

CITY OF KEY WEST POLICE & FIRE PENSION BOARD
REGULAR MEETING MINUTES
FRIDAY, JUNE 3, 2022 – 8:30 A.M.

1. Call to Order and Roll Call

The meeting was called to order at 8:40 a.m. by the Chairman, Alfredo Vazquez. The following Trustees were present: Kevin Cates and Bill Fortune. Terry Garcia, and Chris Saunders were excused. Also present was Susy Pita, Plan Administrator, Don Dulaney, Plan Actuary, Stu Kaufman, Plan Counsel, and John Thinnes and Jack Evatt, Investment Consultants. Member Matt Haley and Marcus DelValle were in the audience.

The City Clerk notified the Plan Administrator that the term of office for Terry Garcia, who is the 5th member of the Board, expired in September 2021. A motion was made by Alfredo Vazquez to re-appoint Terry to another term which will not expire until September 2025. Seconded by Bill Fortune, the motion carried unanimously.

2. Approval of Minutes

A motion was made by Bill Fortune to approve the minutes from regular meeting held March 11, 2022. Seconded by Alfredo Vazquez, the motion carried unanimously.

3. Disbursements

A motion was made by Bill Fortune to approve the disbursement report as presented. Seconded by Alfredo Vazquez, the motion carried unanimously.

4. Simonton Center Property Manager's Report

Will Langley was unable to attend today's meeting but did provide a status report stating that they are on schedule for the Subway buildout and the CVA move. The security company recently gave a 30 day notice to terminate their agreement due to staffing issues. They have decided to self-monitor the parking lot with new signage and see how that works out. They have also done some minor repairs to the parking lot, pressure washed the building, and added some additional plants to freshen up the appearance of the property.

5. Investment Manager's Report

Steve Stack was unable to attend today's meeting but did provide a copy of the Highland Capital Management report as of March 31, 2022. Ending market value was \$28,330,928 with an annualized return of 10.64%.

6. Investment Consultant's Report

John Thinnes began his report to the board by reviewing the portfolio for the quarter ending March 31, 2022. The Asset Allocation (by manager) was as follows: Schroders Fixed Income - \$35,503,354, Highland Capital - \$28,343,442, Fred Alger - \$13,152,333, Sawgrass Equity - \$12,054,760, WCM Focused International Growth - \$9,805,228, American Funds Euro Pacific - \$7,926,900, Rice James Equity - \$7,397,740, Cambiar Investments - \$7,513,685, PIMCO Global Bonds - \$7,223,427, Real Estate-SC \$6,948,559, JPM Infrastructure - \$5,025,147, R&D Account/Escrow - \$1,707,770 and the Mutual Fund Account - \$551. The total market value of the portfolio was at \$142,602,895.

John continued his report by handing out the Core Real Estate Manager Analysis. Following a brief discussion the Trustees asked John to bring this back to the Board at the next meeting so that the two Trustees absent today will have an opportunity to participate in the discussion and decision.

John concluded his report by handing out and reviewing the updated Investment Policy Statement. Following the review and some discussion, a motion was made by Kevin Cates to approve of the updated IPS. Seconded by Alfredo Vazquez, the motion carried unanimously. The Plan Administrator will see to the proper distribution.

7. Actuarial Valuation Report

Don Dulaney presented the Actuarial Valuation Report as of October 1, 2021. Following the review and some discussion, a motion was made by Kevin Cates to approve the report as presented. Seconded by Bill Fortune, the motion carried unanimously.

A discussion then took place regarding the annual Declaration of Returns letter. Following input from the investment professionals, attorney, and the Trustees, a motion was made by Bill Fortune to submit the annual letter to the Division of Retirement stating that the total expected annual rate of investment return for the fund for the next year, the next several years, and the long-term thereafter, shall be 7%, net of investment expenses. Seconded by Kevin Cates, the motion carried unanimously.

8. Attorney's Report

Stu Kaufman began his report to the Board by reminding the Trustees to file their Financial Disclosure Forms by July 1st. He continued his report to the Board under the agenda items requiring his input.

9. Review Drafted Ordinance – Insurance Stipends & 13th Checks

Since the last meeting there has been much progress between the City and the Unions regarding a 13th check proposal and some changes to the Annual Insurance Stipend provided by the Board of Trustees. Stu reviewed the proposed Ordinance, recommended a few housekeeping changes, and a motion was made by Kevin Cates to authorize the Attorney to finalize the Ordinance and the Actuary to prepare the accompanying Actuarial Impact Statement. Seconded by Alfredo Vazquez, the motion carried unanimously. Upon receipt of the final documents, the Plan Administrator will see to the proper distribution so that this gets to the City Commission as soon as possible.

10. Old Business

There was none.

11. New Business

(a) A motion was made by Kevin Cates to approve of the DROP exit/retirement for Juan Torres effective 05/22/2022. Seconded by Bill Fortune, the motion carried unanimously.

(b) A motion was made by Kevin Cates to approve of the following DROP entries: Carter Sims – Effective 01/01/2022, Randall Hartle – Effective 02/01/2022, and Sean Brandenburg – Effective 04/01/2022. Seconded by Bill Fortune, the motion carried unanimously.

Added On:

The Plan Administrator handed out and reviewed an Administrative Fee addendum proposal. Following a brief discussion, a motion was made by Bill Fortune to approve of a fee increase to \$2,100 per month, effective January 1, 2022, guaranteed for a two-year period. Seconded by Alfredo Vazquez, the motion carried unanimously. The Administrator thanked the Trustees for their consideration and positive support as we continue to work together for all the members of the Plan.

12. Public Comments

There were none.

13. Next Meeting Date

The next regular meeting date will be Friday, September 9, 2022 at 8:30 a.m.

14. Adjournment

The meeting ended at 10:15 a.m.

Approved by the Pension Board of Trustees at the regular meeting held on September 9, 2022.