

CITY OF KEY WEST POLICE & FIRE PENSION BOARD
REGULAR MEETING MINUTES
FRIDAY, MARCH 10, 2023 – 8:30 A.M.

1. Call to Order and Roll Call

The meeting was called to order at 8:30 a.m. by the Chairman, Terry Garcia. The following Trustees were present: Kevin Cates, Matt Haley, Chris Saunders, and returning Trustee Alfredo Vazquez as the newly appointed Police retiree representative. Also present was Susy Pita, Plan Administrator, Don Dulaney, Plan Actuary, Stu Kaufman, Plan Counsel, Steve Stack, Investment Manager, Will Langley, Simonton Center Property Manager, Eric Leventhall, Plan Auditor, Karen Russo, Plan Custodian, and John Thinnis, Investment Consultant. Members Marcus DelValle, David Hadas, Andrew Perez, and Bill Fortune were in the audience.

Chairman Terry Garcia presented Bill Fortune with a service appreciation award for serving as a Trustee for more than 26 years. Everyone thanked him for his service and wished him well in retirement.

2. Approval of Minutes

A motion was made by Alfredo Vazquez to approve the minutes from regular meeting held December 9, 2022. Seconded by Kevin Cates, the motion carried unanimously.

3. Disbursements

A motion was made by Chris Saunders to approve the disbursement report as presented. Seconded by Kevin Cates, the motion carried unanimously.

4. Simonton Center Property Manager's Report

Will Langley informed the board that the Subway store finally re-opened in their new location. CVS is still working with their architects on their new spaces. Additional repairs and maintenance have been performed including painting, carpentry, and parking lot resealing and striping. The City is asking them to work with Waste Management regarding the dumpster area and they are working on a bid with Mattingly Construction who recently placed a fence in a neighboring property's dumpster area. The Trustees again asked about the possibility of an ATM machine in the parking lot and Will explained that he has reached out to the bigger banks and they are not showing much interest. He will continue to make additional attempts and report back to the board. Chairman Garcia asked Will to provide some property appraisal history to the board at the June meeting. Will concluded his report by informing the Trustees that there is a large sum of cash available for investment purposes and he will work with the Investment Consultant and the Plan Administrator to reallocate those funds as quickly as possible.

5. Annual Audit Presentation

Eric Leventhall of Kabat, Schertzer, DeLaTorre, Taraboulos & Co. presented the Annual Audit as of September 30, 2022. Following the review, and a brief discussion, a motion was made by Alfredo Vazquez to approve the audit as presented and to authorize the Chairman to sign the Management Representation Letter. Seconded by Kevin Cates, the motion carried unanimously.

6. Investment Manager's Report

Steve Stack provided the Highland Capital Management report as of December 31, 2022. Ending market value was \$26,023,611 with an annualized return of 6.47%.

7. Investment Consultant's Report

John Thinnis began his report to the board by reviewing the portfolio for the quarter ending December 31, 2022. The Asset Allocation (by manager) was as follows: Schroders Fixed Income - \$32,113,237, Highland Capital - \$26,044,093, Fred Alger - \$9,561,193, Winslow Large Growth - \$9,825,024, WCM Focused International Growth - \$8,433,884, PIMCO Global Bonds - \$7,003,911, Real Estate-SC \$8,356,112, Cambiar Investments - \$7,342,752, American Funds Euro Pacific - \$6,979,500, Rice James Equity - \$6,327,894, JPM Infrastructure - \$5,366,023, R&D Account/Escrow - \$1,198,679, and the Mutual Fund Account - \$558. The total market value of the portfolio was at \$128,552,859.

The Trustees asked John to invite JP Morgan to make a presentation to the Board at the June meeting.

8. Custodian's Report

Karen Russo presented the new product being offered by Salem Trust called the Retiree Online Pensioner Portal. This new service will offer retirees the ability to access their pension payment data, change their mailing address, update their federal withholding, change direct deposit and many other options. Salem Trust will handle all notifications regarding the site as well as customer support services to the retirees. Following some discussion, a motion was made by Alfredo Vazquez to engage in a services agreement with Salem Trust for the online portal and to include all offered services. Seconded by Matt Haley, the motion carried unanimously. Karen will work with the Plan Administrator on the agreement.

9. Actuary's Report

Don Dulaney began his report by handing out the 09/30/2022 Share Plan Statements and the Annual Benefit Statements for the active members. Chris will provide the active Firefighters with their statements and Matt will see to the distribution for the active Police Officers. Don concluded his report by handing out and reviewing the GASB 67 Report as of September 30, 2022. Don will present the Actuarial Valuation Report to the Trustees at the June meeting.

10. Attorney's Report

Stu Kaufman began his report by informing the Trustees that his office received a disability application from Officer Nolan (Craig) Wynn. They have begun the process of collecting medical records and will schedule the IME as soon as possible.

Stu continued his report by presenting the Six Flags Entertainment Litigation case. It is possible that the Key West Police & Fire Pension Board will have an opportunity to be the Lead Plaintiff. Following some discussion a motion was made by Matt Haley to authorize the Plan Attorney to file the required documents that will allow the Plan to take a place holder position in the case. Seconded by Kevin Cates, the motion carried unanimously.

Stu concluded his report by handing out and reviewing the SECURE 2.0 Act which went into effect on 12/29/2022. Highlights include taxable changes for Public Safety Officers, Required Minimum Distribution ages and overfunded pension plans the ability to pay for retiree health and life insurance benefits from 12/31/2025 through 12/31/2032.

11. Old Business – Status of Ordinance – Insurance Stipends

At the last meeting the Trustees directed Don to update the cost study allowing for the stipend to be paid out according to the State mandated mortality tables and directed Stu to (again) revise the Ordinance for submission to the City for their review and (hopefully) adoption. This task has been completed and Marcus DelValle will be meeting with the City Manager in an effort to get this on a future Commission Agenda.

12. New Business

A motion was made by Alfredo Vazquez to approve the DROP exit/retirement for Davie Black effective 01/02/2023 and the term/vested retirement for Diane Lipinski effective 02/01/2023. Seconded by Matt Haley, the motion carried unanimously.

13. Public Comments

There were none.

14. Next Meeting Date

The next regular meeting date will be Friday, June 2, 2023 at 8:30 a.m.

15. Adjournment

The meeting ended at 10:30 a.m.

Approved by the Pension Board of Trustees at the regular meeting held on June 2, 2023.