CITY OF ST. PETE BEACH FIREFIGHTERS' RETIREMENT SYSTEM PENSION BOARD OF TRUSTEES QUARTERLY MEETING MINUTES

Governor Ron DeSantis signed Executive Order 20-69 which suspends all statutes that require a quorum to be present in person or require a local government body to meet at a specific public place. It also provides that local government bodies may utilize communications media technology, such as telephonic and video conferencing, as provided in section 120.54(5)(b)2, Florida Statutes. Under Executive Order 20-69, the Board meeting was held via video conference using Zoom Meeting.

Thursday, April 16, 2020 at 10:30AM

TRUSTEES PRESENT: Patrick Strong (via phone)
Kevin D'Amico (via phone)
Marilyn Terry (via phone)

TRUSTEES ABSENT: Keith Beattie
Bruno Falkenstein

OTHERS PRESENT: Bonni Jensen, Klausner, Kaufman, Jensen & Levinson (via phone)
Kerry Richardville, AndCo Consulting (via phone)
Patrick Donlan, Foster & Foster (via phone)
Kim Kilgore, Foster & Foster (via phone)
Vince Tenaglia, Finance Director & Assistant City Manager (via phone)
Members of the Public (via phone)

1. **Call to Order** – Patrick Strong called the meeting to order at 10:57AM.
2. **Roll Call** – As reflected above.
3. **Public Comments** – None.
4. **New Business**
   a. Administration Policy, Use of Audio-Video Conferencing
      i. Bonni Jensen commented the police allowed the Board to meet by audio-visual or teleconference. Bonni reviewed the Governor's Executive Order 20-69 in place until May 8, 2020 to allow for teleconference meetings and stated if an extension was made the policy would auto extend. Bonni commented the most important rule was that members of the public would have access to the meeting.

The Board approved to adopt the virtual administrative policy upon motion by Marilyn Terry and second by Patrick Strong; motion carried 3-0.

   b. Phil Milner, Trustee Retired, Member elected trustee
      i. Patrick Strong commented member elected trustee Phil Milner had retired and Kevin D'Amico had been elected by the Fire members to replace him. Bonni Jensen stated to Kevin D'Amico to make sure he filed the required financial disclosure as a new trustee.
   c. Election of Chairman
      Patrick Strong stated due to the resignation of Phil Milner who held the Chair position on the Board a new Chair was needed. Kevin D'Amico asked what the duties of the Chair position included. Bonni Jensen stated the Chair ran the meeting, making sure the Board moved through the agenda appropriately, acted on Board items in between meetings, was a main contact for the Plan Administrator and service providers, as well as signed documents on behalf of the Board. Patrick asked for any volunteers and Kevin D'Amico stated he would volunteer for the position of Chair.

The Board appointed Kevin D'Amico as the Chair of the Board upon motion by Marilyn Terry and second by Patrick Strong; motion carried 3-0.

5. **Approval of Minutes**

The Board voted to approve the minutes from the January 16, 2020 quarterly meeting upon motion by Patrick Strong and second by Marilyn Terry; motion carried 3-0.

6. **Consent Agenda**
   a. Payment ratification
      i. Warrant #12
         1. Salem Trust, 4th quarter fees (Auto-Deduct), $2,500.00
         2. Klausner, Kaufman, Jensen & Levinson, invoice #25340, $1,908.32
         3. Foster & Foster, invoice #16372, $1,373.19
         4. Foster & Foster, invoice #16395, $14,078.00
      ii. Warrant #13
         1. Anchor Capital Advisors, 4th quarter fees, $5,517.72
         2. Klausner, Kaufman, Jensen & Levinson, invoice #25531, $1,812.20
         3. Foster & Foster, invoice #16537, $1,260.00
         4. AndCo, invoice #34898, $4,500.00
   b. New invoices for payment
      i. None.
   c. Fund Activity Report for January 10, 2020 – April 9, 2020

The Board voted to approve the Consent Agenda as presented upon motion by Marilyn Terry and second by Patrick Strong; motion carried 3-0.

7. **Reports**
   a. Foster & Foster, Patrick Donlan, Actuary
      i. October 1, 2019 actuarial valuation report
         1. Patrick Donlan reviewed the role of the Actuary and the data collected to prepare the valuation.
         2. Patrick Donlan reviewed the minimum required contribution as a percentage of payroll had increase from 56.10% to 60.20% from last year's valuation. Patrick commented the member contribution would fluctuate according to the new plan provisions recently put into place. Patrick commented the City's required contribution had increased from 34.50% to 38.10% of payroll.
         3. Patrick Donlan reviewed the annual contribution impact for each change for the past year which contributed to the increase of the City's contribution.
         4. Patrick Donlan reviewed the 4-year average fund return was 8.51% meeting the assumed rate of return of 7.55%. Patrick further commented the fund would need a minimum annual return of 5.44% to meet next year's assumed rate of 7.55%.
         5. Kevin D'Amico asked if the health or age of a member would affect the required contribution percentage. Patrick Donlan explained how the age would change the overall cost depending on how old the member was when hired. Patrick further explained members hired at an older age would cost more than a younger newly hired, due to less member contributions made before beginning pension.
         6. Patrick Donlan reviewed the GASB statements commenting the liability went up around $100,000 and since the assets grew the funding ratio increased from 63.90% to 65.10%.
         7. Patrick Donlan reviewed the details of the Unfunded Actuarial Accrued Liability (UAAL) account during the past year with an actuarial loss of

$202,880, member funded benefit change gain of $139,010 and the change in the assumed return loss of $118,883.

8. Bonni Jensen asked Patrick Donlan to explain the $10,000 overpayment noted in the report made by the City. Patrick explained the City made an additional payment which could be used towards the next year's payment.
9. Bonni Jensen asked Patrick Donlan to explain the mortality table which would be updated on the next valuation. Patrick explained the State required all plans to use the same mortality assumptions used by the Florida Retirement System (FRS). Patrick commented FRS would be changing the mortality assumption to be used on the next year's valuation and he was not sure of the impact it would have on the funding requirements.
10. Patrick Strong asked how often the FRS mortality assumptions changed. Patrick Donlan commented it happened twice in the past ten years.
11. Kevin D'Amico asked about the overpayment of $10,000 made by the City and was the City allowed to pull money back out of fund. Bonni Jensen commented once the money came into the pension plan it could not be pulled out.

The Board approved the October 1, 2019 actuarial valuation report as presented upon motion by Patrick Strong and second by Marilyn Terry; motion carried 3-0.

12. Bonni Jensen explained the process of the State's requirement on declaring the rate of return. Marilyn Terry wanted to discuss the lowering of the assumed rate of return for the next valuation. Patrick Donlan stated they could review at this meeting or the next meeting lowering the rate of return for the next valuation.
13. Kerry Richardville stated the Board approved to step down five basis points per year on the assumed rate of return. Kerry commented they were noticing many plans had been reducing their assumed rate with the median percentage around 7.50%.
14. Kevin D'Amico asked how this would affect the big picture of the fund. Kerry Richardville commented when the pension liability went up for the City, then the annual funding requirement went up. Kerry commented the funding came from contributions and investment returns.

The Board voted the declaration of returns for the plan shall be 7.55% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by Patrick Strong and second by Marilyn Terry, motion carried 3-0.

b. AndCo Consulting, Kerry Richardville, Investment Consultant
   i. Quarterly report as of March 31, 2019
      1. Kerry Richardville introduced herself and reviewed her roles as the investment consultant. Kerry commented her main role was to advise the Board on how to invest the fund's assets, what types and how much. Kerry reviewed the types of investments that the Board could choose from. Kerry reviewed the Investment Policy Statement (IPS) which was adopted by the Board as the rationale rules and risk measurements. Kerry further commented she reviewed the fund's portfolio each quarter and evaluated each manager's performance.
      2. Kerry Richardville reviewed the market environment during the past year and quarter.
      3. Kerry Richardville commented the S&P had dropped 33.00% from previous high due to COVID 19. Kerry commented the markets had been very volatile. Kerry stated that things were getting better with the government stimulus programs during this time of uncertainty. Kerry

commented she believed they would be going through some difficult times over the next quarters with a possible 12 to 24 months recovery.

4. The total market value of the fund was $13,613,759 as of March 31, 2020.
5. The asset allocation of the fund as of March 31, 2019 was Domestic Equity at 48.20%, International Equity at 8.60%, Domestic Fixed Income at 27.20%, Global Fixed at 4.70%, Real Estate at 9.80% and Cash Accounts at 1.50%.
6. Kerry Richardville reviewed the past quarter ranges of the fund's asset allocation compared to the IPS. Kerry commented all investment allocations were within acceptable ranges and there was currently no need to rebalance.
7. Kerry Richardville reviewed the detailed reconciliation of the fund for the prior quarter and the current fiscal year.
8. Kevin D'Amico asked about the list of holdings of the real estate manager. Kerry Richardville commented she would forward to the Board the last report she had received from American Core Realty with a listing of their investments.
9. Bonni Jensen asked if the real estate representative would be able to attend a Board meeting.
10. Kerry Richardville commented she would contact American Core Realty about making a presentation at the October meeting.
11. Kerry Richardville commented Tyler Grumbles would be covering the next quarterly meeting due to her pregnancy.
12. The total fund gross returns without Real Estate for the quarter were -11.98%. Trailing returns for 1, 3, and 5-year periods were -2.76%, 4.89%, and 4.60% respectively. Since inception (6/1/1994), gross returns were 7.44%.
13. Kerry Richardville reviewed the performance for each investment manager during the past quarter.
14. Kerry Richardville commented American Core Realty was at an estimated 1.50% quarter return. Kerry further commented the real estate manager would be impacted in the short term by the health issues and to expect a rough couple of quarters ahead.
15. Kerry Richardville commented total market value of funds as of April 15, 2020 was $14.37 million. Kerry commented as of April 15th they were down by 2.00% on the expected rate of return of 7.50%.
16. Bonni Jensen presented the Anchor addendum to agreement for the Board to approve with a fee decrease from 75 basis points to 60 basis points.

The Board approved Anchor's addendum to their agreement with a fee decrease from 75 basis points to 60 basis points upon motion by Patrick Strong and second by Marilyn Terry; motion carried 3-0.

c. Klausner, Kaufman, Jensen & Levinson, Bonni Jensen, Board Attorney
   i. Proposed Ordinance – Cancer Presumption
      1. Bonni Jensen stated the proposed Ordinance would cover the new law on certain cancers presumed In Line of Duty (ILOD) disability and would also capture the cost to the plan for this amendment. Bonni commented she would like to move the proposed Ordinance forward to the City commission upon Board approval. Patrick commented he had completed the impact statement and there would be a very minimal cost to plan.
   ii. IRS Mileage Rate for 2020
      1. Bonni Jensen advised the Board the Internal Revenue Service (IRS) mileage rate was reduced by .05 cents.
   iii. 2020 Annual Financial Disclosure Form (Form 1) memo

1. Bonni Jensen reviewed the financial disclosure form which was required to be filed by each trustee annually. Bonni further commented they were not required to disclose any amounts, just the name of their investments which was used to consider conflict of interest issues. Bonni stated the form needed to be filed prior to July 1st to avoid fines which would be paid by the trustee. Bonni further commented to make sure the trustees were provided with confirmation of their filing.

iv. COVID 19 memo

1. Bonni Jensen stated the COVID 19 memo was drafted to keep their clients up to date on any issues or concerns during the pandemic. Bonni advised the plan administrator to contact them for any assistance they may need.

v. CARES Act

1. Bonni Jensen commented the Federal CARES Act had some changes that were permissible to pension plans, but they were not mandatory or required.
2. Bonni Jensen further commented if the Board wanted to enact any of the permissible changes, they would have to go through the standard procedures of an Ordinance amendment.
3. Bonni Jensen stated the CARES Act allowed for special rules regarding retirement funds as it pertained to the 10.00% penalty rule being waived for early distributions for 2020 calendar year for coronavirus related distributions and was retroactive back to January 1st. Bonni reviewed what was considered coronavirus related. Bonni commented the taxation of the distribution could be spread out over three years. Bonni reviewed suspension of the annual Required Minimum Distribution (RMD) but was not for governmental plans except for the 457 plans for this calendar year.
4. Patrick Strong commented some of the recent members had a 401(a) plan with city/member contributions allowing for loans and asked if the same rules applied. Bonni Jensen commented if the plan had current loans then yes it could apply. Bonni further stated the City and Union would need to agree to allow for specific distributions if they were not currently in the plan provisions. Bonni stated this Board was not responsible for the administration of the 401(a) plans. Vince Tenaglia commented he should be taking the lead on that role and maybe would start to evaluate the plan on the loan provision.
5. Kim Kilgore asked if the Special Tax Rules would need to be changed which were distributed to the terminated member. Bonni commented she could provide a drafted individual certification to provide the terminated member.
6. Bonni Jensen stated they may need to work with the custodian to appropriately code the annual 1099 tax notice for COVID 19 related distributions.

vi. SECURE Act and IRS Limits memo

1. Bonni Jensen reviewed the memo and commented the Internal Revenue Service (IRS) had increased the Required Minimum Distribution (RMD) age to 72.
2. Bonni Jensen commented she made a provisional update on the plan Ordinance to reflect this change. Bonni commented she also added a provision for the Board to adopt IRS provisions by policy so the plan consistently remained in compliance with the IRS code and was able to operate under the current code until the plan could make the official amendment.

The Board approved the Ordinance as presented upon motion by Patrick Strong and second by Kevin D'Amico; motion carried 3-0.

8. **Old Business** - None.

9. **Staff Reports, Discussion, and Action**
   a. Kim Kilgore, Foster & Foster, Plan Administrator
      i. Update on the State annual report
         1. Kim Kilgore stated the State Annual Report had been filed and was waiting on any additional items needed for the approval.
      ii. Cybersecurity update
         1. Kim Kilgore reviewed a memo prepared by Chief Executive Office (CEO) Brad Heinrichs regarding the security measures taken by Foster & Foster to protect their client's data.

10. **Trustees' Reports, Discussion, and Action** – None.

11. **Adjournment** – The meeting adjourned at 1:00PM.

12. **Next Meeting** – July 16, 2020 at 1:30PM, Quarterly Meeting

Respectfully submitted by:

Kim Kilgore

Kim Kilgore, Plan Administrator

Approved by:

K. J. D.

As: Kevin D'Amico, Chairman

Date Approved by the Pension Board: 09/24/2020