**CITY OF ST. PETE BEACH GENERAL EMPLOYEES'
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 8:30AM

TRUSTEES PRESENT: Ray Gallant
James Gaskins
Tim McLean
Nancy Schultz

TRUSTEES ABSENT: None

OTHERS PRESENT: Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
David Wheeler, Graystone Consulting
Andy McIlvaine, Graystone Consulting
Lynn Skinner, Salem Trust
Patrick Donlan, Foster & Foster
Vince Tenaglia, Assistant City Manager/Finance Director
Kim Kilgore, Foster & Foster

1. **Call to Order** – Ray Gallant called the meeting to order at 8:30AM.

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. Trustee resignation
      i. Samantha Brem had resigned from the board as the 5th trustee. Kim Kilgore stated the need for the board to search for a replacement. The 5th member of the board has no residency requirement but would be required to attend the meetings. Kim Kilgore would reach out to the City for other possibilities of advertising for the vacancy.
   c. Election of officers

The board approved for Ray Gallant to serve as Chair for the board upon motion by Tim McLean and second by James Gaskins; motion carried 4-0.

The board approved for James Gaskins to serve as Secretary for the board upon motion by Ray Gallant and second by Nancy Schultz; motion carried 4-0.

5. **Approval of Minutes**

The Board voted to approve the minutes from the October 15, 2020 quarterly meeting motion by Nancy Schultz and second by Tim McLean; motion carried 4-0.

6. **Consent Agenda**
   a. Payment ratification
      i. Warrant #21
         1. Klausner, Kaufman, Jensen & Levinson, invoice #27011, $884.00
         2. Foster & Foster Administration, invoice #18309, $1,080.00
         3. Salem Trust, 3rd quarter fees (Auto-Deduct), $2,950.00
         4. Anchor Capital Advisors, 3rd quarter fees, $1,888.97
         5. Insight Investment, invoice #1052-Q-NT, $1,234.63
         6. Klausner, Kaufman, Jensen & Levinson, invoice #27215, $1,937.20
         7. Foster & Foster Administration, invoice #18508, $1,080.00

      ii. Warrant #22
         1. Foster & Foster Administration, invoice #18621, $1,080.00
         2. Graystone Consulting, invoice #10130020346, $4,375.00
   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 James Gaskins and second by Tim McLean; motion carried 4-0.

7. **Reports**
   a. Salem Trust, Lynn Skinner, Custodian
      i. Lynn Skinner commented retirees would be receiving two 1099-Rs for 2020 due to Salem's transition to TMI Trust Company back in April 2020. Lynn further commented the retirees were notified through a message printed on their monthly pay advice since July 2020.
      ii. Lynn Skinner reviewed the annual reminder sent out to their clients on the instructions and requirements for trade request transmitted by email.
      iii. Lynn Skinner reminded the board as trustees changed to update the authorization signature form.

   b. Foster & Foster, Patrick Donlan, Actuary
      i. October 1, 2020 actuarial valuation report
         1. Patrick Donlan commented the contributions amounts presented were applicable to fiscal year ending September 30, 2022. Patrick further commented the funding requirement was one year ahead so the City could budget for the expense.
         2. The Minimum Required Contribution (MRC) had decreased from the previous valuation from 58.60% to 52.10% of projected annual payroll. The City Required Contribution had decreased from 55.60% to 49.10% of projected annual payroll.
         3. Patrick Donlan commented the decrease in the MRC was largely attributable to an increase in the payroll, full recognition of an amortization base, and a decrease in the Unfunded Actuarial Accrued Liability (UAAL).
         4. Patrick Donlan reviewed the rolling 4-year average annualized rate of return was 6.58% missing the assumed rate of return of

7.50%. Patrick commented this year they would be changing rate of return method to a 5-year smoothing which was the same method use in the GASB report.

5. Patrick Donlan reviewed the reconciliation of participants since the last valuation.
6. Patrick Donlan reviewed the GASB 67 schedule on the net pension liability of the plan which decrease from $4,335,835 to $3,822,131 and the funded ratio increasing from 74.22% to 76.88% from the previous valuation. Patrick further reviewed the funding history for the plan since 2010.
7. Patrick Donlan reviewed the UAAL balance of $3,939,576 and the City's annual payment change to $459,927.
8. Patrick Donlan reviewed the assumptions and method changes since the last valuation.
9. The plan experience was unfavorable overall based on the plan's assumptions. The primary source of actuarial loss was an investment return of 6.58% (Actuarial Asset Basis) which fell short of the 7.50% assumption. There were no significant sources of actuarial gain.

The Board voted to approve the October 1, 2020, actuarial valuation report as presented upon motion by James Gaskins and second by Ray Gallant; motion carried 4-0.

c. Graystone Consulting, David Wheeler/Andy McIlvaine, Investment Consultant
   i. Quarterly report as of December 31, 2020
      1. David Wheeler reviewed the market environment and economy during the past quarter.
      2. The total portfolio value was $14,142,250 as of December 31, 2020.
      3. The gross total fund returns for the quarter were 11.95% outperforming the policy benchmark of 10.20%. Trailing returns for the 1, 3, 5, 7 and 10-year periods were 13.78%, 9.27%, 9.20%, 7.87%, and 8.36%. Since inception (8/1/2006) gross returns were 7.60% outperforming the policy benchmark of 6.75%.
      4. Andy McIlvaine reviewed the asset allocation in the portfolio and the target ranges per the Investment Policy statement.
      5. Andy McIlvaine reviewed the performance returns for each of the investment managers in the portfolio during the past quarter.
   ii. Asset Allocation Study
      1. David Wheeler reviewed the history of the asset allocation of the fund since 2010.
      2. David Wheeler presented four allocation mixes for the board to consider.
      3. David Wheeler reviewed the expected annual return, standard deviation, sharp ratio, and annual yield for each allocation scenario.
      4. David Wheeler reviewed the mix 3 and mix 4 projected returns would meet the plan's assumed rate of return.
      5. David Wheeler recommended for the fund to change the fund's asset allocation to mix 3 with 70% in equities, 25% in fixed income and 5% for alternatives.

6. Tim McLean asked if we could change the target ranges of the investment policy and allow the portfolio to get there on its own. David Wheeler commented we could change the target ranges on the existing policy.
7. Nancy Schultz asked if this asset allocation considered inflation and was it realistic to believe we can hit 7.50%. David Wheeler commented our goal was to design a portfolio which would be the most reasonable chance of beating the assumed rate of return over time.
8. Vince Tenaglia commented he believed these were the appropriate types of conversations and changes on the asset allocation of the fund which would be in the best interest for the City and the Plan.
9. Patrick Donlan stated along with the asset allocation changes the board could gradually lower the assumed rate of return and with the change to the 5-year smoothing it would help with any volatility in the market.

The Board voted to approve to change the target ranges on the Investment Policy Statement to the mix 3 of the asset allocation study presented upon motion by Nancy Schultz and second by James Gaskins; motion carried 4-0.

10. Bonni Jensen stated the board would not be able to make any new investment class changes until 31 days after the IPS had been approved and filed with the City.
11. Lynn Skinner asked would Salem need to reach out to Graystone for rebalancing instructions and not to use the current rebalancing instructions on file. David Wheeler stated not to use the current rebalancing instructions and to reach out to him when fund was needing money to pay benefits and vendors.

iii. Mid Capitalization Value Fund Search
1. David Wheeler commented he would table the mid cap value fund search to the next meeting.

The Board voted to approve to allow Clearwater Analytics to read only access to account data from the Custodian upon motion by Nancy Schultz and second by Tim McLean; motion carried 4-0.

d. Klausner, Kaufman, Jensen & Levinson, Bonni Jensen, Board Attorney
i. 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.

ii. 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 commented we would review this policy in more detail at the next meeting due to time restraints.

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 session would be held virtual March 10, 2021.
         2. Kim Kilgore commented the FPPTA Spring Trustee School CPPT Program would be held virtual April 6-9, 2021.
         3. Kim Kilgore commented the FPPTA Trustee School CEU Program would be held virtual 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 Nancy Schultz and second by Tim McLean; 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 Nancy Schultz and second by Ray Gallant; motion carried 4-0.

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

11. **Adjournment** – The meeting adjourned at 10:40AM.

12. **Next Meeting** – April 15, 2021 at 10:30AM, Quarterly Meeting

Respectfully submitted by: Approved by:

Kim Kilgore Raymond Gallant

Kim Kilgore, Plan Administrator Ray Gallant, Secretary

Date Approved by the Pension Board: April 15, 2021