

**CITY OF DADE CITY
POLICE OFFICERS' PENSION FUND &
FIREFIGHTERS' RELIEF & PENSION FUND
BOARD OF TRUSTEES
QUARTERLY MEETING MINUTES
City Hall, Council Chambers
38020 Meridian Ave, Dade City, FL 33525**

Thursday, March 11, 2021, at 9:30AM

TRUSTEES PRESENT: Joseph Wubbena, Fire Trustee
James Parker, Fire Trustee
John Evenhouse, Fire Trustee
Bob Cabot, Fire Trustee
William Rowe, Police Trustee
Richard Griner, Police Trustee
Robert Tungate, Police Trustee
Lois Alston, Police Trustee
Sherrie Case, Police Trustee

TRUSTEES ABSENT: Dwight Carson, Fire Trustee

OTHERS PRESENT: Scott Schechinger, Wells Fargo Advisors
Jeffrey Woei, Wells Fargo Advisors
Scott Christiansen, Christiansen & Dehner
Sara Carlson, Foster & Foster
Ferrell Jenne, Foster & Foster
Members of the Public

1. **Call to Order** – Joseph Wubbena called the meeting to order at 9:32AM.
2. **Public Comments** – None.
3. **Approval of Minutes**

The Fire Board approved the December 10, 2020, quarterly meeting minutes, upon motion by Bob Cabot and second by James Parker; motion carried 4-0.

The Police Board approved the December 10, 2020, quarterly meeting minutes, upon motion by Robert Tungate and second by Sherrie Case; motion carried 5-0.

4. **New Business**
 - a. Review of investment consultant proposals and custodial proposals
 - i. Scott Christiansen explained the Boards could make a decision at the meeting or they could shortlist candidates and then conduct interviews during a special meeting. Scott reminded the Boards that they could take different actions regarding the custodial and investment consultant.
 - ii. Rich Griner commented he would like to shortlist the candidates and have the consultant who would be assigned to the plans come to the interview. Scott Christiansen reviewed the consultants and custodians that he has worked with on other plans. Ferrell Jenne reviewed her experiences working with each of the custodians that responded to the RFPs.
 - iii. The Board discussed the reason they went out to bid for the custodial and investment consultant. Rich Griner commented the investment consultant has had extremely poor performance compared to the peer universe for many years and the City was handling the custodial duties and had not been very responsive. The Board further discussed the historical returns of Wells Fargo Advisors and the rankings that were reported in their quarterly reports.
 - iv. Scott Christiansen reminded the Board that Morgan Stanley was a brokerage firm, so there may be some conflicts of interest.

- v. Scott Schechinger reviewed their current fees. Scott explained that they hold the assets and advise. Scott commented they were charging 37BPS to hold the assets and provide investment consulting services. Scott commented the fee to provide only consulting services was 25BPS. Based on the current MVA, the fee was \$17,900 for the Fire plan based on the current assets and \$29,782 for the Police plan. The Board discussed the candidates and their associated fees.
- vi. Scott Schechinger reviewed the current assumed rate of return, the current asset allocation, and the historical reductions that had been made to the investment return assumptions.

The Fire Board approved holding a special meeting to interview BCA and AndCo Consulting for the investment consultant and Salem Trust and Fiduciary Trust for the custodian, upon motion by Bob Cabot and second by Joseph Wubbena; motion carried 4-0.

The Police Board approved holding a special meeting to interview BCA and AndCo Consulting for the investment consultant and Salem Trust and Fiduciary Trust for the custodian, upon motion by Richard Griner and second by William Rowe; motion carried 5-0.

- vii. The Board discussed sending a RFP to Wells Fargo to provide just consulting services. By consensus, the Boards requested Scott Christiansen to send Wells Fargo Advisors an investment consulting RFP. Ferrell Jenne commented she would send out the electronic copy to the Board of Trustees and bring the hard copies to the special meeting.

5. **Old Business** – None.

6. **Reports (Attorney/Consultants)**

a. Foster & Foster, Sara Carlson, Board Actuary

i. October 1, 2020 actuarial valuation report

1. Sara Carlson introduced herself and reminded the Boards the contribution requirements set forth in the 10/1/20 valuation report were applicable to the FYE 9/30/22.
2. Sara Carlson stated there was an assumption change in the mortality tables, as State law mandated that all local municipalities had to use the FRS mortality tables. Sara commented the latest mortality table utilized a public safety table so there was a small actuarial gain as a result.
3. The City Required Contribution for the Police plan as a percentage of projected annual payroll for the fiscal-year-ending September 30, 2022 is 20.5% as compared with the fiscal-year-ending September 30, 2021 of 30.1%.
4. The City Required Contribution for the Fire plan for the fiscal-year-ending September 30, 2022 is \$205,607 as compared with the fiscal-year-ending September 30, 2021, of \$224,380.
5. Sara Carlson reminded the Boards the Fire plan used a dollar funding method and the Police plan used a percentage of payroll funding method.
6. For the Fire plan, plan experience was relatively neutral overall on the basis of the plan's actuarial assumptions. The primary source of actuarial gain was an average salary increase of 3.96% which fell short of the 5.75% assumption. This gain was offset in part by a loss associated with an investment return of 7.12% (Actuarial Asset Basis) which fell short of the 7.30% assumption.
7. For the Police plan, plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included inactive mortality experience, an average salary increase of 3.79% which fell short of the 5.53% assumption, and favorable turnover experience. These gains were offset in part by a loss associated with an investment return of 6.65% (Actuarial Asset Basis) which fell short of the 7.00% assumption.
8. Sara Carlson commented in conjunction with these valuation reports, a "fresh-start" of the actuarial asset value was implemented to be equal to the market value of assets. Effective 10/1/20, the asset valuation method was such that all assets were valued at market value with an adjustment to uniformly spread investment gains and losses over a 5-year period.
9. Sara Carlson reviewed the UAAL. Sara commented the Police plan had a negative UAAL for the fiscal year and had a funded ratio of 102.6%. The funded ratio for the Fire plan was 89.6%.

10. Sara Carlson reviewed the normal cost and commented the City would always need to put in at least the normal cost of the plan. Sara briefly reviewed the current assumptions for each plan.
11. The Fire Board discussed their current investment return assumption of 7.3% and the possibility of lowering it in conjunction with the 10/1/22 valuation report. By consensus, the Fire Board requested this to be added to the September meeting agenda for further discussion and consideration.

The Fire Board voted to approve the October 1, 2020, valuation report as presented, upon motion by Bob Cabot and second by James Parker; motion carried 4-0.

The Police Board voted to approve the October 1, 2020, valuation report as presented, upon motion by Robert Tungate and second by William Rowe; motion carried 5-0.

- b. Wells Fargo Advisors, Scott Schechinger/Jeff Woei, Investment Consultants
 - i. Quarterly report as of December 31, 2020
 1. Jeff Woei gave an economic overview and the market impact of the stimulus packages. Jeff commented there was a market rotation from growth to value during the quarter.
 2. The total fund net returns for the quarter were 9.50% for the Fire plan and 9.04% for the Police plan. Scott Schechinger discussed the technology sector and the volatility that had occurred over the last couple of quarters.
 3. Scott Schechinger briefly discussed the large cap value manager search. Scott commented they narrowed down candidates to the top three: AB Relative Value Advisor, Putnam Equity Income Y, and T. Rowe Price Value. Scott reviewed the historical returns and the portfolio weightings of the three candidates. Scott recommended the Boards to terminate the Delaware Large Cap Value Fund and move the proceeds to the Putnam Equity Income Y Fund. The Board discussed the associated management fees.

The Police Board voted to terminate the Delaware Large Cap Value Fund and move the proceeds to the Putnam Equity Income Y Fund, upon motion by Richard Griner and second by Robert Tungate; motion carried 5-0.

The Fire Board voted to terminate the Delaware Large Cap Value Fund and move the proceeds to the Putnam Equity Income Y Fund, upon motion by Bob Cabot and second by John Evenhouse; motion carried 4-0.

4. Scott Schechinger commented the Fire Board was overweight in equities, as they were over a 65% allocation. Scott recommended to take \$250,000 from the Vanguard Large Cap Growth Fund and move it to the JP Morgan Core Bond fund.

The Fire Board voted to approve taking \$250,000 from the Vanguard Large Cap Growth Fund and move it to the JP Morgan Core Bond fund, upon motion by John Evenhouse and second by Bob Cabot; motion carried 4-0.

- c. Christiansen & Dehner, Scott Christiansen, Board Attorney
 - i. Legislative update
 1. Scott Christiansen reviewed pending bills. Scott commented there was a bill that would require appointed trustees to receive five hours of additional training in board government and fiduciary responsibility. Scott commented the training would be available online. Scott commented he would need some clarification on what constituted an appointed trustee, if the bill passed. Scott commented there was another bill that proposed to add language to the presumption list in the disability section that included infectious disease such as COVID-19.
 - ii. New Florida Law, E-Verify System Memo
 1. Scott Christiansen reviewed the E-Verify System and the law that passed which would require all plan vendors to use this system to determine employment eligibility. Scott commented any contract or addendums that were entered into on/after 1/1/21 would include the E-Verify System requirement language. Scott commented the plan administrator would send out a letter to all current vendors to ensure they were registered in the E-Verify System.

- iii. Scott Christiansen reviewed the Declaration of Return requirement. Scott Schechinger confirmed that 7.0% and 7.3% were reasonable return expectations based on the current asset allocations.

The Police Board voted the declaration of returns for the plan shall be 7.0% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by Robert Tungate and second by Richard Griner; motion carried 5-0.

The Fire Board voted the declaration of returns for the plan shall be 7.3% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by John Evenhouse and second by James Parker; motion carried 4-0.

iv. Addendums to Operating Rules and Procedures

1. Scott Christiansen reviewed the Operating Rules & Procedures addendums. Scott commented the amendment stated the core vendors were evaluated at least every six years. The Board discussed the timing of reviewing the core vendors. Scott commented the Boards could pick one vendor per year to review.

The Police Board approved amended Rule 4.3 of the Operating Rules & Procedures, upon motion by Richard Griner and second by Robert Tungate; motion carried 5-0.

The Fire Board approved amended Rule 4.3 of the Operating Rules & Procedures, upon motion by John Evenhouse and second by James Parker; motion carried 4-0.

2. Scott Christiansen commented the Fire plan had an additional amendment regarding the Board make up, as the pool of actives was declining.

The Fire Board approved amended Rule 1.7 of the Operating Rules & Procedures, upon motion by Bob Cabot and second by Joseph Wubbena; motion carried 4-0.

7. **Consent Agenda**

a. Payment Ratification

i. Warrant #69 (POLICE BOARD)

1. FPPTA, invoice #3579, Board Membership, \$620.00
2. Christiansen & Dehner, invoice #34329, legal services, \$387.05
3. Foster & Foster, invoice #18649, plan administration, \$912.36

ii. Warrant #70 (POLICE BOARD)

1. Foster & Foster, invoice #18765, plan administration, \$912.36
2. Christiansen & Dehner, invoice #34376, legal services, \$3,829.25

iii. Warrant #71 (POLICE BOARD)

1. Foster & Foster, invoice #18988, plan administration, \$900.00

iv. Warrant #68 (FIRE BOARD)

1. FPPTA, invoice #3578, Board Membership renewal, \$620.00
2. Christiansen & Dehner, invoice #34328, legal services, \$2,235.25
3. Foster & Foster, invoice #18648, plan administration, \$852.36

v. Warrant #69 (FIRE BOARD)

1. Foster & Foster, invoice #18764, plan administration, \$852.36
2. Christiansen & Dehner, invoice #34375, legal services, \$3,829.25

vi. Warrant #70 (FIRE BOARD)

1. Foster & Foster, invoice #18987, plan administration, \$840.00
2. Christiansen & Dehner, invoice #34432, legal services, \$206.05
3. FPPTA, invoice #3784, Pension Fundamentals for New Trustee J. Evenhouse, \$150.00

vii. Warrant #71 (FIRE BOARD)

1. FPPTA, invoice #3868, Pension Fundamentals for New Trustee B. Cabot, \$150.00

- b. New invoices for approval
 - i. None (POLICE BOARD)
 - ii. None (FIRE BAORD)

- c. Fund activity report for December 4, 2020 through March 4, 2021

The Fire Board approved the consent agenda as presented, upon motion by Bob Cabot and second by Joseph Wubbena; motion carried 4-0.

The Police Board approved the consent agenda as presented, upon motion by Richard Griner and second by William Rowe; motion carried 5-0.

8. Staff Reports, Discussion and Action

- a. Foster & Foster, Ferrell Jenne, Plan Administrator
 - i. Ferrell Jenne reviewed the upcoming FPPTA educational opportunities.

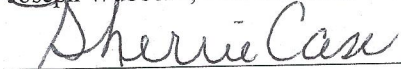
9. Trustees' Reports, Discussion, and Action – None.

10. Adjournment – The meeting adjourned at 11:37AM.

11. Next Meeting – June 10, 2021, at 9:30AM, Quarterly Meeting


Joseph Wubbena, Fire Chairman

6/10/21
Date


William Rowe, Police Chairman

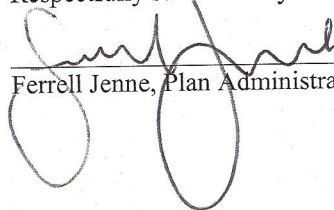
7/13/21
Date

SHECCIE CASE, POLICE SECRETARY

Date Approved by the Pension Boards:

JUNE 10, 2021 / JULY 13, 2021

Respectfully submitted by:


Ferrell Jenne, Plan Administrator