

**CITY OF WEST MELBOURNE
POLICE OFFICERS' RETIREMENT BOARD
JULY 26, 2023**

The West Melbourne Police Officers' Retirement Board held its quarterly meeting on Wednesday, July 26, 2023 in the City Council Chamber, 2285 Minton Road, West Melbourne, Florida.

MEMBERS PRESENT: Chairman Scott Morgan (resident member)
Graig Erenstoft (police member)
Pat Bentley (resident member)
James Parsons (police member)

MEMBERS ABSENT: Secretary Jennifer Curran (fifth member) - excused

CONSULTANTS: Marcus Braswell, Board Attorney—*Sugarman, Susskind et al**
Kerry Richardville, Consultant – *AndCo Consulting*
Karan Rounsavall, Plan Administrator
Charlene Lehmann, Assistant to Plan Administrator

Chairman Morgan called the meeting to order at 10:02 a.m. A quorum was in attendance. *Virtual presence – Attorney Braswell attended meeting via communications media technology (Zoom platform hosted by the City of West Melbourne).

APPROVAL OF MINUTES

Member Parsons moved to approve minutes of quarterly meeting April 26, 2023 as submitted. Member Erenstoft seconded the motion; it carried unanimously.

OFFICER AND TRUSTEE REPORTS - None

PROCESSED DISBURSEMENTS/RECEIPTS

Member Parsons moved to approve plan expenditures for the third quarter of Fiscal Year 2022/2023 (April 1, 2023 through June 30, 2023) in the amount of \$32,595.37 and to acknowledge receipts to the plan in the amount of \$155,854.53 (Reference Plan Administrator's memo dated July 5, 2023 for detail.) Member Erenstoft seconded the motion which carried on an all-yes vote.

Total disbursements during the quarter were \$240,011.20 which included monthly benefit payments to retirees in the amount of \$207,415.83 and expenses noted above. Note: There were no refunds or other lump sum distributions during the quarter.

CONSULTANT REPORTS

A. Kerry Richardville – AndCo Consulting (Investment Consultant)

- Performance Report for quarter ended June 30, 2023

Mrs. Richardville presented the investment performance report and economic commentary for the quarter ended June 30, 2023. The portfolio enjoyed positive performance for the quarter with the S&P 500 earning nearly nine percent. Large cap stocks, particularly those that relied on "AI" (artificial intelligence), showed the strongest gains. Value style stocks and international equity were also positive but not as much as domestic equities. Fixed income was slightly negative. Once again, real estate was down for the quarter against a continuing backdrop of higher interest rates. In fact,

preliminary returns showed that the ASB/Allegiance Real Estate Fund was down almost six percent.

All asset classes remained within their target ranges; there was no recommendation for rebalancing at this time.

Total market value as of June 30, 2023 was \$19,847,274 up from \$19,308,223 for the previous quarter ended March 31, 2023. On a percentage basis, the composite portfolio was up 3.25 percent for the quarter (gross), somewhat underperforming the fund policy. For the fiscal year, the fund was up 12.85 percent. Trailing one-year performance was positive at 8.39 percent. Longer-term returns all exceeded the assumed rate of return. (Note: Percentile rankings of public plans were unavailable at the time of report publication as were final returns for infrastructure and real estate holdings.)

Member Bentley commented on higher rates now offered by certificates of deposit (CDs) and wondered if there was a place in the portfolio for these investments. Mrs. Richardville was unaware of any investment firm that specialized in CD strategies, however, she would investigate this and report back at the next meeting.

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

B. Marcus Braswell – Sugarman & Suskind (attorney)

- Legislative Update

Attorney Braswell reminded trustees of new legislation restricting environmental, social and governance (ESG) factors involving public pension plan investments. House Bill 3 amended fiduciary standards for local pension plan trustees by requiring that investment decisions be based solely on “pecuniary factors.” (Effective date of July 1, 2023) The new legislation necessitated revisions to the retirement fund’s investment policy statement (IPS).

Mrs. Richardville advised that AndCo Consulting submitted form language for inclusion in the retirement fund’s IPS incorporating requirements of House Bill 3. *A revised IPS would be presented at the Board’s next quarterly meeting.*

C. Karan Rounsavall - Plan Administrator Report

- Acknowledge refund of member contributions for William Hicks (partially vested member) in the amount of \$30,970.43
- Acknowledge refund of member contributions for Kaleb Martin (non-vested member) in the amount of \$1,824.32

Member Erenstoff moved to acknowledge refund of employee contributions as set forth above. Member Parsons seconded motion which carried on an all-yes vote.

The next quarterly meeting was scheduled for October 25, 2023.

OLD BUSINESS - None

NEW BUSINESS

- A. Ratify early retirement election for Joseph Jones (100 percent joint & survivor) effective September 1, 2023

Member Parsons moved to ratify early retirement election for Joseph Jones effective September 1, 2023. Member Erenstoff seconded the motion which carried unanimously.

- B. Revision to *Administrative Rules* removing provision for payment of interest on refund/rollover of member contributions

At its April 26, 2023 quarterly meeting, the retirement board directed a change to its *Administrative Rules and Procedures* which eliminated the payment of simple interest on the refund of a member's accumulated contributions upon separation from service. Board members were in receipt of the proposed revisions.

Pursuant to the board's prior action the plan administrator did not calculate interest on Officer William Hicks' refund although he separated service prior to the referenced quarterly meeting. She requested Board direction as to his entitlement to interest calculations.

By consensus, the retirement board directed the plan administrator to proceed with a refund of interest earnings for Officer Hicks.

Member Bentley then moved to approve revisions to the Administrative Rules and Procedures to discontinue the payment of interest for participants separating service (Effective date: July 26, 2023). Member Erenstoff seconded the motion which carried on an all-yes vote.

- C. Approval of administrative expense budget for Plan Year 2023/2024 in accordance with *Florida Statutes*

The Retirement Board was in receipt of the proposed budget for Plan Year 2023/2024 as prepared by the Plan Administrator. Pursuant to *Florida Statutes*, 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 2023/2024 was \$97,350.

Mrs. Rounsavall reviewed individual line items in the proposed budget. It included projected increases for custodial services and plan administration. Mrs. Rounsavall clarified that she was not requesting a fee increase for her services but was contemplating retirement in the foreseeable future. As such, she included additional funding guidance in the proposed budget consistent with amounts awarded in recent plan administration proposals for other retirement plans. The proposed budget also included new actuarial fees contracted with GRS.

Administrative costs for the retirement plan continued to be very modest. In fact, the plan was currently under budget for Fiscal Year 2022/2023 based on estimated expenses of \$83,422. The adopted budget for Fiscal Year 2022/2023 was \$93,287.

Member Bentley moved to approve the administrative expense budget for Plan Year 2023/2024 in the total amount of \$97,350. Member Erenstoff seconded the motion which carried unanimously.

The adopted budget would be provided to the West Melbourne City Council (plan sponsor), posted on the City's web site, and provided to plan members.

D. Acknowledge Division of Retirement's approval of 2022 Annual Report for the West Melbourne Police Officers' Retirement Fund

Member Erenstoft motioned to acknowledge the Division's approval of the 2022 Annual Report. Member Bentley seconded the motion; it carried on an all-yes vote.

The retirement board further agreed that premium tax revenues should be deposited to the receipts and disbursement account (i.e., cash) upon receipt thereof.

PUBLIC COMMENT - None

ADJOURNMENT

The meeting adjourned at 10:57 a.m.