

**MINUTES
GENERAL EMPLOYEES' PENSION PLAN BOARD OF TRUSTEES
FEBRUARY 22, 2018, REGULAR MEETING**

Pursuant to Public Notice, Chairman Donnie Torok convened a regular meeting of the City of Satellite Beach General Employees' Pension Plan Board of Trustees on February 22, 2018, at 2:00 p.m. in the City Hall Conference Room.

Board members present were Allen Potter, Donnie Torok, Linda Harlow, Ryan Mill, and new Trustee Michael Chase.

Also present were Brittany Jumper with the City of Satellite Beach; Dominick Montanaro, City Council Liaison to the Board; Jeremy Langley from the Florida League of Cities; Bonnie Jensen the Board Attorney via video conference; and Charles Carr the Board Actuary via telephone.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT: None

ADOPTION OF MINUTES: November 16, 2017, Regular meeting

ACTION: Mr. Potter MOVED, SECOND Ms. Harlow, to approve the minutes as presented. VOICE VOTE: ALL AYES. MOTION CARRIED.

INVOICES PAYMENTS APPROVAL/RATIFICATION:

Invoice payments for approval:

FLC/FMPTF \$375 per meeting administration fee November 16, 2017, meeting

Invoice payments for ratification:

Klausner, Kaufman, Jensen & Levinson

\$300.00 for monthly retainers for November & December 2017

\$300.00 for monthly retainers for January & February 2018

FLC/FMPTF \$3,522.56 Quarterly Fees 12/31/2017

ACTION: Mr. Potter MOVED, SECOND Ms. Harlow, to approve and ratify the payments as presented. VOICE VOTE: ALL AYES. MOTION CARRIED.

The Board welcomed the new Board Member, Michael Chase. Mr. Chase was appointed by the City Council, and he will be sworn in by the next board meeting.

RETIREMENTS FOR INFORMATION: None

OLD BUSINESS:

November Meeting Date moved

PLAN TRUSTEE COMMENTS: None

PLAN ADMINISTRATOR COMMENTS: None

NEXT MEETING DATE: MAY 24, 2018, AT 2:00 PM.

PRESENTATION OF THE DECEMBER 31, 2017, QUARTERLY INVESTMENT REPORT (in conjunction with the Fire/Police Pension Board)

Mr. Langley presented the quarterly report. The Plan was up for the quarter by 3.67% and for the year by 15.68%.

As follow up items from the last meeting, Mr. Langley reported that he confirmed with the Real Estate Portfolio manager that the fund did not have any unrelated business tax. Ms. Jensen informed them that this was dropped from the final bill that passed. Ms. Jumper had distributed the Summary Plan Description to the General Employees.

PLAN ATTORNEY COMMENTS

Required Minimum Distribution

Ms. Jensen reported, as Mr. Langley stated earlier, the League is documenting their process and is following the safe harbor laws for locating missing participants for their required minimum distributions.

IRS Mileage Rate for 2018

Ms. Jensen report the rate was now 54.5 cents.

Legislative Update: SB980-HB1363

Ms. Jensen reported the bill is unlikely to pass, but if it does, it would change a lot of reporting requirements in the actuarial valuation. Ms. Jensen informed the Board of two other bills that could affect the Fire and Police Plan. One was a cancer assumption bill. The other was a bill adding post-traumatic stress syndrome as a possible workers' compensation claim.

PRESENTATION OF THE 10/01/2017 ACTUARIAL VALUATION (in conjunction with the Fire/Police Pension Board)

Mr. Carr informed the Board he was given advanced notice that the Boards were looking at lowering the expected rate of return. He produced the reports using a return rate of 7.0%. He did this for a few reasons. ACG has stated for the GASB 67/68 reports the 60/40 fund's long term rate of return is projected to be 7.0%. He also explained once the Board approves a valuation, the report is sent to the State for review. In the past few years, some other FMPTF plans in the 60/40 fund have received letters from the State accepting the valuation but recommending they lower the rate of return. Mr. Carr stated that Satellite Beach is not as conservative in some other areas like the 30-year amortization schedule and the four-year phase in method. Mr. Carr would like to lower the rate of return now and not draw undo attention to the Plans' valuations. The State could make them lower the rate of return to 6%. Lowering the rate of return would increase the City's minimum required contribution rate by about \$200,000 for fiscal year 2019. He reported if the Boards wanted to stay at the 7.5% return rate, they may want to consider moving to the 70/30 fund. He was not giving investment advice. With the 70/30 fund, the return rate of 7.5% would be justified. The Boards expressed concern about raising the city's contribution rate so dramatically. In order to get more information on the Boards options, a special meeting was scheduled for Thursday, April 5, 2018, at 12 p.m. At the meeting, Mr. Carr will provide information on the effects of lowering the return rate from 7.5% to 7.0%, reducing the ammonization schedule from 30 years to 15 years or 10 years, and from moving from the 60/40 fund to the 70/30 fund. Mr. Langley will provide more information on the pros and cons of moving from the 60/40 fund to the 70/30 fund.

ACTION: Mr. Potter MOVED, SECOND Ms. Harlow, to adjourn the meeting. VOICE VOTE: ALL AYES. MOTION CARRIED.

The meeting was adjourned at 3:35 p.m.

Stephanie Forbes, Florida Municipal Pension Trust Fund