

CITY OF WINTER SPRINGS, FLORIDA
MINUTES
BOARD OF TRUSTEES
REGULAR MEETING
AUGUST 8, 2019

CALL TO ORDER

The Regular Meeting of Thursday, August 8, 2019 of the Board of Trustees was called to Order at 5:32 p.m. in the Commission Chambers (City Hall, 1126 East State Road 434, Winter Springs, Florida 32708).

Roll Call:

Chairperson David Withee, present
Vice-Chairperson Barbara Watkins, present
Board Member Michael S. Blake, present
Board Member Steven Krohn, present
Board Member Robin Paris, present
City Clerk Andrea Lorenzo-Luaces, present

A moment of silence was held in recognition of the recent mass shootings. The Pledge of Allegiance followed.

Regarding the Agenda, Interim City Manager Shawn Boyle asked, "If the Board and the Chairman will entertain a general discussion on continuing Professional Services, Investment Services for the Board of Trustees, we'd like to add that as a Regular Agenda Item.

Chairperson Withee asked, "Does the Board have any objection to adding that?" Board Member Michael S. Blake stated, "No objection." Vice-Chairperson Barbara Watkins and other Board Members added, "No."

Chairperson Withee summarized, "No objection noted, let us go ahead and add that to the Regular Agenda."

AWARDS AND PRESENTATIONS

100. NOT USED

❖❖ **AGENDA NOTE: THE AGENDA WAS DISCUSSED IN THE ORDER AS DOCUMENTED.** ❖❖

PUBLIC INPUT

Chairperson Withee opened "Public Input".

No one spoke.

Chairperson Withee closed "Public Input".

CONSENT AGENDA

300. Minutes From The Wednesday, June 12, 2019 (Rescheduled From May 9, 2019) Board Of Trustees Regular Meeting

Related to the June 12, 2019 Board of Trustees Regular Meeting Minutes, Chairperson Withee said, "Can I get a Motion from the Board then and a Second to approve those Minutes?"

"MOVE FOR APPROVAL." MOTION BY BOARD MEMBER BLAKE. SECONDED BOARD MEMBER KROHN. DISCUSSION.

VOTE:

BOARD MEMBER KROHN: AYE

CHAIRPERSON WITHEE: AYE

BOARD MEMBER BLAKE: AYE

BOARD MEMBER PARIS: AYE

VICE-CHAIRPERSON WATKINS: AYE

MOTION CARRIED.

INFORMATIONAL AGENDA

200. Retirement of Larry Wilson

Interim Manager Boyle advised the Board that Mr. Larry Wilson, Senior Consultant and Actuary with Gabriel, Roeder, Smith & Company (GRS) had retired.

Continuing, Interim Manager Boyle noted that Ms. Jennifer Borregard, Consultant, Gabriel, Roeder, Smith & Company (GRS), an associate of Mr. Wilson's would be our new representative. Interim Manager Boyle added that in addition to working with Mr. Wilson, he had also worked with Ms. Borregard so there were no gaps.

Board Member Blake asked Interim Manager Boyle about the status of the Agreement and when the last time it had been negotiated.

Interim Manager Boyle explained this agreement included an evergreen clause and added, "The contract contains – basically a CPI escalator in it so it's been minimal – the escalations that we incurred."

Brief remarks followed on other Actuaries with Gabriel, Roeder, Smith & Company (GRS). It was then agreed that further comments on the Actuarial Contract would be discussed during Agenda Item "501".

PUBLIC HEARINGS AGENDA

400. NOT USED

REGULAR AGENDA

500. Quarterly Investment Return Report From AndCo Consulting

Mr. John Thinnes, CFA, Senior Consultant, AndCo Consulting, 4901 Vineland Road, Suite 600, Orlando, Florida: reviewed with the Board various aspects of the Quarterly Investment Return Report to include interest rates, negative and positive yields,

Continuing his presentation, Mr. Thinnes noted that Mr. Dave West with AndCo Consulting had asked him to relay to the Board that, "Pretty much for the rest of this fiscal year, staying put with our allocations – we're not out of range according to your IPS (Investment Policy Statement)." Furthermore, Mr. Thinnes added, "The game plan through 9/30 is to - stick with this plan and then reevaluate and during that reevaluation, it might be a good time to just get everything back to center."

Comments continued.

Chairperson Withee asked about the current underperformance was to which Mr. Thinnes said it was related to health care stocks for this quarter.

Continuing, Mr. Thinnes mentioned that PIMCO was the most aggressive fixed income manager, and comments followed on the terms of the fund. Next, Mr. Thinnes said, "I think for me, the overall themes here are that - for the quarter - and then longer, the Managers are all performing within expectations and then longer term, three (3) and five (5) year numbers, just second and first percentile are pretty compelling."

Comments followed on the PIMCO Diversified Income Fund. Chairperson Withee inquired, "Is there anything that were to happen economically, you would suggest trimming that position or eliminating it?"

Mr. Thinnes responded, "No, it's a long term strategic plan, and like I said, it's only three and half percent (3 ½%) of the fund. I think we need to have risk in the Portfolio. That is a great fund that long term it's going to add tremendous value." Mr. Thinnes summarized, "No recommendation to change that fund at all." Further remarks ensued.

Chairperson Withee stated, "With no recommendations for changes to the Portfolio, can I get a Motion from the Board to approve the presentation as given."

"SO MOVED." MOTION BY BOARD MEMBER PARIS. SECONDED BY VICE-CHAIRPERSON WATKINS. DISCUSSION.

VOTE:

BOARD MEMBER BLAKE: AYE
VICE-CHAIRPERSON WATKINS: AYE
BOARD MEMBER PARIS: AYE
BOARD MEMBER KROHN: AYE
CHAIRPERSON WITHEE: AYE
MOTION CARRIED.

501. 2018 Annual Actuarial Valuation Report From Gabriel, Roeder, Smith & Company

Ms. Michelle "Shelley" Jones, ASA, EA, FCA, MAAA, Consultant, Gabriel, Roeder, Smith & Company, One East Broward Boulevard., Suite 505 Ft. Lauderdale, Florida: addressed the Board via telephone.

Continuing, Ms. Jones remarked, “Our Valuation Report as of October 1st, 2018 and essentially it determines the contribution that will be made for the next year, which is October 1st, 2019 through September 30th, 2020 and it also has some accounting information. It also - satisfies some State requirements that need to be reported - over 140 data items need to go to the State, and so we will do that for you if it’s approved.”

Ms. Jones continued with her report and spoke of contribution dollar amounts, plan members, and pointed out, “Essentially, there were no changes to the Plan provisions during the year, so benefits weren’t being calculated any differently.

The assumptions were no different than the prior year, so we did not change anything in terms of what we assumed to happen; and then the only thing that really changed and the only reason why the payment is lower this year is because of experience, and the fact that you contributed more than the minimum required for the prior year.”

Ms. Jones spoke of unfunded accrued liability, experience assumptions, smooth values, assets, investment returns, total Pension liability, projected numbers, gains and losses, as well as unfunded amounts.

While further reviewing the report with the Board, Ms. Jones noted, “If the Valuation is accepted today, we will go ahead and we will upload those data items and then we will perform the compliance report.”

Discussion followed on unfunded liability, funding methods, and calculating Seminole County’s contribution for Firefighters. Interim Manager Boyle noted that currently there were five (5) former Winter Springs Firefighters on the Plan. Remarks ensued.

Board Member Steven Krohn asked if he could send general questions to Ms. Jones. Interim Manager Boyle suggested that any questions be sent to Interim Manager Boyle or Ms. Queen, to which Staff would provide answers to questions and would then send the information to all Board Members so everyone was kept informed. Ms. Jones added, “We will answer your questions, however it may be.”

Assumptions were discussed next and pages 45, 47, and 49 were referenced.

Board Member Blake spoke of the two million two hundred and eighty-seven thousand, two hundred and thirty-nine dollars (\$2,287,239.00) and asked if that amount was tied into any other part of the report.

Ms. Jones noted that “Because it’s part of the unfunded, it moved – because the total moved.” Ms. Jones, added, “The base amount changed.” Board Member Blake suggested that Interim Manager Boyle could provide more information on how that number was tied in.

With further remarks, mortality tables were addressed next, to which Ms. Jones said the State was expected to provide an update soon. Board Member Blake thought revised numbers might have an impact.

Chairperson Withee asked for a Motion to “Accept this Report as provided by Ms. Jones.”

**“MOVE FOR APPROVAL.” MOTION BY BOARD MEMBER BLAKE.
SECONDED BY BOARD MEMBER KROHN. DISCUSSION.**

VOTE:

**BOARD MEMBER PARIS: AYE
BOARD MEMBER KROHN: AYE
CHAIRPERSON WITHEE: AYE
VICE-CHAIRPERSON WATKINS: AYE
BOARD MEMBER BLAKE: AYE
MOTION CARRIED.**

Regarding advisor changes, Ms. Jones commented on Mr. Wilson’s retirement, and added that Ms. Borregard or herself or any of their associates could be contacted for assistance.

The telephone call with Ms. Jones ended at approximately 6:48 p.m.

**501. Discussion On Investment Rate Assumption Reduction (Also Noted As
“501” on the Agenda)**

Interim Manager Boyle addressed wanting to make the Plan more viable, and suggested to the Board that they consider a “25 basis point (bps) reduction down to 7.5.”

Continuing, Interim Manager Boyle then commented on the Plan, budget requirements, and referenced a 2016 Actuarial study which he said he would resend out, especially for the newer Board Members. Interim Manager Boyle added that he would like to see this plan going forward, in the range of 7 or down to 6.75.

With further discussion, Mr. Thinnes said he would support this suggested change. Interim Manager Boyle said that this would be a recommendation to the City Commission, and comments followed on funding levels, and that lowering the rate would help with sustainability. Discussion.

Regarding whether the rate could be lowered by 50 basis points, Interim Manager Boyle mentioned that he could return next quarter with an analysis on 50 basis points.

“I WOULD LIKE TO MAKE A MOTION THAT THE PENSION COMMITTEE RECOMMENDS THAT THE CITY COMMISSION REDUCE THE ASSUMED RATE OF RETURN FROM 7.75 PERCENT TO 7.5 PERCENT WITH CONSIDERATION THAT THE BOARD WOULD SUPPORT A REDUCTION DOWN TO 7.25 PERCENT.” MOTION BY BOARD MEMBER BLAKE. SECONDED BY CHAIRPERSON WITHEE. DISCUSSION.

VOTE:

VICE-CHAIRPERSON WATKINS: AYE

BOARD MEMBER BLAKE: AYE

BOARD MEMBER KROHN: AYE

CHAIRPERSON WITHEE: AYE

BOARD MEMBER PARIS: AYE

MOTION CARRIED.

ADD-ON

General Discussion On Investment Services

Ms. Holly Queen, CPA, MBA, Controller, Finance Department addressed the Board and explained, “Currently, our contract is up with AndCo [Consulting]. We pay them twenty-six thousand dollars (\$26,000.00) a year for their services. Just general direction on whether you - would like us to go out for bids, look at other proposals for other companies. We looked at them several years ago, about three (3) years ago and they were a little bit higher than what we’re currently paying AndCo. [Consulting].”

Discussion followed on whether to go out to the marketplace and come back with recommendations as documented for the record, AndCo. Consulting's position in the market, business decisions, and tax dollars.

Interim Manager Boyle explained, "We're required to get three (3) quotes. Would you like presentations from these groups so that you guys are comfortable – with the three (3) firms that we bring in?"

Chairperson Withee stated, "I am more than confident in your ability to evaluate those options without having to take Board time to do that." Board Member Blake remarked, "I don't disagree." Board Member Krohn added, "I am on board. I agree." No objections were voiced.

REPORTS

No Reports were given.

PUBLIC INPUT

Chairperson Withee opened "Public Input".

No one addressed the Board.

Chairperson Withee closed "Public Input".

ADJOURNMENT

The Meeting was adjourned by Chairperson Withee at 7:19 p.m.

RESPECTFULLY SUBMITTED:



ANDREA LORENZO-LUACES
CITY CLERK

NOTE: These Minutes were Approved at the November 14, 2019 Board of Trustees Regular Meeting.