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

The Board meeting was held via video conference using Zoom Meeting.

Thursday, January 21, 2021 at 10:30AM

TRUSTEES PRESENT: Kevin D'Amico
Patrick Strong
Marilyn Terry
Keith Beattie

TRUSTEES ABSENT: None

OTHERS PRESENT: Lynn Skinner, Salem Trust
Patrick Donlan, Foster & Foster
Kerry Richardville, AndCo Consulting
Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Kim Kilgore, Foster & Foster
Vince Tengalia, Assistant City Manager/Finance Director
Stewart Hehenberger, Fire Union President

1. **Call to Order** – Kevin D'Amico called the meeting to order at 10:50AM.

2. **Roll Call** – As reflected above.

3. **Public Comments** - None.

4. **New Business**
    a. Virtual board meetings
        i. Bonni Jensen reviewed an opinion letter from her sent to the Plan Administrator and the City concluding there was no law applicable to the Board which required the physical present of a quorum. Bonni commented she received consent from the City on conducting the meeting by Zoom.
    b. Actual expenses as of September 30, 2020
        i. Kim Kilgore commented the actual expenses went over budget due to expenses from the previous year reported in this year's expenses. Kim further commented the attorney expenditure also increased due to the additional plan administrator work they performed until Foster & Foster was hired. Kim Kilgore stated an amended 2019/2020 budget would need to be approved by the board for the additional expenses not accounted for.

The board approved the September 30, 2020 actual expenses as presented upon motion by Patrick Strong and second by Keith Beattie; motion carried 4-0.

The board approved the amended 2019/2020 budget as presented upon motion by Patrick Strong and second by Keith Beattie; motion carried 4-0.

    c. Trustee term expirations
        i. Kevin D'Amico's term on the board expired 4/1/2021 and Kevin stated he would like to rerun for the position. Kim Kilgore commented she would send a request for nomination to the membership and noted that an election would need to be held if any additional nomination was received.
        ii. Keith Beattie's term on the board expired 5/1/2021 and Keith would let us know at the next meeting if he would continue to serve.

iii. Marilyn Terry's term on the board expired 5/1/2021 and Marilyn stated she would like to be reappointed by the City to continue to serve.

5. Approval of Minutes

The Board voted to approve the minutes from the October 15, 2020 quarterly meeting upon motion by Marilyn Terry and second by Keith Beattie; motion carried 4-0.

6. Consent Agenda

a. Payment ratification
  i. Warrant #19
    1. Klausner, Kaufman, Jensen & Levinson, invoice #27008, $132.60
    2. Foster & Foster Administrator, invoice #18308, $1,260.00
    3. Salem Trust, 3rd quarter fees (Auto-Deduct), $2,500.00
    4. Anchor Capital Advisors, 3rd quarter fees, $4,058.40
    5. Foster & Foster Administration, invoice #18507, $1,260.00
  ii. Warrant #20
    1. Klausner, Kaufman, Jensen & Levinson, invoice #27212, $2,309.10
    2. Klausner, Kaufman, Jensen & Levinson, invoice #27409, $265.20
    3. Foster & Foster Administrator, invoice #18620, $1,260.00

b. New invoices for payment
  i. None.

c. Fund Activity Report for October 9, 2020 – January 14, 2021

The Board voted to approve the Consent Agenda as presented upon motion by Patrick Strong and second by Keith Beattie; motion carried 4-0.

7. Reports

a. Salem Trust, Lynn Skinner, Custodian
  i. Lynn Skinner reviewed the annual reminder sent out to their clients on the instructions and requirements for trade request transmitted by email.
  ii. Lynn Skinner commented retirees would be receiving two 1099-Rs for 2020 due to Salem's transition to TMI Trust Company back in April. Lynn further commented the retirees were notified through message printed on their earnings statement for the last several months.
  iii. Lynn Skinner reminded the board to make sure to update the authorized signature form with Salem as needed especially when trustees are no longer serving on the board.

b. Foster & Foster, Patrick Donlan, Actuary
  i. October 1, 2020 actuarial valuation report
    1. Patrick Donlan introduced himself and reminded the Board the contribution requirements set forth in the 10/1/20 valuation report was applicable to the Fiscal Year Ending 9/30/22.
    2. The City Required Contribution as a percentage of projected annual payroll for the fiscal-year-ending September 30, 2022, was 38.2% as compared with the fiscal-year-ending September 30, 2021, of 38.4%.
    3. Patrick Donlan commented the rate of return used was the average annual market return (net of investment related expenses) for the past four years was 8.97%.
    4. Vince Tengalia asked about moving the rate of return to 5-year smoothing like the General plan did. Patrick Donlan suggested it would be possible to change to the 5-year smoothing on the rate of return for the next valuation period.
    5. Patrick Donlan reviewed the participant reconciliation since the last valuation.

6. Patrick Donlan reviewed the net pension liability had decreased from $8,004,361 to $7,308,760. Patrick commented the funding ratio had increase from the previous valuation from 65.10% to 69.25%.
7. Patrick Donlan stated there was an assumption change in the mortality tables, as State law mandated that all local municipalities had to use the FRS mortality tables. Patrick commented the latest mortality table utilized a public safety table so there was a small actuarial gain as a result. Patrick additionally stated the assumed rate of return was reduced from 7.55% to 7.50%.
8. Patrick Donlan reviewed the Unfunded Actuarial Accrued Liability (UAAL) balance of $7,442,724 and the City's annual payment of $731,008.
9. The plan experience was favorable overall based on the plan's actuarial assumptions. The primary source of actuarial gain included an 8.97% investment return (actuarial asset basis) that exceeded the assumed rate and mortality experience. These gains were partially offset by the effect of lower than expected turnover.

The Board voted to approve the October 1, 2020, valuation report as presented upon motion by Kevin D'Amico and second by Marilyn Terry; motion carried 4-0.

The Board voted the declaration of returns for the plan shall be 7.50% 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 4-0.

10. Vince Tenaglia asked if the Real Estate return used in the valuation was through September 30, 2020. Patrick Donlan commented he would check into and let Vince know if the June 30th or September 30th return was used. Vince commented the need to be consistent on the data parameters retrieved from valuation to valuation.

c. AndCo Consulting, Kerry Richardville, Investment Consultant
   i. Quarterly report as of December 31, 2020 (Preliminary)
      1. Kerry Richardville reviewed the market environment during the past quarter stating the markets were very strong.
      2. Kerry Richardville reviewed the real estate investment was positive for the past quarter and would continue to watch.
      3. Marilyn Terry asked about the real estate investment and concerns with commercial office space rentals and employees working remotely. Kerry Richardville commented employers may considered employees working remotely several days of week and possibly increasing their employees' workspace, but she did not see office rentals space going away. Kerry further commented J.P. Morgan projected returns in the high 5% for Real Estate investments for the future.
      4. Marilyn Terry requested for Kerry Richardville to send her a current report on commercial and office tenancy from American Core Realty.
      5. The total market value of the fund was $17,849,540 as of December 31, 2020.
      6. The asset allocation of the fund as of December 31, 2020 was Domestic Equity at 54.10%, International Equity at 11.00%, Domestic Fixed Income at 23.10%, Global Fixed at 3.60%, Real Estate at 7.20% and Cash Accounts at 1.00%.
      7. Kerry Richardville recommended to moving funds from Domestic Equity to Domestic Fixed Income to keep in compliance with the Investment Policy Statement.

The board approved to sell $600,000 split equally from the Domestic Equity accounts and to split equally into the Domestic Fixed accounts upon motion by Kevin D'Amico and second by Patrick Strong; motion carried 4-0.

8. The total fund gross return without Real Estate for the quarter was 8.88%. Trailing returns for 1, 3, and 5-year periods were 14.89%, 10.92%, and 10.61% respectively. Since inception (6/1/1994), gross returns were 8.31%.
9. Kerry Richardville reviewed the investment managers returns for the past quarter.
10. Vince Tengalia commended the investment consultant and the board for their choice of asset allocation of the fund which produced higher returns than the General pension fund.

ii. Global fixed income manager analysis
1. Kerry Richardville reviewed Franklin Templeton Investments strategy with no exposure in US, develop markets and interest rising positioning had made them not perform well.
2. Kerry Richardville presented the following investments for possible replacements for Templeton Global Bond were Loomis Sayles Global Bond, PIMCO Global Bond Opps (Unhedged) and PIMCO Global Bond Opps (USD-Hedged).
3. Kerry Richardville reviewed the fees, investment options, year founded, assets managed and strategy info for each firm presented.
4. Kerry Richardville reviewed the asset allocations, trailing performance and risk/reward for each firm presented.
5. Kerry Richardville recommended to terminate the investment with Templeton Global Bond and purchase PIMCO Global Bond Opps (USD-Hedged).

The board approved to terminate the Templeton Global Bond investment and purchase PIMCO Global Bond Opps (USD-Hedged) motioned by Patrick Strong and second by Marilyn Terry; motion carried 4-0.

iii. Asset allocation analysis
1. Kerry Richardville would like to move the asset allocation study to the next meeting due to time constraints.

d. Klausner, Kaufman, Jensen & Levinson, Bonni Jensen, Board Attorney
i. Proposed Ordinance, Optional Form of Benefits
1. Bonni Jensen reviewed the proposed ordinance presented would allow a member to select their optional benefit form of retirement before they retired in case of the member's death before retirement. Bonni stated this ordinance change would need to be negotiated between the City and Fire Union.

ii. New Florida Law, Use of E-Verify
1. Bonni Jensen reviewed the E-Verify System and the law that passed which would require all plan vendors to use this system to determine employment eligibility. Bonni commented any contract or addendums that were done on/after January 1, 2021, would include E-Verify System requirement language. Bonni commented the plan administrator would send out a letter to all current vendors to ensure they were registered in the E-Verify System.

The Board approved for AndCo to liquidate the Templeton Global Bond fund and deposit in the Domestic Fixed manager if PIMCO was delayed in the transfer, motioned by Marilyn Terry and second by Kevin D'Amico; motioned carried 4-0.

iii. Contractual provisions for investment managers

1. Bonni Jensen commented the need to ensure the level of consistency with the contractual agreements with the various investment managers hired by the board.
2. Bonni Jensen reviewed the policy drafted regarding the contractual provisions for investment managers and commented Kerry Richardville would be able to distribute to possible new investment managers for the fund.
3. Bonni Jensen commented we would review this policy in more detail at the next meeting.

8. **Old Business** – None.

9. **Staff Reports, Discussion, and Action**
   a. Kim Kilgore, Foster & Foster, Plan Administrator
      i. Educational opportunities
         1. Kim Kilgore commented the FPPTA Beginning with Basics Virtual Program would be held March 10, 2021.
         2. Kim Kilgore commented the FPPTA Spring Trustee Virtual School CPPT Program would be held April 6-9, 2021.
         3. Kim Kilgore commented the FPPTA Trustee School CEU Virtual Program would be held May 4-5, 2021.

The board approved to pay the FPPTA annual membership fee if trustee would like to attend any FPPTA programs motioned by Kevin D'Amico and second by Keith Beattie; motion carried 4-0.

10. **Trustees' Reports, Discussion, and Action**
    a. Patrick Donlan reviewed a buyback purchase for Tyler Barr and Ryan Holt was delayed by the City in determining if the member could purchase credit by direct rollover to the plan. The City approved to only add interest and not to perform new calculation based on current salary for members due to time length for the City to respond. The new quotes to the members would good for 90 days.
    b. Lynn Skinner reminded Kerry Richardville a new rebalancing letter would need to be submitted due to termination of the Templeton investment.

11. **Adjournment** – The meeting adjourned at 12:58PM.

12. **Next Meeting** – April 15, 2021 at 1:30PM, Quarterly Meeting

Respectfully submitted by: Kim Kilgore

Kim Kilgore, Plan Administrator

Approved by: Kevin D'Amico

As: Chair

Date Approved by the Pension Board: April 15, 2021