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

City Hall, 2nd Floor Conference Room, 155 Corey Avenue, St. Pete Beach, FL 33706

Thursday, October 21, 2021 at 10:30AM

TRUSTEES PRESENT:	Kevin D'Amico Stephan Grossnickle Patrick Strong Marilyn Terry
TRUSTEES ABSENT:	None
OTHERS PRESENT:	Patrick Donlan, Foster & Foster (via phone) Kerry Richardville, AndCo Consulting Bonni Jensen, Klausner, Kaufman, Jensen & Levinson Kim Kilgore, Foster & Foster Vince Tenaglia, Assistant City Manager/Finance Director

1. **Call to Order** – Kevin D'Amico called the meeting to order at 10:36AM.

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

3. **Public Comments** - None.

4. **Approval of Minutes**

The Board voted to approve the minutes from the July 15, 2021 quarterly meeting, upon motion by Kevin D'Amico and second by Patrick Strong; motion carried 4-0.

5. **New Business**
   a. Welcome to new trustee – Stephan Grossnickle
      i. Kevin D'Amico welcomed Stephan Grossnickle to serving on the Board. Stephan reviewed his background and work experience and looked forward to working with the trustees of the plan.
   b. 5th member of the Board
      i. Kevin D'Amico commented he would like to nominate Phil Milner as the 5th trustee to serve on the Board.

The Board voted to appoint Phil Milner as 5th trustee on the Board, upon motion by Kevin D'Amico and second by Marilyn Terry; motion carried 4-0.

   c. Proposed 2022 meeting dates
      i. By consensus the Board approved the meeting dates for 2022 as presented.

6. **Consent Agenda**
   a. Payment ratification
      i. Warrant #26
         1. AndCo, invoice #38700, $5,000.00
         2. Foster & Foster, invoice #20563, $1,260.00
         3. Foster & Foster, invoice #20570, $3,575.00
         4. Salem Trust, 2nd quarter fees (auto-deduct), $2,540.00

        ii. Warrant #27
            1. Klausner, Kaufman, Jensen & Levinson, invoice #28716, $504.90
            2. Klausner, Kaufman, Jensen & Levinson, invoice #28897, $1,938.59
            3. Foster & Foster, invoice #21146, $1,284.27
            4. Anchor Capital Advisors, 2nd quarter fees, $5,287.34
        iii. Warrant #28
            1. Klausner, Kaufman, Jensen & Levinson, invoice #29078, $91.80
            2. Foster & Foster, invoice #21426, $1,260.00
            3. AndCo, invoice #39498, $5,000.00
            4. Foster & Foster, invoice #21596, $1,260.00
            5. Klausner, Kaufman, Jensen & Levinson, invoice #29256, $275.40
    b. New invoices for payment – None.
    c. Fund Activity Report for July 9, 2021 – October 14, 2021

The Board voted to approve the Consent Agenda as presented, upon motion by Kevin D'Amico and second by Patrick Strong; motion carried 4-0.

7. **Reports**
    a. Foster & Foster, Patrick Donlan, Actuary
        i. Cost study on investment return assumption
            1. Patrick Donlan reviewed the actuarial analysis to determine the impact on the Plan's liability and funding requirements associated with decreasing the investment return assumptions to either 7.25% or 7.00%. Patrick commented the current assumed investment return assumption was 7.50%.
            2. Patrick Donlan commented to do the October 1, 2021 valuation with the 7.50% and then to revise the valuation at that time could delay the City receiving the information for the upcoming year budget. Vince Tenaglia commented he would like to have the numbers in January to determine the City's budget.
            3. Patrick Donlan commented with the gain in the next valuation report this may be a good time to reduce the assumed rate for less impact on the City's cost. Patrick further commented the goal was to try and move in the same direction as Florida Retirement System (FRS) who was at 7.00% and just reduced to 6.80%.
            4. Patrick Strong commented on possibly moving to 7.40% assumed rate.
            5. Stephan Grossnickle commented he would like to see the goal on the funded ratio. Patrick Donlan commented the purpose of the valuation process was trying to increase the funding ratio.
            6. Vince Tenaglia suggested the board work with Kerry Richardville on the best assumed rate to use while working towards moving the assumed rate down. Vince further suggested to lower the assumed rate when the valuation was favorable.
            7. Kerry Richardville commented on the last asset allocation study the forecast showed a low 5.00% return for the next 10 to 15 years. Kerry further commented recently FRS had put a mandate on mortality tables and could possibly mandate the assumed rate next.
            8. Patrick Strong motioned to reduce the assumed rate for the next valuation to 7.45% and to continue the reduction, with a second by Marilyn Terry. A conversation ensued amongst the trustee on waiting until after the valuation was presented in January to make a change. Patrick Strong withdrew his motion on reducing the assumed rate of return at this time.

b. AndCo Consulting, Kerry Richardville, Investment Consultant
    i. Preliminary quarterly report as of September 30, 2021
        1. Kerry Richardville gave a brief overview of the market environment.
        2. Stephan Grossnickle asked about the fixed income market and possible other alternatives to this investment segment. Kerry Richardville commented it would be good to look at intermediate managers for the fixed income asset class.
        3. The total market value of the fund was $18,959,215 as of September 30, 2021.
        4. Kerry Richardville commented the fund's asset allocation was in line with the policy, so no rebalancing was needed.
        5. The asset allocation of the fund as of September 30, 2021 was Domestic Equity at 50.50%, International Equity at 14.70%, Domestic Fixed Income at 22.00%, Global Fixed at 3.80%, Real Estate at 7.10% and Cash Accounts at 1.80%.
        6. The total fund gross return without Real Estate for the quarter was -0.37%. Trailing returns for 1, 3, and 5-year periods were 17.17%, 11.18%, and 10.95% respectively. Since inception (6/1/1994), gross returns were 8.36%.
        7. Kerry commented she did not have the final return for the Real Estate investment but would estimate the return was around 5.64%.
        8. Kerry Richardville reviewed the performance of each investment manager returns for the quarter.
        9. Kerry Richardville reviewed the estimated annual fees the fund paid to each investment manager.

c. Klausner, Kaufman, Jensen & Levinson, Bonni Jensen, Board Attorney
    i. Federal, State and Local death and COVID benefits
        1. Bonni Jensen reviewed the death and COVID benefits offered and eligibility requirements for public safety officers to receive from the Federal, State and Local governments.
    ii. Local Educational Conference
        1. Bonni Jensen reviewed the educational conference she was scheduled to hold in Indian Shores, Florida. Bonni commented it would be a 3-hour conference to satisfy the requirement of trustees receiving continuing education. Bonni commented the topics of discussion would be Board Responsibilities, Investment of Stocks and Bonds, and Alternative Investments. Bonni stated the cost of the conference would be divided among the boards that had Trustees in attendance. Bonni additionally stated her charge would be the normal fees and expenses charged for preparation, travel, and attendance. Bonni commented she would be sending each trustee an invitation to attend.

8. Old Business – None.

9. Staff Reports, Discussion, and Action

a. Foster & Foster, Kim Kilgore, Plan Administrator
    i. Educational opportunities
        1. Kim Kilgore commented the Florida Division of Retirement, Police and Fire conference would be held in Orlando on November 3-5, 2021.

10. Trustees' Reports, Discussion, and Action

a. Conversation ensued amongst the trustees on possibly looking at the cost for adding a DROP program to the current pension plan. Patrick Donlan commented he could discuss with board at the next quarterly meeting after he presents the valuation.

11. **Adjournment** – The meeting adjourned at 12:23PM.

12. **Next Meeting** – January 20, 2022 at 1:30PM, Quarterly Meeting

Respectfully submitted by: Kim Kilgore

Kim Kilgore, Plan Administrator

Approved by:

Trustee

Date Approved by the Pension Board: 1/20/22