

**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 20, 2023, at 8:30AM

TRUSTEES PRESENT: Nancy Schultz
Tim McLean
Laura Williamson

TRUSTEES ABSENT: None

OTHERS PRESENT: David Wheeler, Graystone Consulting
Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Chrissy Stoker, Foster & Foster
Vince Tenaglia, City Finance Director

1. **Call to Order** – Nancy Schultz called the meeting to order at 8:31AM and led the Pledge of Allegiance and a quorum was determined. Discussion ensued about the board's vacant seats. Bonni Jensen commented she could revise the ordinance amendment she was working on to allow retirees to serve on the pension board if the active membership fell below twenty.
2. **Roll Call** – As reflected above.
3. **Public Comments** – None.
4. **Approval of Minutes**
 - a. Nancy Schultz noted a spelling error on Page 3. Chrissy Stoker commented she would correct Page 3 and combine the revised page with the signature page.

The Board approved the January 19, 2023, quarterly meeting minutes with a revision to Page 3 as discussed, upon motion by Laura Williamson and second by Tim McLean; motion carried 3-0.

5. Consent Agenda

- a. Nancy Schultz commented the Anchor Capital management fees were paid long after the invoice date. Chrissy Stoker stated she would address this with her billing coordinator.
- b. Laura Williamson noted the Insight Investment invoice listed Ray Gallant as the Board Secretary and current Plan contact. Chrissy Stoker commented she would request all vendors to update their contacts as needed.
- c. Payment ratification
 - i. Warrant #41
 1. Anchor Capital Advisors, 3rd quarter fees, \$2,734.65.
 2. Foster & Foster, plan administration, invoice #25720, \$1,080.00.
 3. Salem Trust, 4th quarter fees (AUTO DEDUCT), \$2,950.00.
 4. Graystone Consulting, invoice 10130023018, \$5,000.00.
 5. Insight Investment, invoice #2944-Q-NT, \$856.96.
 6. Klausner, Kaufman, Jensen & Levinson, invoice #32133, \$2,415.63.
 7. Anchor Capital Advisors, 4th quarter fees, \$2,612.85.
 8. Foster & Foster, plan administration, invoice #26155 \$1,248.42.
 9. Klausner, Kaufman, Jensen & Levinson, invoice #32310, \$47.70.
 10. Foster & Foster, plan administration, invoice #26373, \$1,179.47.
- d. New invoices for payment
 - i. None.
- e. Fund Activity Report for January 12, 2023 - April 13, 2023

The Board approved the consent agenda as presented, upon motion by Tim McLean and second by Laura Williamson; motion carried 3-0.

6. New Business – None.

7. Old Business – None.

8. Reports

a. Graystone Consulting, David Wheeler, Investment Consultant

i. Wealth Management Perspectives

1. David Wheeler commented the economy was beginning to slow and discussed recession indicators.

2. David Wheeler briefly reviewed asset class returns over the last 10 years.

ii. Quarterly report as of March 31, 2023

1. David Wheeler gave an overview of the market environment over the quarter, noting the outperformance of value over growth. David briefly reviewed the sector returns and returns for the S&P500 Index (7.50%), the MSCI EAFE (8.46%), and MSCI EM (4.02%). David commented interest rates came down which helped their bond portfolio.

2. The market value of assets as of March 31, 2023, was \$12,314,931.

3. The total fund gross returns for the quarter were 4.53%, underperforming the policy benchmark of 4.74%. Trailing returns for the 1, 3, 5, 7 and 10-year periods were -7.02%, 10.18%, 5.49%, 6.30%, and 6.40%, respectively. Since inception (08/01/2006) gross returns were 6.50% outperforming the policy benchmark of 5.92%.

4. David Wheeler reviewed the historic asset growth, noting more money went out of the Plan than came in during the quarter.

5. David Wheeler reviewed the asset allocations versus the targets, noting the overweights and underweights.

6. The Board briefly discussed the investment return assumption (7.25%).

7. David Wheeler stated he planned to recommend the Board to change the Investment Policy Statement (IPS) and move the parameter for cash from 1.00% to 3.00%, and he would discuss this further when he presented the asset allocation study.

8. David Wheeler reviewed the asset allocation compliance by manager. David recommended the Board to take \$50,000 from Anchor, \$50,000 from Vanguard Large Cap Core, and \$50,000 from Vanguard Large Cap Growth and put it into cash.

9. The Board, Vince Tenaglia, and David Wheeler discussed the cash flow needs of the General Plan versus the Police Plan at length.

The Board voted to raise \$50,000 from Anchor Large Cap Value, \$50,000 from Vanguard Large Cap Core, and \$50,000 from Vanguard Large Cap Growth, and move the proceeds into cash, upon motion by Laura Williamson and second by Nancy Schultz; motion carried 3-0.

iii. Asset Allocation Study

1. David Wheeler reviewed the current asset allocations of the Fund and the IPS targets and presented two optional allocations for the Board's consideration.

2. David Wheeler discussed strategic versus secular assumptions and the annual return expectations.

3. David Wheeler briefly discussed the Sharpe ratio, commenting the goal was to get a higher Sharpe ratio over time.

4. David Wheeler commented based on their current allocations and interest rates shifting upward, they could go to a more conservative asset allocation at some point and still hit the 7.25% investment return assumption. David commented he still recommended the Board to lower this assumption.

- iv. Emerging Markets Primer
 - 1. David Wheeler reviewed an Emerging Markets Fund Search summary and discussed the growth taking place in this asset class. David commented they would revisit this asset class at the next meeting.
- v. Investment Letter
 - 1. David Wheeler shared an investment letter from 1974.
- b. Klausner, Kaufman, Jensen & Levinson, Bonni Jensen, Board Attorney
 - i. Bonni Jensen reviewed the annual Form 1 filing requirement.
 - ii. Bonni Jensen discussed a bill moving through the State legislature that aimed to prohibit public pension plans from making investment decisions based on Environmental, Social, or Governance (“ESG”) considerations. Bonni commented she would keep the Board informed of any reporting requirements that were likely to take effect when the bill was passed into law.

9. Staff Reports, Discussion, and Action

- a. Foster & Foster, Chrissy Stoker, Plan Administrator
 - i. Discussion of Foster & Foster internal controls
 - 1. Chrissy Stoker discussed Foster & Foster’s various internal controls mechanisms. Chrissy reminded the Board that in addition to these internal controls, the Board hired professionals to handle the day-to-day business of the Plan, and anything done between meetings was provided to them to review ahead of each meeting. Chrissy commented Foster & Foster was also having a SOC 1-Type II audit done. Bonni Jensen gave a brief overview of this type of audit.
 - 2. Chrissy Stoker discussed the *Confirmation of Receipt of Retirement Benefits* affidavit (“PF-11” form) they could use as an additional check. The Board discussed mailing the affidavit to all benefit recipients and asked Chrissy to find out the last time they were sent and report back.
 - ii. Educational opportunities
 - 1. Chrissy Stoker discussed the upcoming FPPTA Annual Conference and reviewed the difference between the conference and the trustee schools.
 - iii. Chrissy Stoker commented Kim Kilgore retired from Foster and Foster effective April 1, 2023. Chrissy requested the trustees to sign a new authorized signors form to provide to Salem Trust.

10. Trustees’ Reports, Discussion, and Action – None.

11. Adjournment – The meeting adjourned at 10:17AM.

12. Next Meeting – July 20, 2023, at 10:30AM, Quarterly Meeting

Respectfully submitted by:

Chrissy Stoker

Chrissy Stoker, Plan Administrator

Approved by:

Nancy M Schultz
Nancy Schultz, Chair

Date Approved by the Pension Board:

July 20, 2023