The West Melbourne Police Officers’ Retirement Board held its quarterly meeting on Wednesday, April 29, 2020. Pursuant to Executive Order 20-69 allowing the use of various media technology, (signed by Florida Governor Ron DeSantis on March 20, 2020), the meeting was conducted as a call-in conference call. Members of the public were able to participate in the conference call meeting.

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
Dan Johnson, Director – AndCo Consulting
Karan Rounsavall, Plan Administrator

STAFF: Margi Starkey, Finance Director

Chairman Morgan called the meeting to order at 9:00 a.m. A quorum was in attendance.

MEMBER CURRAN moved to approve the policy as presented. MEMBER WHITNEY seconded the motion.

Chairman Morgan     yes
Member Bentley      yes
Member Parsons      yes
Member Whitney      yes
Member Curran       yes

The motion carried.

APPROVAL OF MINUTES

MEMBER CURRAN moved to approve the minutes of quarterly meeting January 29, 2020 as submitted. MEMBER PARSONS seconded the motion. Roll call was:
Member Bentley  yes
Member Parsons  yes
Member Whitney  yes
Member Curran  yes
Chairman Morgan  yes

The motion carried.

OFFICER AND TRUSTEE REPORTS – None

PROCESSED DISBURSEMENTS/RECEIPTS

Member Curran moved to approve plan expenditures for the second quarter of Fiscal Year 2019/2020 (January 1, 2020 through March 31, 2020) in the amount of $31,855.46 and to acknowledge receipts to the plan in the amount of $170,325.99. (Reference Plan Administrator’s memo dated April 9, 2020 for detail.) Member Whitney seconded the motion.

Total disbursements during the quarter were $180,140.45 which included monthly benefit payments to 17 retirees in the amount of $148,284.99 and expenses noted above.

Roll call was:

Member Bentley  yes
Member Parsons  yes
Member Whitney  yes
Member Curran  yes
Chairman Morgan  yes

The motion carried.

CONSULTANT REPORTS

A. Kerry Richardville – AndCo Consulting (Investment Consultant)
   • Performance Report for quarter ended March 31, 2020
   • Economic overview and update on performance

Mrs. Richardville advised that she would be on maternity leave starting the middle of May. AndCo Director Dan Johnson would cover her responsibilities during her leave, including attendance at the July 29, 2020 quarterly meeting. She went on to present the performance report and economic commentary for the quarter ended March 31, 2020. It was a financial quarter of unprecedented volatility due to the global COVID-19 (Coronavirus) pandemic. Global economic growth turned negative as countries responded to the pandemic by “shuttering” their economies. Domestic as well as international equities declined significantly. In fact, the S&P 500 index was down -19.6 percent. There was a “flight to quality” with fixed income assets. High quality fixed income assets posted positive returns with U.S. government bonds being the best performing security for the quarter. It was a challenging quarter across the world. Despite all the volatility, asset classes within the portfolio were currently within their respective target ranges.

Total market value as of March 31, 2020 was $14,325,664 down from $16,606,296 for the previous quarter ended December 31, 2019. On a percentage basis, the composite
portfolio was down -13.42 percent for the quarter (gross) ranking in the 52\textsuperscript{nd} percentile of public plans. Fiscal year to date, the fund was down -8.16 percent which ranked in the 36\textsuperscript{th} percentile. The portfolio had rebounded nearly $1 million since the end of the quarter and was valued at $15,216,016 as of April 28, 2020.

Quarterly performance results (i.e. quarter ending March 31, 2020) for the various investment styles/managers represented in the portfolio were as follows:

- **Garcia Hamilton & Associates (domestic fixed income)** – positive return of 0.72\% (64)*
- **EuroPacific Growth (international)** – negative return of -22.43 (38)*
- **Vanguard Total Stock Market Index Fund** – negative return of -20.86\% (38)*
- **Templeton Global Total Return (global fixed income)** – negative return of -6.16\% (70)*
- **BlackRock Multi-Asset Income Fund (other assets)** – negative return of -11.70\% (24)*
- **ASB Allegiance Real Estate Fund (real estate)** – positive return of 1.74\% (20)*

(*Percentile rankings)

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

- Search for global fixed income bond manager

At its January 29, 2020 meeting, Mrs. Richardville presented an overview of several global fixed income managers (i.e. mutual funds). It was the consensus of the board at that time to continue the global bond manager search with a refreshed scope, including the Vanguard International Bond Index Fund. It was also noted that the Board’s current allocation to global bonds was just 2.5 percent of the overall portfolio.

Mrs. Richardville reviewed the short list of global bond managers. PIMCO, Loomis Sayles, and Templeton were active managers. Vanguard was an index fund. Templeton was the plan’s current manager in this particular investment style and the board was somewhat uncomfortable with their recent volatility from quarter to quarter. Management fees for PIMCO and Loomis were 55 and 67 basis points respectively. Vanguard’s fee was 11 basis points. There was no investment minimum for any of the funds under consideration.

The Board reviewed management styles and examined the degree of investment overlap with Garcia Hamilton (domestic fixed income manager). Member Bentley liked Vanguard’s lower fee structure as did Member Whitney. Mrs. Richardville expressed some hesitation with Vanguard. If interest rates rose, this index fund would perform poorly given its exposure to longer durations. Her recommendation was the PIMCO Global Opportunities Fund.

**Member Curran moved that the board liquidate 100 percent of its current holdings in the Templeton Global Total Return Fund and upon settlement thereof, to purchase the PIMCO Global Opportunities Fund with the proceeds. Chairman Morgan seconded the motion. Roll call was:**

- **Member Parsons** yes
- **Member Whitney** no
- **Member Curran** yes
- **Chairman Morgan** yes
- **Member Bentley** no

The motion carried on a split vote.
• Introduction/primer to infrastructure investment opportunities

As part of the asset allocation study presented at the last quarterly meeting, the board informally discussed possible investment opportunities in private infrastructure with particular emphasis on the Brookfield Infrastructure Fund. In the future, expected returns from a traditional balanced/institutional portfolio would be challenged to meet target returns particularly given the long-term expectation of lower returns for fixed income assets (i.e. government bonds). Traditional asset classes (i.e. equities and fixed income) tended to be highly correlated. Infrastructure assets had characteristics that could mitigate these challenges in that they provided lower correlation to other asset classes, a strong cash flow, inflation protection and less economic sensitivity than equities. Overall, these benefits improved the risk-return characteristics of a traditional portfolio.

Risks to implementing an infrastructure allocation included political and regulatory changes in a region, lack of liquidity, absence of a benchmarking standard, acceptance of fiduciary standards and exchange rate fluctuations on foreign investments. Mrs. Richardville advised that the Brookfield Infrastructure Fund would accept a minimum investment of $250,000 with a one percent management fee. There was an initial three-year lock-up on investments.

The Retirement Board agreed to receive a call-in presentation from representatives of the Brookfield Super-Core Infrastructure Fund at its quarterly meeting on July 29, 2020.

• Revisions to Investment Policy Statement to include allocation to infrastructure

Board members were in receipt of a revised Investment Policy Statement (IPS) providing for a five percent allocation to infrastructure by equally reducing the portfolio’s allocation to domestic equities and global fixed income. If the infrastructure portion was unfunded, 2.5 percent would default back to global bonds and 2.5 percent back to domestic equities.

Member Curran moved to adopt the revised IPS as stated. Member Whitney seconded the motion and roll call was:

   Member Curran       yes
   Chairman Morgan     yes
   Member Bentley      yes
   Member Parsons      yes
   Member Whitney      yes

The motion carried.

B. Pedro Herrera – Sugarman & Susskind (attorney)

Attorney Herrera presented highlights of the CARES Act which enacted major relief packages in response to the global COVID-19 pandemic. The Act provided emergency paid sick leave under certain circumstances, waived the required minimum distribution requirement for defined contribution plans for the 2020 calendar year, and provided for an exception to the ten percent penalty for early distributions from a retirement plan.

While there was no new state legislation affecting public pension plans, Attorney Herrera advised that the SECURE Act increased the age for required minimum distributions (RMD) from 70½ to 72 years. This required a minor change to the plan
document. He could incorporate this revision into the proposed ordinance expanding allowed investments in the retirement fund portfolio to include collective investment trusts.

*Member Whitney moved to direct the attorney to include plan changes related to RMD’s in the proposed ordinance allowing collective investment trusts (i.e. infrastructure funds). His motion included authorization for the actuary to prepare an appropriate statement of no impact to accompany the ordinance. Member Curran seconded the motion. Roll call was:*

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<td>Member Parsons</td>
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*The motion carried.*

C. Karan Rounsavall - Plan Administrator Report

- Acknowledge rollover of member contribution for Kurt Thomas Mister (non-vested member) in the amount of $22,257.24

*Member Whitney moved to acknowledge the rollover for Officer Mister as presented. Member Bentley seconded the motion and roll call was:*

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<td>Member Curran</td>
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<td>Chairman Morgan</td>
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*The motion carried.*

- Annual Financial Disclosure Reports

Plan Administrator Rounsavall reminded trustees that annual financial disclosure forms were due to the Brevard County Supervisor of Elections no later than July 1, 2020.

- Update on availability/cost of cyber Liability insurance

Having spoken with Florida Municipal Insurance Trust, Mrs. Rounsavall was able to confirm that the city’s liability insurance policy did not extend to the West Melbourne Police Retirement Board. The reason for this exclusion was that the retirement plan was administered by a third-party administrator. It was possible that a stand-alone policy could be issued for the retirement plan with coverage that extended to a third-party administrator. Along this line, Mrs. Rounsavall secured an application which was needed to receive a quote. As there were several network security questions in the application, she requested city staff’s assistance to complete the application.

*It was the consensus of the retirement board to direct the plan administrator to work with city staff to complete the application for cyber liability insurance and report back at the next meeting.*

***
The next quarterly meeting was scheduled for July 29, 2020.

**OLD BUSINESS** - None

**NEW BUSINESS**

A. Periodic review of professional service provider agreements

Board members were in receipt of a listing of professional service providers and corresponding agreement dates. Pursuant to the Board’s *Administrative Rules and Procedures*, these agreements were routinely reviewed to determine appropriateness and timeliness. The Board’s agreement with AndCo Consulting (investment advisory services) was the next relationship to be reviewed. The current agreement was executed in October 2015 and provided for an annual consulting fee of $17,500.

Board members felt that AndCo had provided excellent direction to the retirement plan. *The Board expressed its full satisfaction with all its professional service providers.*

B. Acknowledge Sgt. Eric Rothery’s DROP benefit election

*Member Curran moved to acknowledge Sgt. Rothery’s DROP benefit election of “Retiree’s Lifetime with 120 Payments Guaranteed” effective February 1, 2020.* *Member Whitney seconded the motion and roll call was:*

- Member Parsons  yes
- Member Whitney  yes
- Member Curran  yes
- Chairman Morgan  yes
- Member Bentley  yes

*The motion carried.*

**PUBLIC COMMENT** - None

**ADJOURNMENT**

The meeting adjourned at 11:17 a.m.