

City of Wilton Manors Virtual General Employee & Police Pension Board of Trustees Minutes March 2, 2021

CALL TO ORDER

Chairman Balistreri called the virtual meeting of the Wilton Manors GE & Police Pension Board of Trustees to order at 5:30 pm.

PLEDGE OF ALLIGENCE

Bob Mays has been appointed by the City Commission to fill the vacant seat (resident position) to the GE & Police Pension Board of Trustees. Bob Mays said he was not sworn in by the City. Attorney Levinson swore in Bob Mays before the meeting as a Trustee for the GE & Police Pension Board of Trustees.

ROLL CALL

Trustee Farrell, Trustee Mays, Trustee Pilch, Trustee Vodicka and Chairman Balistreri

ADDITIONS/DELETIONS

COMMENTS FROM THE PUBLIC

None

CONSENT AGENDA

Chairman Balistreri asked for a motion to approve the Consent Agenda and also asked if anyone wanted any item pulled from the Consent Agenda for further discussion and if not he would like a motion to approve the Consent Agenda.

Approval of Minutes:

December 1, 2020 Virtual Pension Meeting

Trustee Farrell made a motion to approve the Consent Agenda as presented, seconded by Trustee Vodicka. Approved Unanimously

Receive and File:

Warrant 2020-030	
Judith A. Hoekstra Administrative Services 12/1/2020	\$550.00
Warrant 2020-031	
NCPERS – 2021 Membership Renewal	\$260.00
Warrant 2020-032	
KSDT, CPA – 11/30/2020 Invoice #94298	\$500.00
Warrant 2020-033	
Klausner, Kaufman, Jensen & Levinson 10/30/&11/30/2020 Invoices	\$1,025.00
Warrant 2021-001	
Southeastern Advisory Services quarter ending 12/31/2020	\$4,817.80
KSDT, CPA – Invoices 94298 & 94959	\$2,500.00
Warrant 2021-002	
Gabriel Roeder Smith & Co. - Invoice #459873	\$4,500.00
Klausner, Kaufman, Jensen & Levinson 12/31/2020 Invoice	\$650.00
Judith A. Hoekstra – Office Supplies	\$153.04
Warrant 2021-003	
Garcia Hamilton & Associates Invoices #32357-32911 & 33300	\$14,764.38
Warrant 2021-004	
Joan Wall, Bookkeeper 4/17/2020-1/21/2021	\$3,688.83
Warrant 2021-005	
Klausner, Kaufman, Jensen & Levinson 1/31/2021 Invoice	\$1,575.00
Warrant 2021-006	
FPPTA - Registration for Virtual Classes New Trustee Bob Mays	\$1,550.00

**City of Wilton Manors Virtual General Employee & Police
Pension Board of Trustees Minutes March 2, 2021**

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4th Quarter 2020 Rate of Return is 9.8% Net of Fees
Saxena White – Fourth Quarter 2020 Monitoring Report
Garcia Hamilton & Associates Quarter ended December 31, 2020

NEW BUSINESS

KSDT, Draft Audit September 30, 2020 presented by Eric Leventhal, Auditor

Eric Leventhal started the presentation by mentioning that the GASB 67 report was not in the financial statements, they should be completed by next week.

Independent Auditor's Report – They have conducted the audit under and in accordance with auditing standards. It is unmodified opinion.

Page 8 of report – Statement of Fiduciary Net Position as of September 30, 2020

Total Net Position Restricted for Pensions \$27,638,013 2020 last year 2019 \$27,173,363

Page 9 shows the changes - Net increase in net position restricted for pensions \$464,650

Net Position restricted for pensions – beginning \$27,173,363

Net Position restricted for pensions – ending \$27,638,013 – Total additions \$3,230,898

There is still one (1) DROP Participant as of 2020

Administrative Expenses – (2020) \$95,840 - (2019) \$85,240 the explanation is broken down on page 20 of the report. No red flags were raised on page 20 of the report.

The last two pages is the Independent Audit Control.

There were no matters of internal controls nor any deficiencies to report to the Board.

At this time the plan performed very well and they do not have any further recommendations to the Board. Full cooperation from the service providers and there were no problems.

Trustee Vodicka asked Eric how other boards handle the backup of their bookkeeping. Eric wasn't quite sure of what he was asking, then Pennie Zuercher, Finance Director said what the City has a concern with is the bookkeeping for the plan in case Joan Wall is unable to do the work for some unforeseen reason. Eric said they have dealt with Joan Wall for many years, he has been the lead auditor for this Plan the past 5 years and have found her accuracy and integrity is great and always received great cooperation. One way might be to go onto a Quick Books environment and give someone access with password protection, or onto a cloud based platform where someone could access the information. This is what they see with other plans.

Attorney Levinson said a motion was needed to approve the draft audit. Trustee Farrell made the motion to approve the draft audit as presented, seconded by Trustee Mays.

Ayes: Trustee Pilch, Trustee Vodicka, Trustee Mays, Trustee Farrell & Chairman Balistreri

Nayes: None

Eric Levinthal said that the Representation Letter would need to be signed by the Chairman.

Attorney Levinson said a motion would be in order to approve the Chairman to sign the letter.

Trustee Farrell made the motion to authorize Chairman Balistreri to sign the Representation Letter, seconded by Trustee Vodicka.

Ayes: Trustee Mays, Trustee Pilch, Trustee Vodicka, Trustee Farrell and Chairman Balistreri

Nayes: None

Chairman Balistreri asked if he could add further discussion from the last meeting about the bookkeeping.

Attorney Levinson said since we only have the auditor at one meeting he would ask, if someone were to come in and put together the bookkeeping together for us is that something KSDT can do? Eric said it would be very easy to do, they have the September 30, 2020 information that is a jumping off point. Because all Warrants are on the Agenda and approved by the board it would be easy to recreate what those expenses are and the benefit payments which are in financial statements. It would not take long at all.

There was a discussion about the bookkeeping as to how to handle the information Joan Wall has and getting it to the City. Joan said no one ever asked for this information and if they want it she will provide it. Trustee Mays suggested that Joan Wall be in communication with the City Finance Director to share information on an ongoing basis rather than at the end of the year. This would make it easier to pick up if something were to happen. Trustee Farrell agreed with Trustee Mays and said sending the information on a quarterly basis would be a good start. There was a discussion about Regions bank statements and since Pennie Zuercher, Finance Director is not receiving copies, Regions will be notified to start sending Ms. Zuercher copies.

Southeastern Advisory Services Quarter Ending December 31, 2020

John Small was virtually present to go over the 4th quarter performance with the Board.

Market Comparison

- S&P 500 12.2% for the quarter, one year 18.4%, 3 year 14.2%
- The EAFE Index 16.0% for the quarter, 7.8% for the one year, 3 year 4.3%
- bgBarc U.S. Aggregate 0.7% for the quarter, 7.5% for the one year, 5.3% 3 year
- 91 Day Treasury Bills 0.0% for the quarter, 0.7% for one year, 1.6% 3 years
- CPI 0.1% for the quarter, 1.4% for the one year, 1.9% 3 years

Portfolio Growth

For the quarter there was a gain \$2,878,002
\$33,352,361 quarter ending 12/31/2020

Performance Comparison

Total Fund Analysis 4th quarter

Composite Fund	9.8%/68 th	- 1 year 11.6%/67 th	- 3 years 9.3%33rd	- 5 years 10.0%/49 th
Actuarial Return Assumption	1.8%	7.0%	7.0%	7.0%
Target Index*	11.6%/19 th	15.2%/14 th	11.3%/5 th	9.7%/60 th

Equity Analysis

4th Quarter

- Vanguard Russell 1000 13.7%/36th – 1 year 21.0%/19th
*Vanguard Russell 1000 was funded on June 16, 2016
- Vanguard Mid Cap Value 18.0%/74th – 1 year 2.4%/83rd
*Vanguard Mid Cap Value was funded on June 14, 2016
- Eaton Vance SMID Cap 21.1%/76th - 1 year 11.2%/57th
*Eaton Vance SMID Cap was funded on June 16, 2016
- Garcia Hamilton Fixed 0.4%/77th – 1 year 5.5%/70th
- Vanguard Ultra Short Bond 0.3% – 1 year 6.4%

Allocation of Assets for the Quarter Ending December 31, 2020

Equity 62.2% - Fixed Income 26.4% - Cash 11.4%

Objectives and Policy Review

- The total rate of return should equal or exceed the Consumer Price Index plus 5% over a rolling three-year period. Achieved 9.3%
- The total rate of return should rank in the top half of the Wilshire Cooperative Public Fund Universe over a rolling three year period. Achieved 33rd
- Each security class to exceed the appropriate selected unmanaged market index over a rolling three year period. Garcia Hamilton – Fixed – Not Achieved 4.2%
- Percentile Rank of Manager in Appropriate Universe Must Exceed the Median (50th percentile)
Garcia Hamilton Fixed Income – Not Achieved 70th

- Percentile Rank of Manager in Appropriate Universe Must Place Within the Top Third (33 1/3 percentile)
Garcia Hamilton Fixed Income – Not Achieved 75th

Everything within range:
No violations of policy. Everything good.

Attorney Levinson asked John Small if he had any recommendations for the Board. John Small said, no not at this time.

Trustee Vodicka had some concern about inflation and asked John Small how are we positioned to any inflation that may occur? John said that was a good question. John is concerned too because the government is about to spend a \$1.9 trillion package on top of the trillions they already put in, John can't see how that is not inflationary. Where that would impact us is on our fixed income and right now we have Garcia Hamilton and that is one of the things he wants to talk about. They tend to be on the lower maturity level compared to other intermediate managers. On John Small's Fixed Income Manager Comparison they are all intermediate term managers just like Garcia Hamilton, but their makeup is slightly different. The two active managers are Dodge & Cox which has an excellent reputation and Western Asset Core Bond, they are both intermediate, and the benchmark is a Vanguard Intermediate Bond Index. When you compare Garcia Hamilton the past two years (2019 & 2020) we were in a falling interest rate environment plus they made an asset allocation themselves. Even if they hadn't made that asset allocation they are not going to do really well in falling interest rate environments they do better in rising interest rate environments. In 2018 they did really well and also in 2015 and 2013 they beat all their competitors. If inflation picks up then the Fed's will have to raise interest rates. If the Fed's don't raise interest rates the market will.

Dodge & Cox have a slightly lower quality, they are allowed to buy less than A rated bonds. Over 24% of their bonds are less than A rated bonds. Garcia Hamilton has all A rated bonds or higher. Vanguard has 27% in less than A rated bonds, Western Asset has 20% in less than A rated bonds. They have slightly lower quality than Garcia Hamilton and slightly longer maturities. They will do better than Garcia Hamilton in a falling interest rate environment, if we have rising interest rates they probably won't do as well as Garcia Hamilton has done.

Dodge & Cox and Western Asset are active managers and Vanguard Intermediate is a passive manager. John asked if anyone had any questions.

Trustee Mays asked if all our fixed assets investments are being managed by Garcia Hamilton currently? John said except for the short term there is about a million dollars in the ultra short bond fund and the money is in the money market fund. Garcia Hamilton has about \$8 million total, almost \$9 million.

Chairman Balistreri asked John Small what advise he had for the Board? Any of the three funds are good managers. Garcia Hamilton has been with our fund for 10 years and have done an excellent job over the years. They were hired because they were a conservative fixed income manager and the Board at that time believed you should take a risk in equities not fixed income, so they wanted a steady fixed income manager and that is what Garcia Hamilton is.

Chairman Balistreri asked if we should go with one of the other fund managers or stay with Garcia Hamilton with the possibility of interest rates rising and stay where we are at. John Small said he doesn't recommend record timing. There is a good chance we are going to have inflation, there is a good chance interest rates will go up, but he doesn't know that for a fact. Make your investments over the long term especially a pension fund.

Trustee Farrell said he agrees with John Small and he would like to track Garcia Hamilton to see if they out pace the other conservative bond managers. This is their time to shine. John Small was asked to bring an update to the next meeting.

Attorney Levinson said Garcia Hamilton is a high quality manager. John Small said he will bring a recommendation to the next meeting. We have a high quality fixed manager. Garcia Hamilton is not allowed to invest in less than A rated, but parameters can be changed.

Trustee Mays asked what the advantage and disadvantage of splitting the fixed income portfolio between two managers? John said he would not recommend that because we have a small amount of fixed assets. He will make a recommendation with guidelines and bring to the next meeting.

Discussion – Lower Assumption Rate

Last year because of the new mortality table, we were able to lower our assumption rate down to a very reasonable number.

Trustee Mays asked Melissa from GRS what happened last year with the assumption rate? The FRS updated its mortality table effective with the July 1, 2019 actuarial valuation. By this valuation the Board had to update the mortality assumption, which ended up resulting in a lower less expectancy. When they implemented the new mortality table they took that opportunity to lower the investment return assumption and lowered it just enough so that it would have been cost neutral had they left the mortality table the same last year. They were able to go down from 6.9% to 6.6%, down 30 basis points at no additional cost to the City.

Melissa said if we lower from 6.6% to 6.5% that would result in a \$40,000 increase.
Trustee Farrell made a motion to hold the assumption rate at 6.6% where it is now, seconded by Trustee Mays.
Approved Unanimously

JOAN WALL, BOOKKEEPER

None

ATTORNEY REPORT

Memo – January 8, 2021 – New Florida Law Requirement 448.095
Registration and Use of E-Verify

- The Board has to register
- All Vendors have to register
- Send out letters to Vendors letting them know what they have to do

Letters were sent out to Vendors and they sent confirmation back that they had registered.

Memo – Best Practices for Locating or Non-responsive Participants and Beneficiaries

Attorney Levinson said if anyone had any questions on the memo's, they can contact him to discuss them.

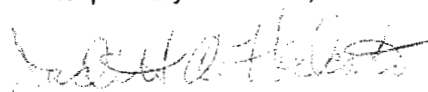
REPORTS FROM BOARD MEMBERS

None

ADJOURNMENT

Trustee Vodicka made the motion to adjourn the meeting, seconded by Trustee Pilch.

Respectfully Submitted,


Judith A. Hoekstra
Recording Secretary

X 

The City of Wilton Manors' General Employee & Police Pension Board Meeting will be conducting a "Hybrid" Pension Meeting in the City Commission Chambers with limited public access and utilizing communications media technology ("CMT") for additional public access, in accordance with City of Wilton Manors Ordinance No. 2020-11, and City of Wilton Manors Emergency Order 2021-01.

AGENDA

**City of Wilton Manors Hybrid General Employee & Police Pension Meeting
Tuesday June 15, 2021 at 5:30 pm.**

1. PLEDGE OF ALLIGENCE

2. CALL TO ORDER

3. ROLL CALL

4. ADDITIONS/DELETIONS

5. COMMENTS FROM THE PUBLIC

Any member of the Public may speak on any issue for three (3) minutes

6. CONSENT AGENDA

Items listed under Consent Agenda, Item VI, are viewed to be routine and One Motion will enact the recommendation in the form listed below. If discussion is desired, then the items(s) will be removed from the Consent Agenda and will be considered separately.

Approval of Minutes:

- March 2, 2021 Virtual Pension Meeting

Motion to Receive and File:

Warrant 2021-007	
● Judith A. Hoekstra Administrative Services 3/2/2021	\$1,137.50
● KSDT, CPA – Invoice 07307 2/28/2021	\$8,400.00
Warrant 2021-008	
● FPPTA – Advance Class for Trustee Vodicka	\$450.00
Warrant 2021-009	
● Klausner, Kaufman, Jensen & Levinson 2/28/2021 Invoice	\$875.00
Warrant 2021-010	
● Gabriel Roeder Smith & Co. - Invoice #460896	\$4,500.00
Warrant 2021-011	
● Southeastern Advisory Services quarter ending 3/31/2021	\$4,885.25
● Klausner, Kaufman, Jensen & Levinson 3/31/2021 Invoice	\$1,587.50
Warrant 2021-012	
● Gabriel Roeder Smith – Invoice #461768	\$750.00
Warrant 2021-013	
● Garcia Hamilton & Associates Invoices #33678 4/5/2021	\$4,361.55
Warrant 2021-014	
● FPPTA Invoice #4427 Conference Registration for Trustee Mays	\$775.00
Warrant 2021-015	
● Klausner, Kaufman, Jensen & Levinson 5/31/2021 Invoice	\$1,000.00
Klausner, Kaufman, Jensen & Levinson 4/30/2021	0

June 15, 2021 AGENDA (con't)

1st Quarter 2021 Rate of Return is 4.6% Net of Fees
Copy of Signed Auditor's Representation Letter
Deposit Letter to Regions Bank refund from FPPTA 3 checks \$2,400.00
Saxena White – First Quarter 2021 Monitoring Report

7. NEW BUSINESS

- GRS – Presentation of Actuarial Valuation
- Garcia Hamilton 1st Quarter Portfolio 3/31/2021
- Southeastern Advisory Services Quarter Ending March 31, 2021
- Fixed Income Manager Comparison - 2014-2021
- Draft – Fixed Income Securities

8. JOAN WALL, BOOKKEEPER

9. ATTORNEY REPORT

10. REPORTS FROM BOARD MEMBERS

11. ADJOURNMENT

***The Public may participate in the meeting in several ways:**

1. Videoconference – the meeting will be hosted online using Zoom. The public may join the meeting online by selecting "join meeting" and entering the meeting number of **916 4353 4394** Passcode:719791

Attendees should visit Zoom and test their connections in advance of the meeting.

2. The public may also provide input in advance that will be entered into the record at the beginning of the meeting. Such input must be submitted in writing in advance of the meeting by email to jhoekstra@wiltonmanors.com. If you desire for your written comments to be read into the record during the meeting, please indicate so and limit them to 300 words. Written comments in excess of 300 words will be entered into the meeting record and distributed to the Board before the start of the meeting.

For questions regarding public comment or connecting to the electronic meeting contact Judith Hoekstra, Administrative Assistant, jhoekstra@wiltonmanors.com.

CMT Options for Viewing and Listening to the Meeting:

Zoom Information:

Topic: Fire and Pension Board of Trustees Meetings

Time: This is a recurring meeting Meet anytime

Join Zoom Meeting

[https://wiltonmanors.zoom.us/j/91643534394?
pwd=Vng0WGdzNXIVcU9rdUdMMHNtallqdz09](https://wiltonmanors.zoom.us/j/91643534394?pwd=Vng0WGdzNXIVcU9rdUdMMHNtallqdz09)

Meeting ID: 916 4353 4394

Passcode: 719791

One tap mobile

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+13126266799,,91643534394# US (Chicago)

Dial by your location

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

877 853 5247 US Toll-free

888 788 0099 US Toll-free

833 548 0276 US Toll-free

833 548 0282 US Toll-free

Meeting ID: 916 4353 4394

Find your local number: [https://wiltonmanors.zoom.us/j/91643534394?
pwd=Vng0WGdzNXIVcU9rdUdMMHNtallqdz09](https://wiltonmanors.zoom.us/j/91643534394?pwd=Vng0WGdzNXIVcU9rdUdMMHNtallqdz09)