CITY OF ST. PETE BEACH GENERAL EMPLOYEES' 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 1:30PM

TRUSTEES PRESENT: Ray Gallant
James Gaskins
Laura Williamson

TRUSTEES ABSENT: Nancy Schultz

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

1. **Call to Order** – Ray Gallant called the meeting to order at 1:34PM.

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 James Gaskins and second by Laura Williamson; motion carried 3-0.

5. **New Business**
   a. Election of fifth trustee position
      i. The election of the fifth trustee would need to wait until full Board was present, moved election to next meeting.

6. **Consent Agenda**
   a. Payment ratification
      i. Warrant #33
         1. Klausner, Kaufman, Jensen & Levinson, invoice #29782, $642.60
         2. Foster & Foster, plan administration, invoice #22500, $1,080.00
         3. Graystone Consulting, invoice #10130022019, $4,375.00
         4. Insight Investment, invoice #2102-Q-NT, $1,075.22
         5. Salem Trust, fourth quarter fees (Auto-Deduct), $2,950.00
         6. Klausner, Kaufman, Jensen & Levinson, invoice #29967, $2,836.45
         7. Foster & Foster, plan administration, invoice #22798, $1,080.00
      ii. Warrant #34
         1. Anchor Capital Advisors, fourth quarter fees, $3,255.43
         2. Foster & Foster, plan administration, invoice #23014, $1,215.62

b. New invoices for payment
    i. None4
c. Fund Activity Report for January 14, 2022 – April 14, 2022

The Board voted to approve the Consent Agenda as presented, upon motion by Laura Williamson and second by Ray Gallant; motion carried 3-0.

7. **Reports**
    a. Foster & Foster, Patrick Donlan, Board Actuary
        i. Experience study
            1. Patrick Donlan reviewed the actuarial experience study compiled plan experience for the last ten years compared to the current actuarial assumptions and methods being used for the valuation. Patrick commented by reviewing and changing the assumptions as needed would assist in achieving the objective of developing cost that are stable, predictable and represent our best estimate of anticipated experience.
            2. Patrick Donlan reviewed the salary increase assumption was used to predict a participant's compensation while actively employed from the valuation date to the assumed retirement age. Patrick commented currently the valuation utilized a fixed 5.00% assumption for all employees. Patrick further commented the experience showed the employees with less service received more increase than the employee with more service. Patrick recommended on lowering the salary increases to 4.50% for the under 15 year service employee and 4.25% for the over 15 year service employee. Patrick commented the impact of the recommended change would have a slight increase of .20% in the funding requirement and slight reduction in the Unfunded Actuarial Accrued Liability (UAAL).
            3. Patrick Donlan reviewed the mortality rates was the probability of death at a given age. Patrick commented they currently were using the FRS mortality assumptions with an adjustment to use the rates without the income adjustments for female non-disabled retirees and male beneficiaries. Patrick further commented this method was incorporated in the October 1, 2020, actuarial valuation therefore there was no change recommended to the mortality rates at this time.
            4. Patrick Donlan reviewed the retirement rates which was the probability at a specific point in time when a participant would retire. Patrick commented the Plan experience showed no early retirements in the past 10 years and more members were retiring past Age 60. Laura Williamson asked if there was a gain or loss when a member retired passed normal eligibility and Patrick commented it was a gain since not paying pension sooner. Patrick recommended maintaining the assumption that there would be no early retirements. Patrick further recommended on long service employees would retire immediately and new employees would retire 100% at 30 years, 50% at Age 60, 25% for each year between age 60 and 65 and 100% at age 65 and eliminate the assumption that if a member was employed on the valuation date they would

work one more year. This proposed change would increase the funding by 4.50% and increase the UAAL.

5. Patrick Donlan reviewed the withdrawal or termination rate was the probability a participant would separate employment from a cause other than disability, death, or retirement. Patrick commented currently the valuation used an age-based table and experience showed more turnover than expected. Patrick recommended an increase to all assumptions for each service level which would decrease funding by .30%.
6. Patrick Donlan reviewed the amortization method currently used was each new layer of UAAL would be amortized over 30 years. Patrick recommended due to Plan being closed to amortize all future layers over a 15-year period. Patrick commented there was no initial funding impact with this change since it did not affect the existing layers of UAAL.
7. Patrick Donlan commented the entry age normal cost allocation method was used to calculate each individual employee's total value of benefits entitled to at retirement. Patrick recommended to change the spreads of cost over 10.5 years compared to the 10 years currently used. The impact on the funding requirement in changing the entry age normal cost allocation method made a slight decrease in the City's required contribution by .20% and slight increase in the UAAL.
8. Patrick Donlan commented currently the valuation determined the required contribution as a percentage of projected annual payroll. Patrick recommended going forward to present both the dollar amount and percentage of annual payroll for the funding requirement due to payroll fluctuation.
9. Patrick Donlan summarized the recommended changes along with either a 6.80%, 7.25% and 7.50% assumed rate of return. Laura Williamson asked if assumed rate of return was changed now, could it be changed later, and Bonni Jensen commented yes it was allowed. Patrick commented they could make the decision on assumed rate at July meeting for the next valuation. Laura asked if the City would be able to handle the increase. Vince Tenaglia commented the City expectations were an increase was coming. Vince further commented it would help if the decision was made today as they were currently creating next year's budget to present to the Commission.

The Board voted to approve the recommended changes by the Actuary presented in the experience study with an assumed rate of return of 7.25%, upon motion by Laura Williamson and seconded by Ray Gallant; motion carried 3-0.

ii. Propose fee increase letter

1. Patrick Donlan reviewed the scope of actuarial services provided for the past 20+ 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 as presented, upon motion by Laura Williamson and second by Ray Gallant; motion carried 3-0.

3. Patrick Donlan stated he would be presenting a demo of the member portal offered by Foster & Foster at the next meeting.

b. Salem Trust, Lynn Skinner, Custodian
   i. Introduction to the pensioner 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 that would allow them to pull their 1099-R's, update tax withholdings, mailing addresses, and ACH information. Lynn commented the Board would decide what items the pensioner would be able to update online.
      2. Lynn Skinner 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. Kim Kilgore confirmed if a pensioner was not comfortable with using the Salem Trust's portal, they would 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.

The Board voted to approve the Custodian's pensioner portal with all options except for changing direct deposit, upon motion by Laura Williamson and second by Ray Gallant; motion carried 3-0.

4. Lynn Skinner commented she would work with the Plan Administrator to setup.

c. Graystone Consulting, David Wheeler and Andy McIlvaine, Investment Consultant
   i. Quarterly report as of March 31, 2022
      1. David Wheeler reviewed the equity index return distribution between December 1926 to December 2021 with over 73% of years had positive total returns.
      2. David Wheeler reviewed the S&P 500 annual returns and intra-year draw ups and drawdowns since 1946 when the S&P 500 was created. David commented declines were normal and overtime history shows market coming back. David further commented over long term the S&P 500 had grown despite the negative events.
      3. David Wheeler reviewed the market environment during the past quarter.
      4. The total fund portfolio value was $14,241,405 as of March 31, 2022.

5. The gross total fund returns for the quarter were -6.47% underperforming the policy benchmark of -4.96%. Trailing returns for the 1, 3, 5, 7 and 10-year periods were 3.07%, 9.93%, 8.55%, 7.28%, and 8.17%, respectively. Since inception (8/1/2006) gross returns were 7.43% outperforming the policy benchmark of 6.82%.
6. The asset allocation of the fund as of March 31, 2022, was Global Equity at 68.90%, Fixed Income at 22.60%, Alternatives at 6.60% and Cash Accounts at 1.80%.
7. Andy McIlvaine reviewed each of the investment manager's performance during the past quarter.

ii. Proposed fee increase
1. David Wheeler reviewed the fees and services performed by Graystone Consulting since January, 2013.
2. David Wheeler reviewed how the asset growth of the Fund has increased from $10,700,000 to $14,240,000 under their advisement.
3. David Wheeler commented the proposed fee of $20,000 would be effective July 1, 2022 and beginning January 1, 2024, an automatic increase to the fee would be applied based on the Consumer Price Index for All Urban Customers (CPI-U).

The Board approved the Graystone Consulting fee proposal for investment performance monitoring and advisory services as presented, upon motion by James Gaskins and second by Laura Williamson; motion carried 3-0.

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

i. Proposed Ordinance – Plan closure to new members
1. Bonni Jensen reviewed the proposed Ordinance closing the pension plan to new members hired on and after October 1, 2021

ii. Financial disclosure forms
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.

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

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

v. 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.

vi. 2022 Local Education Conference

1. Bonni Jensen reminded the Board of the educational session to be held in Indian Shores Town Hall tomorrow and invited 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.

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

11. **Adjournment** – The meeting adjourned at 4:06PM.

12. **Next Meeting** – July 21, 2022 at 8:30AM, Quarterly Meeting

Respectfully submitted by:	Approved by:
Kim Kilgore	Nancy M Schultz
Kim Kilgore, Plan Administrator	Nancy Schultz, Trustee

Date Approved by the Pension Board: 07/29/2022