contribution was 19.28 percent of non-DROP pensionable payroll. This was a slight reduction from the current fiscal year's required contribution of 19.51 percent. Overall plan experience was favorable based on the actuarial assumptions. Sources of actuarial gain included an annual investment return of 10.26 (actuarial asset basis recognized over a five-year period) which exceeded the 6.65 percent assumed rate of return. Other sources of favorable experience included salary increases less than the assumption. There were no significant sources of actuarial loss. Mr. Donlan also mentioned that a portion of state monies was used to fund individual share accounts for plan members.

The unfunded actuarial accrued liability (UAAL) was \$217,036 down significantly from the prior year UAAL of \$673,831. The Plan's funded status was 98.9 percent (i.e., actuarial value of assets as a percentage of total actuarial accrued liability).

There were no questions.

*Member Bentley moved to approve the annual valuation and to declare a 6.65 percent expected rate of return on investments going forward (based on advice of plan consultants). Member Curran seconded the motion which carried unanimously. The plan administrator would prepare the required correspondence to the Division of Retirement advising of the expected annual rate of return.*

B. Kerry Richardville – AndCo Consulting (Investment Consultant)

- Performance Report for quarter ended December 31, 2021

Mrs. Richardville began by providing an update on AndCo and thanked the Retirement Board for the opportunity to serve as its investment consultant. AndCo Consulting was employee owned with 87 team members. At the beginning of 2022, Mrs. Richardville was named as a new partner of the firm.

Mrs. Richardville went on to present the performance report and economic commentary for the quarter ended December 31, 2021. Domestic equity markets were strong during the quarter with the S&P 500 returning 11 percent. International markets were up slightly but emerging markets declined. Fixed income performance was basically flat as concerns about higher interest rates and rising inflation created investor concern. Real estate was the bright spot in the portfolio with returns around seven percent.

Since the end of the December 31<sup>st</sup> quarter the market experienced significant pullbacks. Despite the pullback, all asset classes were within their target ranges; there was no recommendation for rebalancing.

Total market value as of December 31, 2021 was \$21,712,128 up from \$20,829,558 for the previous quarter ended September 30, 2021. On a percentage basis, the composite

portfolio was up 4.46 percent for the quarter (gross) ranking in the 19<sup>th</sup> percentile of public plans but slightly underperforming the fund policy.

Quarterly performance results (i.e., quarter ending December 31, 2021) for the various investment styles/managers represented in the portfolio were as follows:

*Garcia Hamilton & Associates (domestic fixed income)* – negative return of -0.25% (7)\*

*EuroPacific Growth (international)* – negative return of -1.13% (75)\*

*Vanguard Total Stock Market Index Fund* – positive return of 9.16% (41)\*

*PIMCO Global Opportunities (global fixed income)* – negative return of -0.48% (36)\*

*BlackRock Multi-Asset Income Fund (other assets)* – positive return of 1.93% (73)\*

*ASB Allegiance Real Estate Fund (real estate)* – positive return of 4.03%\*\*

(\*Percentile rankings) (\*\*Ranking unavailable at time of report)

Mrs. Richardville advised that ASB Allegiance real estate fund reduced its asset management fee from 1.25 percent to 1.0 percent effective January 1, 2022.

*The Retirement Board acknowledged receipt of the performance report as presented.*

- Status report on capital call for Brookfield Super-Core Infrastructure Fund

The Brookfield capital call was still pending with \$1 million committed to the infrastructure asset class. Mrs. Richardville advised that BSIP recently closed deals on several new acquisitions. It was her expectation that the fund would receive a capital call in the next quarter.

- Presentation on investment opportunities with a focus on income producing equities

At its last meeting, the retirement board discussed a possible change to its domestic equity strategy currently managed in a passive index fund (i.e., Vanguard). Anticipating increased market volatility going forward, there was interest in examining income producing equities, including dividend paying stocks.

Mrs. Richardville provided an informational handout which examined three Vanguard funds which focused on income and dividends. Each of these funds had done well in the past and were inexpensive. They would pair nicely with the passive index fund. She recommended an investment of \$2.5 to \$3 million into the Vanguard Equity Income Fund which had a bit of a value bias. Value orientation equities tended to provide more downside protection.

Board members favored this recommendation and felt it was a good time to make such a move. *Member Bentley moved to invest \$2.5 million into the Vanguard Equity Income Fund by selling off an equal share of the Vanguard Total Market Index Fund. Member Curran seconded the motion which carried unanimously.*

Mrs. Richardville would immediately prepare an appropriate letter of instruction to Salem Trust to expedite the Board's direction.

#### C. Pedro Herrera – Sugarman & Susskind (attorney)

Attorney Herrera advised that the State Legislature was approaching the end of its session. The only bill potentially affecting public pension plans added Covid 19 as a presumptive disease. The bill had broad support.

D. Karan Rounsavall - Plan Administrator Report

- Refund of member contributions for Shane Popa (non-vested member) in the amount of \$5,770.36

*Member Curran moved to acknowledge the refund as stated. Member Parsons seconded the motion; it carried on an all-yes vote.*

Mrs. Rounsavall also mentioned that annual confirmation of receipt of benefit notices were mailed this date.

**OLD BUSINESS** - None

**NEW BUSINESS**

- A. Update signature authorization forms for Salem Trust Company and Chevy Chase Trust (ASB Allegiance Real Estate Fund)

With a new trustee on the retirement board, it was appropriate to update signature authorizations for Salem Trust and Chevy Chase Trust. All trustees and the plan administrator were authorized signatories. Mrs. Rounsavall would obtain specimen signatures from everyone and send to the custodians.

**PUBLIC COMMENT** - None

**ADJOURNMENT**

The meeting adjourned at 10:16 a.m.