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

Thursday, January 21, 2021 at 1:30PM

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

TRUSTEES PRESENT: Richard German
Chris Centofanti
Patricia Cucchiara
Robert Micklitsch

TRUSTEES ABSENT: Roger Dunn

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

1. **Call to Order** – Richard German called the meeting to order at 1:41PM.

2. **Roll Call** – Quorum confirmed.

3. **Public Comments** – None.

4. **New Business**
    a. Virtual board meetings
        i. Bonni Jensen reviewed an opinion letter she 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.

5. **Reports**
    a. 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 or 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.

Chris Centofanti arrived at 1:46PM.

6. **New Business** (cont.)
    a. Actual expenses as of September 30, 2020
        i. Bonni Jensen reviewed the State requirement for the board to report annually a budget and actual expenditures of the fund. Kim Kilgore commented the total actual expenses for fiscal year ending September 30, 2020 was $80,495.47 which did not exceed the total budget of $88,700.00.

The Board voted to approve the actual expenses as of September 30, 2020 as presented, motion by Patricia Cucchiara and second by Robert Micklitsch; motion carried 4-0.

b. Term reappointments
   i. Roger Dunn and Richard German were reappointed by the City Commission to serve on the board with new terms expiring on November 1, 2022.

7. **Approval of Minutes**

The Board voted to approve the minutes from the October 15, 2020 quarterly meeting upon motion by Robert Micklitsch and second by Patricia Cucchiara; motion carried 4-0.

8. **Consent Agenda**
   a. Payment ratification
      i. Warrant #19
         1. Foster & Foster Administration, invoice #18310, $855.00
         2. Salem Trust, 3rd quarter fees (Auto-Deduct), $2,875.00
         3. Foster & Foster Administration, invoice #18509, $855.00
      ii. Warrant #20
         1. Klausner, Kaufman, Jensen & Levinson, invoice #27213, $1,334.90
         2. Klausner, Kaufman, Jensen & Levinson, invoice #27597, $795.60
         3. Foster & Foster Administration, invoice #18622, $855.00

   b. New invoices for payment
      None.

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

The Board voted to approve the Consent Agenda as presented, upon motion Patricia Cucchiara second by Robert Micklitsch; motion carried 4-0.

9. **Reports (cont.)**
   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.

   b. Foster & Foster, Patrick Donlan, Actuary
      i. October 1, 2020 actuarial valuation report
         1. Patrick Donlan reviewed the total liability of the plan was $18,122,139 which represented the total value of future benefits owed versus the market value of the plan of $17,969,938 which produced an Unfunded Actuarial Accrued Liability (UAAL) of $152,201. Patrick further reviewed the UAAL annual payment by the City was $18,656 and funded ratio was 99.2%.
         2. The Minimum Required Contribution (MRC) for the Fiscal Year ending September 30, 2022 was $70,054. Patrick Donlan commented the MRC decrease was due to a $5.3 million City contribution more than the minimum requirement.
         3. Patrick Donlan reviewed the pension cost details with normal costs at zero since there were no more members accruing benefits, administrative expenses at $49,439, and UAAL payment at $20,615, totaling the MRC at $70,054.
         4. Patrick Donlan commented he would be making a change to the valuation report presented today since the City made an excess contribution of $5.3

million in 2020 and the City should have no contributions beginning October 1, 2021. Patrick stated he would change the current valuation date to 10/1/2020, applicable to fiscal year ending 9/30/2021, and then going forward would use the current year method.

5. Vince Tenaglia asked with the MRC being less than what we are anticipating from the State would the State lower the amount distributed to the plan. Patrick Donlan commented he understood if the plan was fully funded, they would continue to receive the State money and the amount distributed would not be affected by the MRC for the plan.
6. Patrick Donlan reviewed the assumption/method changes made since prior valuation were the assumed rates of mortality as mandated by the State and the change to spread the gains and losses over a 5-year period instead of a 4-year period.
7. Plan experience was relatively neutral based on the plan's actuarial assumptions. The primary source of actuarial gain was an investment return of 8.15% (Actuarial Asset Basis) which exceeded the 7.00% assumption. The gain was offset in part by a loss associate with inactive mortality experience.
8. Patrick Donlan reviewed the net pension liability reported on the City's balance sheet went from $6,893,877 to $151,876 as September 30, 2020 due to the $6,000,000 contribution by the City.

The board approved the October 1, 2020 actuarial valuation as presented pending the change on using the current year method and contingent upon receiving documentations from the State of no impact on the 185 monies based on the MRC, upon motion by Robert Micklitsch and second by Richard German; motion carried 4-0.

9. Patrick Donlan stated he would reach out to the State for confirmation on the impact of the MRC on the 185 monies.

The board declared the returns for the plan shall be 7.00% for the next year, the next several years, and the long-term thereafter, net of investment related expenses, upon motion by Robert Micklitsch and second by Patricia Cucchiara; motion carried 4-0.

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.
      2. The fund had an ending market value of $19,343,617 on December 31, 2020.
      3. The total fund gross returns for the quarter were 9.60%. Trailing returns for 1, 3, and 5-year periods were 15.94%, 9.96%, and 10.28%, respectively. Since inception (10/1/1994), gross returns were 8.48%.
      4. The asset allocation of the fund as of December 30, 2020 was Domestic Equity at 47.70%, International Equity at 11.20%, Domestic Fixed Income at 35.50%, Global Fixed at 4.30%, and Cash Accounts at 1.30%.
      5. Kerry Richardville recommended to rebalance the portfolio by moving funds from the Domestic Equity to Domestic Fixed Income assets to keep in compliance with the plan's Investment Policy Statement.

The Board approved to sell $500,000 of Vanguard Total Stock and to buy $250,000 of Dodge & Cox and $250,000 of Metropolitan West, motion by Richard German and second by Robert Micklitsch; motion carried 4-0.

   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 in the Global fixed income space; 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 sell Templeton Global Bond and purchase PIMCO Global Bond Opps (USD-Hedged), motioned by Robert Micklitsch and second by Patricia Cucchiara; motioned carried 4-0.

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 Robert Micklitsch and second by Patricia Cucchiara; motioned carried 4-0.

10. **Old Business** – None.

11. **Staff Reports, Discussion, and Action**
    a. Foster & Foster, Kim Kilgore, Plan Administrator
        i. Educational opportunities
            1. Kim Kilgore commented the FPPTA Beginning with Basics virtual session would be held March 10, 2021.
            2. Kim Kilgore commented the FPPTA Spring Trustee School CPPT virtual 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 only if trustee attended any of the FPPTA educational programs, motioned by Robert Micklitsch and second by Patricia Cucchiara; motion carried 4-0.

12. **Trustees' Reports, Discussion, and Action**
    a. By consensus the board would like to meet by Zoom for the next quarterly meeting if allowed.

13. **Adjournment** – The meeting adjourned at 2:50PM.

14. **Next Meeting** – April 15, 2021 at 8:30AM, Quarterly Meeting

Respectfully submitted by: Kim Kilgore

Kim Kilgore, Plan Administrator

Approved by: Roger C Dunn

As: Chairman

Date Approved by the Pension Board: 4/15/2021