

**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 20, 2023, at 10:30AM

TRUSTEES PRESENT: Kevin D'Amico
Patrick Strong
Phil Milner
Stephan Grossnickle

TRUSTEES ABSENT: Marilyn Terry

OTHERS PRESENT: Kerry Richardville, AndCo Consulting
Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Chrissy Stoker, Foster & Foster
Patrick Donlan, Foster & Foster
Vince Tenaglia, City Finance Director

1. **Call to Order** – Chrissy Stoker called the meeting to order at 10:32AM and led the Pledge of Allegiance and a quorum was determined.
2. **Roll Call** – None.
3. **Public Comments** – None.
4. **Approval of Minutes**

The January 19, 2023, quarterly meeting minutes were approved as presented, upon motion by Phil Milner and second by Patrick Strong; motion carried 4-0.

5. Consent Agenda

- a. New invoices for payment approval
 - i. Warrant #38
 1. Foster & Foster, actuarial services, invoice #25719, \$1,260.00
 2. Salem Trust, 4th quarter fees (Auto-Deduct), \$2,430.00
 3. Klausner, Kaufman, Jensen & Levinson, invoice #32130, \$3,881.83
 4. Foster & Foster, plan administration, invoice #26156, \$1,373.63
 5. Klausner, Kaufman, Jensen & Levinson, invoice #32307, \$2,957.40
 6. Foster & Foster, plan administration, invoice #26378, \$1,359.47
 7. Klausner, Kaufman, Jensen & Levinson, invoice #32497, \$553.37
 8. Foster & Foster, actuarial services, invoice #26600, \$18,555.00
 9. Foster & Foster, plan administration, invoice #26582, \$1,260.00
 - b. Fund Activity Report for January 13, 2023 - April 13, 2023

The Board approved the consent agenda as presented, upon motion by Phil Milner and second by Stephan Grossnickle; motion carried 4-0.

6. New Business

- a. Update on Trustee terms
 - i. Chrissy Stoker commented a nomination notice was sent to the membership to determine if anyone wanted to run against Kevin D'Amico for his expiring seat. No responses were received so Kevin would serve another term on the board.

The Board voted to ratify Kevin D'Amico's officer position as Chair, upon motion by Phil Milner and second by Patrick Strong; motion carried 4-0

- b. Upcoming Trustee term expiration
 - i. Chrissy Stoker commented Marilyn Terry was appointed by the city, and her term would expire May 1, 2023. Chrissy stated she was waiting to hear back from Marilyn on whether she wanted to continue serving before submitting her name to the Commission for reappointment.

7. Old Business – None.

8. Reports

- a. Foster & Foster, Patrick Donlan, Board Actuary
 - i. October 1, 2022, actuarial valuation report
 1. Patrick Donlan commented an actuarial valuation was done every year as of October 1st to determine the City's funding requirement for the next fiscal year. Patrick commented the funding requirements increased by approximately 2.60% of payroll, mostly due to negative investment performance in FY2021-2022. Patrick commented he used a smoothing technique to keep the requirements relatively stable from year to year.
 2. Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. The primary source of actuarial loss was an investment return of 3.79% (Actuarial Asset Basis) which fell short of the 7.50% assumption.
 3. Patrick Donlan commented the member contribution rate as a percentage of payroll stayed at 11.40%.
 4. Patrick Donlan commented they reduced investment return assumption from 7.50% to 7.40%.
 5. Stephan Grossnickle asked for the smoothed average. Patrick Donlan commented the 4-year smoothed annualized rate of return was 3.79%.
 6. Patrick Donlan and the Board further discussed the smoothing and the actuarial value of assets.
 7. Patrick Donlan reviewed how the funding requirement was determined, commenting it was the sum of the Normal Cost, administrative expenses, and payment required to amortize the Unfunded Actuarial Accrued Liability (UAAL) over 30 years.
 8. Patrick Donlan commented the Market Value of Assets (MVA) decreased from \$19,187,658 to \$16,206,924 which showed the impact of investment losses, but the Actuarial Value of Assets (AVA) increased from \$17,997,528 to \$18,646,518 and this was the figure they used to calculate the funding requirements.
 9. Patrick Donlan reviewed the detailed actuarial gain/loss analysis to show how the UAAL increased from \$6,700,555 to \$7,608,719.
 10. Patrick Donlan reviewed the valuation participation reconciliation.
 11. The Board and Patrick Donlan discussed the Plan closing at length. Kevin D'Amico clarified effective October 1, 2023, the member contribution rate would be 4.00% for all active members and this rate would not fluctuate.
 12. Bonni Jensen stated for the record the assumption changes they previously approved were included in this report.

The Board voted to approve the October 1, 2022, actuarial valuation report as presented, upon motion by Phil Milner and second by Patrick Strong; motion carried 4-0.

13. Bonni Jensen commented every year after the valuation was approved the Board needed to set their expected rate of return for the short-term, the mid-term, and the long-term thereafter and send it to the State. Bonni commented the rate of return should match what was used in the valuation.

The Board voted the declaration of returns for the plan shall be 7.40% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by Phil Milner and second by Kevin D'Amico, motion carried 4-0.

14. The Board, Patrick Donlan, and Vince Tenaglia discussed the investment return assumption at length.
- ii. Actuarial Impact Statement (AIS)
 1. Patrick Donlan reviewed the AIS for the Ordinance closing the Plan and discussed the proposed changes. Patrick commented a 3.00% benefit rate would apply to credited service on/after October 1, 2023, and the member contribution rate would be fixed at 4.00%. Patrick commented all new firefighters would be put into the Florida Retirement System (FRS) and existing firefighters could choose to stay in the pension plan or go to FRS.
 2. Patrick Donlan commented the only change that would impact the funding requirement was the benefit rate change from 3.40% to 3.00%, which would decrease the funding requirement. Patrick commented on the other hand they would need to change the payroll growth assumption to 0.00% because there would be no new payroll coming in, and that would increase the cost. Patrick commented in the end the contribution requirement stayed about the same.
 3. Phil Milner asked if he would change the funding from a percentage of payroll to a dollar amount once the payroll growth assumption was 0.00%. Patrick Donlan commented that was correct.
 4. The Board and consultants discussed at length whether the funding requirements should be reported as a dollar amount or as a percentage of payroll. Patrick Donlan commented with the October 1, 2023, valuation, he would switch to the dollar method but also show it as percentage of payroll.

The Board voted to direct the actuary to switch to a dollar funding method in conjunction with the October 1, 2023, actuarial valuation and also show funding requirements as a percentage of payroll, upon motion by Phil Milner and second by Patrick Strong; motion carried 4-0.

- b. AndCo Consulting, Kerry Richardville, Investment Consultant
 - i. Quarterly report as of March 31, 2023
 1. Kerry Richardville gave an overview of the market environment over the quarter.
 2. The market value of assets as of March 31, 2023, was \$17,583,544.
 3. Kerry Richardville reviewed the financial reconciliation over the quarter.
 4. Kerry Richardville reviewed the asset allocation of the Fund, commenting 48.10% was in Domestic Equity, 14.00% was in International Equity, 21.70% was in Domestic Fixed Income, 4.00% was in Global Fixed Income, 10.90% was in Real Estate, and 1.30% was in Cash. Kerry commented they were in line with their policy targets for each asset class, with slight over and under weights, but she had no recommendations to rebalance.
 5. Stephan Grossnickle and Kerry Richardville discussed the Plan's real estate investments with American Core Realty (ARA). Stephan commented real estate was in flux and they should get out. Kerry stated she would invite ARA to present at the July meeting.
 6. Kerry Richardville discussed the performance of ARA, commenting their 3-year returns were approximately 12.00% and 10.00% on the 5-year and they had done well historically when fixed income was underperforming. Stephan Grossnickle commented real estate was a risk and he was not comfortable as a fiduciary holding onto it without updated numbers.
 7. The total fund gross returns for the quarter were 3.66%. Trailing returns for 1, 3, and 5-year periods were -6.87%, 8.86%, and 6.06% respectively.

Since inception (6/1/1994), gross returns were 7.60% underperforming the policy index of 7.66%.

8. Kerry Richardville reviewed the performance of each manager. Kerry commented the Board may want to consider indexing their US equity piece over the next few quarters.
- ii. Asset allocation study
 1. Kerry Richardville commented she used forecasts from large financial institutions and the ones being presented were from JP Morgan. Kerry commented these were just assumptions but were still helpful for giving risk return expectations.
 2. Kerry Richardville reviewed the change in historical 10–15-year forecasts.
 3. Kerry Richardville reviewed various asset allocation mixes for the Board's consideration. Stephan Grossnickle asked if all the mixes were within the current policy parameters. Kerry commented if they changed their asset allocation then they would need to revise their investment policy statement.
 4. Stephan Grossnickle discussed his recommendation to adjust their asset allocation to reflect Mix 4 and asked the Board for their perspective. Kevin D'Amico asked how different Mix 4 was from their current policy. Kerry commented as they lowered the assumption they would start taking away from equities and when the Plan closed, they would move from growth mode to stability mode.
 5. Kerry Richardville reviewed the return, risk and probably forecasts for Asset Mix 4 and reviewed the long-term return percentiles over the 1, 5, 10, and 15-year periods.
 6. Kerry Richardville commented she was comfortable with all the mixes she presented, except Mix 5 which was a computer-generated model, as all mixes put them in a more conservative position.
 7. The Board discussed the asset mixes at length.
 8. Kevin D'Amico made a motion to reallocate the Plan's assets according to Mix 4. Discussion ensued. Patrick Strong discussed his recommendation to reallocate according to Mix 1.

The Board voted to adopt asset allocation Mix 4 as presented, upon motion by Kevin D'Amico and second by Stephan Grossnickle; motion carried 3-1 with Phil Milner voting against.

9. Stephen Grossnickle requested redemption queue details. Kerry Richardville commented she would submit a redemption request and invite American Core Realty to attend the next meeting.
 10. Kerry Richardville commented she would bring a revised investment policy statement to the next meeting.
- c. Klausner, Kaufman, Jensen & Levinson, Bonni Jensen, Board Attorney
 - i. Ordinance update
 1. Vince Tenaglia gave an ordinance update earlier in the meeting.
 - ii. Legislative/legal updates
 1. Bonni Jensen reviewed a bill moving through the State legislature which was expected to pass which. Bonni commented the bill aimed to restrict Florida public pension plans from making investment decisions based on Economic, Social, or Governance ("ESG") factors. Bonni commented there would be some new reporting requirements once the bill passed, and she would keep the Board informed.

9. Staff Reports, Discussion, and Action

- a. Foster & Foster, Chrissy Stoker, Plan Administrator
 - i. Financial disclosure forms
 1. Bonni Jensen reviewed the annual Form 1 filing requirement.

- ii. Update on State Annual Report
 - 1. Chrissy Stoker noted the Annual Report was submitted April 4, 2023.
- iii. Discussion of Foster and Foster internal controls
 - 1. Chrissy Stoker presented a memorandum of Foster & Foster's internal controls mechanisms.
- iv. Fiduciary liability policy renewal
 - 1. Chrissy Stoker commented the current policy expired today, April 20, 2023, and the renewal quote she received for a new one-year policy was a cost of \$3,316.02, which was \$67.44 more than the expiring premium.

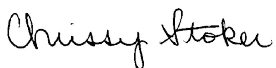
The Board voted to renew their fiduciary liability policy for another year, upon motion by Phil Milner and second by Patrick Strong; motion carried 4-0.

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

11. Adjournment – The meeting adjourned at 1:05PM.

12. Next Meeting – July 20, 2023, at 1:30PM, Quarterly Meeting

Respectfully submitted by:



Chrissy Stoker, Plan Administrator

Approved by:



Kevin D'Amico, Chairman

Date Approved by the Pension Board: July 20, 2023