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, April 21, 2022, at 8:30AM

TRUSTEES PRESENT:	Stephan Grossnickle Phil Milner Patrick Strong Kevin D'Amico
TRUSTEES ABSENT:	Marilyn Terry
OTHERS PRESENT:	Patrick Donlan, Foster & Foster 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 8:35AM.

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

3. **Public Comments** - None.

4. **Approval of Minutes**

The Board voted to approve the minutes from the January 20, 2022, quarterly meeting, upon motion by Phil Milner and second by Patrick Strong; motion carried 4-0.

5. **New Business**
   a. Kevin D'Amico asked about terminated member Charles Holt's benefit options and Patrick Donlan commented he was vested at 90% on his frozen benefit as of 12/31/2012. Kevin asked could he receive a refund of contributions on his future benefit and leave the frozen benefit. Kevin stated a conversation with the Attorney and Actuary on Charles Holt's benefit was needed.
   b. Kevin D'Amico commented the City was considering closing the Fire pension plan to new employees and having new employees join the Florida Retirement System (FRS). Kevin further commented he would like to discuss with the Actuary and Attorney about this change and the impact.
   c. Kevin D'Amico stated he had created email addresses for all trustees to use for board business only. Bonni Jensen reviewed the Sunshine Law and caution the trustees on emails being sent between trustees outside of public meeting.

The Board approved to setup an email account for each trustee to use for board business only, *upon motion by Kevin D'Amico and second by Patrick Strong; motion carried 4-0.*

   d. The Board asked for the Plan Administrator to oversee the assignment of emails to the Trustees.

6. **Consent Agenda**
   a. Payment ratification
      i. Warrant #31

            1. Foster & Foster, invoice #22499, plan administration, $1,260.00
            2. Salem Trust, fourth quarter fees [Auto-Deduct], $2,480.00
            3. Klausner, Kaufman, Jensen & Levinson, invoice #29964, $2,536.65
            4. Foster & Foster, invoice #22797, plan administration, $1,260.00
        ii. Warrant #32
            1. Anchor Capital Advisors, fourth quarter fees, $5,447.24
            2. Foster & Foster, invoice #23013, plan administration, $1,395.62
    b. New invoices for payment
            1. None
    c. Fund Activity Report for January 14, 2022 – April 14, 2022

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

7. **Reports**
    a. AndCo Consulting, Kerry Richardville, Investment Consultant
        i. Quarterly report as of March 31, 2022
            1. Kerry Richardville reviewed the market environment during the past quarter. Kerry stated it was a challenging quarter for the equity markets. Kerry commented there were only two positive sectors which were energy and utilities, and all others were in the negative.
            2. The market value of assets as of March 31, 2022 was $18,663,804.
            3. The asset allocation of the fund as of March 31, 2022, was Domestic Equity at 50.80%, International Equity at 13.60%, Domestic Fixed Income at 20.90%, Global Fixed at 3.80%, Real Estate at 9.20% and Cash Accounts at 1.80%. Kerry Richardville commented there was no need to rebalance at this time.
            4. The total fund gross return without Real Estate for the quarter was -6.46%. Trailing returns for 1, 3, and 5-year periods were 3.20%, 10.21%, and 9.70% respectively. Since inception (6/1/1994), gross returns were 8.12% underperforming the policy index of 8.16%.
            5. Stephan Grossnickle asked why we should continue to invest in fixed income in this current market. Kerry Richardville stated the fixed income investment served as a safe haven function for the portfolio.
            6. Stephan Grossnickle suggested shorter term investment and Kerry commented the short end of the curve had moved the most.
            7. Bonni Jensen stated the Ordinance would not allow more than 75% of the assets of the fund to be invested in stocks.
            8. Kerry Richardville commented the current position of the fixed income investment was pretty conservative. Stephan Grossnickle commented he would want a shorter duration term and to take a defensive move on the losses. Kevin D'Amico and Patrick Strong commented they were leaning on the investment consultant for advice.
            9. Kerry Richardville commented she was comfortable with going to all intermediate bond managers along with the Dodge & Cox investment anticipating of what is coming with interest rates.
            10. Vince Tenaglia commented he shared Stephan's concerns about Fixed Income but in his view, he would respect Kerry's position on the urgency.
            11. Kerry Richardville recommended to move funds from Dodge & Cox and Baird to Vanguard Short-Term Bond Index and to reevaluate in the next couple of quarters.

The Board voted to approve to move all funds from Dodge & Cox Income Fund and Baird Intermediate Bond Inst to Vanguard Short-Term Bond Index upon motion by Stephan Grossnickle and second by Phil Milner; motion carried 4-0.

The Board voted to approve the changes on the Investment Policy statement on the target allocations for the asset classes of Domestic Core Fixed Income and International Equity, upon motion by Patrick Strong and second by Stephan Grossnickle; motion carried 4-0.

ii. *Index performance analysis*

1. Kerry Richardville stated she would review the index performance analysis report at the next board meeting.

b. Salem Trust, Lynn Skinner, Custodian

i. PG&E Class Action Claim

1. Lynn Skinner reviewed Chicago Clearing Corporation (CCC) filed the class actions for the plan and currently had filed a class action for Pacific Gas & Electric (PG&E). Lynn commented after filing the claim for PG&E they went into bankruptcy and was now in collections. Lynn commented the company which filed the class actions hired law firm, Rolnick Kramer Sadighi (RKS) to oversee the class action since it was in bankruptcy. Lynn commented CCC negotiated a fee structure with RKS, and the fees were 15.00% of any settlement if the Board wanted to engage with RKS to manage the class action. Lynn commented they would not have to engage with RKS if they were not going to proceed with the class action. Lynn commented the settlement amount for this plan would be about $150 as determined by CCC.
2. Lynn Skinner commented CCC would still get 12.00% and RKS would get 15.00% of any recovery.

The Board approved RKS Law Firm for bankruptcy, upon motion by Kevin D'Amico and second by Patrick Strong; motion carried 4-0.

ii. Introduction to pension portal

1. Lynn Skinner reviewed a new pensioner portal being offered to the plan for no charge. Lynn commented each pensioner would have a username and password allowing them to pull their own 1099s, update withholding, mailing address, and ACH information. Lynn commented the Board would decide what items the pensioner would be able to update online. Lynn commented the system would require the pensioner to use a dual authentication to log-in. Lynn stated the pensioner portal was optional and not mandatory.
2. Kim Kilgore confirmed if a pensioner were not comfortable with using Salem Trust's portal, they could still process changes through their office.
3. Lynn Skinner commented a letter would be mailed out to all the pensioners with frequent questions and instructions on how to register on the portal. Lynn commented they were a few months away from rolling the portal out.

The Board authorized Salem Trust to set up the pensioner portal as presented, upon motion by Kevin D'Amico and second by Patrick Strong; motion carried 4-0.

c. Foster & Foster, Patrick Donlan, Actuary

i. *Experience Study*

1. Patrick Donlan commented he would be presenting the experience study at the next meeting along with a discussion on the assumed rate of return.

ii. Stephan Grossnickle requested the Actuary provide information on moving to FRS for new employees.

The Board voted to approve for the Actuary to work with the City and Union on information needed during negotiations, upon motion by Phil Milner and second by Kevin D'Amico; motion carried 4-0.

iii. Propose fee increase letter
    1. Patrick Donlan reviewed the scope of actuarial services provided for the past 30+ years to the plan. Patrick commented Foster & Foster was trying to retain the best actuaries and stay competitive with other firms. Patrick further commented the proposed fees were in the same range as their competitors.
    2. Patrick Donlan commented the proposed fees would become effective October 1, 2022 and beginning on October 1, 2023, the fees would be adjusted based on the Consumer Price Index for All Urban Customers (CPI-U) for the preceding twelve (12) month period ending June 30th.

The Board approved the Foster & Foster fee proposal for actuarial services effective October 1, 2022, upon motion by Phil Milner and second by Kevin D'Amico; motion carried 4-0.

iv. DROP benefit discussion
    1. Patrick Donlan reviewed the DROP provisions were where a member could retire but continued to work with pension accumulating until member exit the DROP program and stop working. Patrick commented member contributions would go down since member would not contribute while in DROP. Patrick further commented most members tend to enter DROP when first eligible. Patrick stated the cost to add DROP benefit would be minimal with a slight increase to the City's contribution.

v. Foster & Foster online portal
    1. Patrick Donlan reviewed the features of the Foster & Foster optional online member portal and commented he would present a demo at the next meeting for the Board to consider.

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

i. Financial disclosures
    1. Bonni Jensen reviewed the financial disclosure memo and commented the deadline for the trustees to file their financial disclosure form was July 1, 2022.

ii. IRS mileage rate for 2022
    1. Bonni Jensen notified the Trustees the IRS mileage rate for 2022 was 58.5 cents.

iii. Generic signature authorization form
    1. Bonni Jenson commented signature authorization forms should be updated annually or at least when new trustees joined the board.

iv. Required Minimum Distributions (RMD) proposed regulations and Cryptocurrencies guidance
    1. Bonni Jenson commented on March 29, 2022, the House passed the Securing a Strong Retirement Act of 2022 (SECURE 2.0), which included additional changes to RMDs. Bonni further commented she would provide updates as SECURE 2.0 moved through Congress.
    2. Bonni Jenson commented the U.S. Department of Labor (DOL) recently expressed serious concerns about plans investing in cryptocurrencies and related products due to the significant risks of fraud, theft, and loss because of their speculative nature, custodial, recordkeeping, and valuation concerns, as well as the evolving regulatory market.

v. 2022 Local Educational Conference
    1. Bonni Jensen commented the Local Educational Conference would be held tomorrow in Indian Shores for the Trustees 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 FPPTA 38th Annual Conference would be held June 26-29, 2022, at the Hilton Bonnet Creek in Orlando, Florida.
      ii. State annual report update
         1. Kim Kilgore commented the State Annual Report had been filed and we were currently waiting for the City's audited financial statements to be completed to forward along to the State.
      iii. Fiduciary insurance renewal
         1. Kim Kilgore commented the fiduciary insurance was up for renewal at a cost of $3,248.58 per year which was an increase of around $40.00 from previous year.

The Board approved the Fiduciary Liability Insurance Policy quote as presented, upon motion by *Kevin D'Amico and second by Phil Milner; motion carried 4-0.*

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

11. **Adjournment** – The meeting adjourned at 10:37AM.

12. **Next Meeting** – July 21, 2022, at 10:30AM, Quarterly Meeting

Respectfully submitted by: Kim Kilgore

Kim Kilgore, Plan Administrator

Approved by: K. D'A.

Trustee

Date Approved by the Pension Board: July 21, 2022