1. CALL TO ORDER

2. DETERMINATION OF A QUORUM

3. APPROVAL OF MINUTES
   A. Approve the minutes of quarterly meeting November 6, 2019

4. OFFICER AND TRUSTEE REPORTS

5. PROCESSED DISBURSEMENTS/DEPOSITS
   A. Approve plan expenditures and acknowledge receipt of contributions for the first fiscal quarter of 2019/2020

6. CONSULTANT REPORTS
   A. Patrick Donlan – Foster & Foster (Actuary)
      • Presentation of annual actuarial valuation as of October 1, 2019
      • Declare expected annual rate of investment return for assets of West Melbourne Police Officers’ Retirement Plan for short term and long term thereafter in accordance with Florida Statutes
   B. Kerry Richardville – AndCo Consulting (Investment Consultant)
      • Performance Report for quarter ended December 31, 2019
      • Search for global fixed income bond manager
      • Asset Allocation Study on expected rates of return for various asset classes
   C. Mindy Johnson – Salem Trust (Custodian)
D. Pedro Herrera – Sugarman & Susskind (Attorney)
   • Legislative Update
   • Report on cyber liability insurance coverage
E. Karan Rounsavall, Plan Administrator
   • Acknowledge refund of member contribution for Shane Popa (non-vested member) in the amount of $17,996.41

7. OLD BUSINESS

8. NEW BUSINESS
   A. Request of Chevy Chase Trust (custodian for ASB Allegiance Real Estate Fund) for updated signature authorizations.

9. PUBLIC COMMENT

10. ADJOURNMENT
The West Melbourne Police Officers’ Retirement Board held its quarterly meeting on Wednesday, November 6, 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: Pedro Herrera, 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 9:01 a.m. A quorum was in attendance. *Attorney Herrera attended the meeting via Skype.

APPROVAL OF MINUTES  
Member Curran moved to approve the minutes of quarterly meeting August 7, 2019 as submitted. Member Whitney seconded the motion and it carried unanimously.

OFFICER AND TRUSTEE REPORTS – None  

PROCESSED DISBURSEMENTS/RECEIPTS  
Member Curran moved to approve plan expenditures for the fourth quarter of Fiscal Year 2018/2019 (July 1, 2019 through September 30, 2019) in the amount of $20,652.35 and to acknowledge receipts to the plan in the amount of $346,419.27 which included State premium tax revenues of $169,766.63. (Reference Plan Administrator’s memo dated October 30, 2019 for detail.) Member Parsons seconded the motion which carried on an all yes vote.

Total disbursements during the quarter were $189,725.51 which included monthly benefit payments to 17 retirees in the amount of $146,163.66, refunds of employee contributions in the amount of $22,909.50 and expenses noted above.

CONSULTANT REPORTS  
A. Kerry Richardville – AndCo Consulting (Performance Monitor & Investment Consultant)  
   • Performance Report for quarter ended September 30, 2019  

Mrs. Richardville presented the performance report and economic commentary for the quarter ended September 30, 2019. Domestic equity markets ended the quarter in positive territory outperforming international stocks which were negative for the period. Large cap stocks outperformed small cap equities. There was continuing concern over slowing economic growth.
Total market value as of September 30, 2019 was $15,705,910 up from $15,486,372 for the previous quarter ended June 30, 2019. On a percentage basis, the composite portfolio was up 0.40 percent for the quarter (gross) which ranked in the 88th percentile of public plans. For the fiscal year ended September 30, 2019, the plan returned 3.61 percent (gross) which ranked in the 76th percentile. This annual return trailed the assumed investment rate of return of 6.95 percent. The portfolio was valued at $16,011,622 as of the previous day.

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

- Garcia Hamilton & Associates (domestic fixed income) – positive return of 1.42% (53)*
- EuroPacific Growth (international) – negative return of -1.59 (41)*
- Vanguard Total Stock Market Index Fund – positive return of 1.09% (47)*
- Templeton Global Total Return (global fixed income) – negative return of -3.09% (100)*
- BlackRock Multi-Asset Income Fund (other assets) – positive return of 1.28% (34)*
- ASB Allegiance Real Estate Fund (real estate) – negative return of -0.55% (100)*

(*Percentile rankings)

Member Bentley questioned Templeton's poor performance and wondered if the Retirement Board should continue to hold this investment in its portfolio. Mrs. Richardville stated that Templeton remained true to its investment strategy with no treasury holdings. There was sentiment that rising wages would cause interest rates to likewise rise. Fixed income was a defensive position.

Given the poor performance of Templeton Global Fund compared to its relevant benchmark, Mrs. Richardville would present a global fixed income bond manager search at the next quarterly meeting. The search would include Vanguard Funds and PIMCO.

Mrs. Richardville went on to note that the underperformance of ASB Allegiance Real Estate Fund was due to the unexpected bankruptcy filing by Barney’s which leased a large retail space in the Chicago area. ASB was gradually reducing its retail exposure.

Member Bentley asked if the Board was still comfortable with a 6.95 percent assumed rate of return particularly as the retirement fund matured and with more retirees approached the possibility of a negative cash flow position. Mrs. Richardville was quite comfortable with the current 6.95 percent return expectation as this portfolio was invested for the long term.

The board accepted the investment performance report as presented.

B. Mindy Johnson – Salem Trust (Custodian)

Mrs. Johnson was unable to attend the meeting due to illness. She was scheduled to attend the next quarterly meeting.

C. Pedro Herrera – Sugarman & Susskind (Attorney)

Attorney Herrera reviewed state ethics laws related to the acceptance of gifts. He also mentioned that the State Legislative session would begin in January 2020. Currently, there were no pre-filed bills affecting public pensions.
D. Karan Rounsavall – Plan Administrator

- Renewal of $1 million fiduciary liability insurance policy with U.S. Specialty Insurance Company

Mrs. Rounsavall advised that the fund’s fiduciary liability insurance policy renewed at a cost of $2,778. The policy was effective November 9, 2019 through November 9, 2020. Board members acknowledged renewal of the fiduciary liability insurance policy as stated.

Attorney Herrera suggested that the Retirement Board look into cyber liability insurance as this was an increasing threat for municipalities (i.e. ransomware). He agreed to review the city’s overall insurance policy relating to cyber liability to determine whether its coverage extended to the retirement plan.

- Acknowledge refund of member contribution for Michael Preisler (non-vested member) in the amount of $3,299.83
- Acknowledge refund of member contributions for James O’Byrne (non-vested member) in the amount of $14,976.50

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

***

Plan Administrator Rounsavall advised that Foster & Foster (actuary) would discontinue support of the online benefit calculator as of December 31, 2019. There was no interest on the part of the retirement board to invest in the administrative portal for detailed retirement calculations that was replacing the benefit calculator.

Finance Director Margi Starkey provided unaudited statement of the retirement fund’s fiduciary net position for the fiscal year ended September 30, 2019. She would provide this information to the actuary in advance of the annual actuarial valuation.

The next quarterly meeting was scheduled for January 29, 2020.

OLD BUSINESS - None

NEW BUSINESS

A. Establish quarterly meeting dates for 2020

Member Curran moved to approve 2020 quarterly meeting dates as follows: Wednesdays at 9:00 a.m. on January 29, 2020, April 29, 2020, July 29, 2020, and October 28, 2020. Member Whitney seconded the motion and it carried.

A. Acknowledge receipt of detailed accounting report for Fiscal Year 2018/2019

Board members were in receipt of the detailed accounting report for Fiscal Year 2018/2019 prepared by the plan administrator. It reflected administrative expenses that were actually paid on behalf of the plan during the fiscal year. Administrative expenses included legal counsel, actuarial, plan administration, etc. Total administrative expenses were $79,225 which was less than the adopted budget for the fiscal year. This amount was somewhat more than expenses paid in the prior fiscal year ($70,729) due, in large part, to payment of the actuary’s invoice for the experience study which was completed late in Fiscal Year 2017/2018.
The Retirement Board acknowledged receipt of the accounting report as presented. The report would be provided to the plan sponsor (West Melbourne) and made available to active plan participants.

***

Member Bentley inquired as to educational resources for understanding yield curves and cash flows of retirement assets over time, particularly as it related to the assumed investment rate of return. Attorney Herrera mentioned that several sources were available online and these would be provided. Investment Consultant Richardville would bring a JP Morgan study on expected rates of return for various asset classes to the next meeting.

PUBLIC COMMENT - None

ADJOURNMENT.

The meeting adjourned at 10:10 a.m.

__________________________________________
Scott Morgan, Chairman

__________________________________________
Karan Rounsavall, Plan Administrator