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

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

Thursday, February 24, 2022 at 1:00PM

TRUSTEES PRESENT: Chris Centofanti
Patricia Cucchiara
Roger Dunn
Richard German
Robert Micklitsch

TRUSTEES ABSENT: None

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

1. **Call to Order** – Roger Dunn called the meeting to order at 1:00PM.
2. **Roll Call** – Quorum confirmed.
3. **Public Comments** – None.
4. **New Business**
   a. Term expirations: Patricia Cucchiara, term expired March 2022
      i. Patricia Cucchiara commented she would like to rerun for the position. Kim Kilgore commented she would notify the City of the term expiration and Patricia would like to rerun.
   b. Actual expenses as of September 30, 2021
      i. Kim Kilgore briefly reviewed the State requirement to prepare and review the actual expenses for the fiscal year.

The Board approved the actual expenses through September 30, 2021 as presented, motioned by Robert Micklitsch and second by Richard German; motion carried 5-0.

5. **Approval of Minutes**

The Board voted to approve the minutes from the October 21, 2021 quarterly meeting, upon motion by Richard German and second by Chris Centofanti; motion carried 5-0.

6. **Consent Agenda**
   a. Payment ratification
      i. Warrant #29
         1. Foster & Foster, plan administration, invoice #21598, $855.00
         2. *Salem Trust, third quarter fees (auto-deduct), $2,875.00*
         3. Foster & Foster, plan administration, invoice# 21846, $855.00
         4. Klausner, Kaufman, Jensen & Levinson, invoice #29437, $1,327.59
      ii. Warrant #30
         1. Foster & Foster, plan administration, invoice #22246, $962.47

2. AndCo, invoice #40194, $4,300.00
3. Foster & Foster, actuarial services, invoice #22395, $11,050.00

a. New invoices for payment
   i. None.
b. Fund Activity Report for October 15, 2021 – February 17, 2022

The Board voted to approve the consent agenda as presented, upon motion by Richard German and second by Robert Micklitsch; motion carried 5-0.

7. **Reports**
   a. Foster & Foster, Patrick Donlan, Board Actuary
      i. October 1, 2021 actuarial valuation report
         1. Patrick Donlan commented this report represented the required contribution for the current fiscal year through September 30, 2022. Patrick commented the Plan was closed and all funding was for current retired and deferred vested members.
         2. The City's required contribution for this fiscal year would be $96,468.
         3. The Plan experience was favorable overall based on the Plan's assumptions. The primary source of actuarial gain was an investment return of 9.08% (Actuarial Asset Basis) which exceeded the 7.00% assumption. This gain was offset by a loss associated with inactive mortality experience. The investment return assumption lowered from 7.00% to 6.20% in conjunction with this valuation.
         4. Patrick Donlan commented the investment gain of $1,801,186 for this past fiscal year was spread over a five-year period. The actuarial value of assets was $18,283,065 only recognizing $360,238 of the investment gain.
         5. Patrick Donlan reviewed the actual turnover rate was zero with one new deferred vested benefit started.
         6. Patrick Donlan reviewed the GASB reporting which showed the net pension liability the City would book was $174,785 which does not reflect the 5-year smoothing of the investment return.
         7. Patrick Donlan commented the current total benefit costs were $19,777,857. Patrick further commented once the assets exceed the liabilities there would be no more State contributions to the Fund. Vince Tenaglia commented making the Plan's investments more conservative was prudent.
         8. Patrick Donlan reviewed the reconciliation of the unfunded actuarial accrued liabilities with balance of $1,494,792 and annual amortized payment of $140,211.

The Board voted to approve the October 1, 2021 actuarial valuation report as presented upon motion by Richard German and second by Robert Micklitsch; motion carried 5-0.

      ii. Kerry Richardville recommended and approved the 6.20% as the assumed rate of return used for the valuation report.

The Board voted the declaration of returns for the Plan shall be 6.20% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motioned by Richard German and second by Chris Centofanti; motion carried 5-0.

   b. AndCo Consulting, Kerry Richardville, Investment Consultant
      i. Quarterly report as of December 31, 2021
         1. Kerry Richardville reviewed the firm's update from Mike Welker, the CEO of AndCo. Kerry reviewed the added staff members and stated herself and Brian Green had accepted partnerships with the firm. Kerry stated they

were 100% employee owned and currently had thirteen partners. The Board congratulated Kerry on her accomplishments with AndCo and for the Plan.

2. Kerry Richardville reviewed the market environment during the quarter and calendar year. Kerry discussed the inflation concerns and omicron variant as well as the impact they had on the market. Kerry reviewed the treasury yield curve and commented the ten-year Treasury ended the year higher as economic growth accelerated in anticipation of the Federal Reserve beginning the process of normalizing inflation rates.
3. The fund had an ending market value of $20,161,338 on December 31, 2021.
4. The asset allocation of the fund as of December 31, 2021 was Domestic Equity at 48.10%, International Equity at 11.00%, Domestic Fixed Income at 36.10%, Global Fixed at 4.10%, and Cash Accounts at 0.70%. Kerry Richardville commented the allocations were a little underweight in Fixed Income and a little overweight in Equities but were still within policy ranges and there was no need to rebalance at this time.
5. The total fund gross returns for the quarter were 4.00%. Trailing returns for 1, 3, and 5-year periods were 11.37%, 15.50%, and 11.11%, respectively. Since inception (10/1/1994), gross returns were 8.59%.
6. Kerry Richardville reviewed the quarter returns for the investment managers in the portfolio.
7. Kerry Richardville commented with uncertainty in the market opens opportunities for investments.

ii. Intermediate Fixed Income discussion

1. Kerry Richardville reviewed intermediate bonds typically mature between five to ten years compared to the short-term bonds between one to five years. Kerry further commented the intermediate bond may take on a little more risk but could produce a better return than short-term bonds.
2. Kerry Richardville stated she did not feel very strongly on changing to intermediate bonds but wanted to present since she had Boards changing including St. Pete Beach Fire Plan. Kerry commented the Fire Plan replaced fixed income with less exposure on the long end of the curve.
3. By consensus, the Board would like to hold at this time on any changes with the Fixed Income investment.

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

i. Special tax notice update

1. Bonni Jensen stated she updated the special tax notice to incorporate the new Required Minimum Distribution (RMD) age requirement. Bonni commented the special tax notice helped members taking a lump sum payment and the tax implications. Bonni further commented the Administrator distributed this notice to all member requesting a lump sum distribution.

ii. 2022 Local Educational Conference

1. Bonni Jensen postponed the education training until April 22nd due to Indian Shores Town Hall closed due to COVID. Bonni commented an invitation would be forthcoming to the Trustees to RSVP for the event.

iii. Legislation update

1. Bonni Jensen commented HB117 and SB774 was filed on adding COVID to the list of infectious disease as a presumption for disability/death benefits as line-of-duty. Bonni commented there had been little movement with the bill but would continue to monitor and would update the Board if the bill passed.

8. **Old Business** – None.

9. **Staff Reports, Discussion, and Action**
   a. Foster & Foster, Kim Kilgore, Plan Administrator
      i. *Kim Kilgore stated she had no report at this time.*

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

11. **Adjournment** – The meeting adjourned at 2:03PM.

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

Respectfully submitted by:

Kim Kelgore

Kim Kilgore, Plan Administrator

Approved by: Roger C Drum

As: Chairman

Date Approved by the Pension Board: April 21, 2022