

**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, April 20, 2023, at 1:30PM

TRUSTEES PRESENT: Richard German
Robert Micklitsch
Patricia Cucchiara
Frank Wood

TRUSTEES ABSENT: Chris Centofanti

OTHERS PRESENT: Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Kerry Richardville, AndCo Consulting
Chrissy Stoker, Foster & Foster

1. **Call to Order** – Chrissy Stoker called the meeting to order at 1:30PM and led the Pledge of Allegiance and a quorum was determined.
2. **Roll Call** – As reflected above.
3. **Public Comments** – None.
4. **Approval of Minutes**

The Board approved the minutes from the January 19, 2023, quarterly meeting as presented, upon motion by Richard German and second by Robert Micklitsch; motion carried 4-0.

5. **Consent Agenda**
 - a. Payment ratification
 - i. Warrant #38
 1. Foster & Foster, plan administration invoice #25718, \$855.00
 2. AndCo, investment consulting invoice #43299, \$4,300.00
 3. Salem Trust, 4th quarter custodial fees (AUTO DEDUCT), \$2,875.00
 4. KKJL, legal services invoice #32131, \$2,320.23
 5. Foster & Foster, plan administration invoice #26154, \$855.00
 6. KKJL, legal services invoice #32308, \$1,240.20
 7. Foster & Foster, plan administration invoice #26372, \$855.00
 - b. New invoices for payment
 - i. None
 - c. Fund Activity Report for January 13, 2023 - April 13, 2023

The Board approved the consent agenda as presented, upon motion by Richard German and second by Robert Micklitsch; motion carried 4-0.

6. **New Business**
 - a. Update on Trustee terms
 - i. Chrissy Stoker commented Patricia Cucchiara was selected to serve as the Fifth Trustee at the last meeting, and the City Commission had subsequently ratified this appointment at their meeting on February 13, 2023, so Patricia would serve another term through February 12, 2025.

7. **Old Business – None.**

8. **Reports**

a. 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 and discussed the treasury yield curve.
2. The market value of assets as of March 31, 2023, was \$16,189,806.
3. Kerry Richardville reviewed the asset allocation of the fund, commenting 45.70% was in Domestic Equity, 10.20% was in International Equity, 36.90% was in Domestic Fixed Income, 4.90% was in Global Fixed Income, and 2.20% was in cash.
4. Kerry Richardville reviewed the asset allocation compliance. Kerry commented they were very close to their policy targets, and she had no recommendations to rebalance.
5. The total fund gross returns for the quarter were 5.67%. Trailing returns for the 1, 3, and 5-year periods were -6.28%, 8.73%, and 5.58%, respectively. Since inception (10/01/1994), gross returns were 7.71% outperforming the policy benchmark of 7.37%.
6. Kerry Richardville reviewed the performance of each manager. Kerry commented they were off to a good start for this fiscal year.
7. The Board and Kerry Richardville discussed PIMCO and Metropolitan West. Kerry commented she liked these funds in the long-term.

ii. Asset allocation study

1. Kerry Richardville reviewed the capital market assumptions for various asset classes based on JP Morgan's 10 to 15-year forecasts.
2. Kerry Richardville commented bond returns were positive, and bonds were good for stability and defense. Kerry commented until recently their asset mix was 45% in bonds and 55% in equities.
3. Kerry Richardville reviewed four different asset mixes for the Board's consideration. Kerry commented she liked Mix 2 or Mix 3 for this Plan, as de-risking made sense and they could still hit the 6.20% investment return assumption.
4. Kerry Richardville recommended Mix 2 and commented they should remove global bonds from the portfolio. Kerry commented if they moved forward with Asset Mix 2, she would bring a revised Investment Policy Statement (IPS) to the next meeting, and they would look at managers to be in the short duration government/credit bucket.
5. The Board and Kerry Richardville further discussed the asset mixes and cash flows. Kerry commented they could start retaining dividends from investments, use that, and then they would generate additional income with a new asset mix.

The Board voted to approve Asset Mix 2, upon motion by Frank Wood and second by Richard German; motion carried 4-0.

6. Kerry Richardville commented she would bring some bond options to the next meeting as well as a revised IPS which would reflect Asset Mix 2.

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

i. Statement of Policy Regarding Internal Controls Rules & Procedures.

1. Bonni Jensen commented she drafted a Statement of Policy Regarding Internal Controls Rules and Procedures, though she wanted to defer discussion of this policy until after Chrissy Stoker discussed Foster and Foster's internal controls. Bonni commented Foster and Foster was having a SOC-1 Type II audit done to audit the firm's internal controls and

processes, and the completion of this audit may negate the need for the policy she drafted. Bonni commented they could revisit this policy in the future once the SOC-1 Type II audit for Foster & Foster was complete.

ii. Legislative/legal updates

1. Bonni Jensen discussed a bill that was moving through the State legislature and would likely pass. Bonni commented the goal of the proposed legislation was to restrict public pension funds from investing in anything because of Environmental, Social, or Governance ("ESG") factors; investment decisions must be made for pecuniary reasons only. Bonni commented there would be some additional reporting requirements once it passed, and she would keep the Board informed. Kerry Richardville commented they would not be affected much since they were invested in almost all mutual funds.
2. Bonni Jensen reviewed the annual Form 1 filing requirement.

9. **Staff Reports, Discussion, and Action**

a. Foster & Foster, Chrissy Stoker, Plan Administrator

i. Update on PF-11's (*Confirmation of Receipt of Retirement Benefits*)

1. Chrissy Stoker commented at the last meeting the Board elected to have Foster & Foster mail out affidavits to any retirees and beneficiaries receiving benefits from the Plan to confirm everyone entitled to a benefit was still alive to receive it. Chrissy presented the PF-11 form that each benefit recipient received in the mail.
2. Chrissy Stoker commented they required this affidavit to be signed in the presence of a Notary Public to verify the person completing the form was the rightful benefit recipient. Chrissy reviewed the cover letter that accompanied the form, noting the letter made very clear the reason for requesting the affidavit and provided a due date. Chrissy commented two retirees still had not returned the form and discussed the next steps in the process when a person did not respond to the affidavit.

ii. Update on State Annual Report

1. Chrissy Stoker commented the State Annual Report had been submitted and they were just waiting for the approval letter from the State.

iii. Discussion of Foster & Foster internal controls

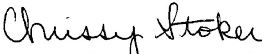
1. Chrissy Stoker reminded the Board at the last meeting they had a discussion of internal controls and she wanted to assure the trustees that Foster and Foster had internal controls in place. Chrissy reviewed a memorandum from Foster and Foster and the separation of duties they had in place to ensure no one person had all control of any one transaction.

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

11. **Adjournment** – The meeting adjourned at 2:27PM.

12. **Next Meeting** – July 20, 2023, at 8:30AM, Quarterly Meeting

Respectfully submitted by:


Chrissy Stoker, Plan Administrator

Approved by:


Trustee

Date Approved by the Pension Board:

July 20, 2023