

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

TRUSTEES PRESENT: Kevin D’Amico
Patrick Strong
Phil Milner
Stephan Grossnickle
Marilyn Terry

TRUSTEES ABSENT: None

OTHERS PRESENT: Jorge Friguls, AndCo Consulting
Lindsey Garber, Klausner, Kaufman, Jensen & Levinson
Bonni Jensen, Klausner, Kaufman, Jensen & Levinson
Chrissy Stoker, Foster & Foster
Richelle Cook, American Core Realty (via Zoom)
Scott Darling, American Core Realty (via Zoom)

- I. **Call to Order** – Chrissy Stoker called the meeting to order at 1:30PM and led the Pledge of Allegiance and a quorum was determined.
- II. **Roll Call** – As noted above.
- III. **Public Comments** – None.
- IV. **Reports**
 1. American Core Realty, Richelle Cook/Scott Darling, Investment Managers
 - A. Update on ARA Core Property Fund
 1. Richelle Cook introduced herself and Scott Darling and gave a brief overview of the firm. Richelle reviewed their various funds, noting the pension plan was invested in the ARA Core Property Fund.
 2. Scott Darling thanked the Board for their business, commenting times had been challenging so he wanted to address any concerns. Scott commented the pension fund had invested a total gross amount of \$1.65 million since 2015 and had received \$363,000 in distributions. Scott commented their current account value was \$1.9 million.
 3. Scott Darling reviewed the benchmark outperformance over the 1, 3, and 5-year periods and since inception. Scott commented the last three quarters had been challenging and the preliminary returns for the quarter ended June 30, 2023, were -2.22%. Scott commented the recent negative returns were driven by a historical rise in interest rates over the last several quarters.
 4. Scott Darling commented the ARA Core Property fund had \$8.26 Billion in gross assets under management. Scott commented they

used leverage conservatively with loan to value ratio of 21.7% at the end of the first quarter. Scott commented the use of leverage reduced the risk of a total loss due to foreclosure.

5. Scott Darling commented their leased percentage was 92.3%.
6. Scott Darling reviewed the fund strategy, commenting they invested conservatively and for the long-term while still maintaining diversification.
7. Scott Darling reviewed the positions they held over and underweight, commenting they favored markets with strong job and population growth and these markets were driven by technology and innovation.
8. Scott Darling commented they had not had a high concentration of leases that expired in a single year.
9. Stephan Grossnickle commented he wanted to see more current numbers and the firm was anticipating gains without anticipating losses. Stephan discussed how assets were valued. Stephan asked for current numbers. Scott commented numbers were distributed within 45 days of the quarter's end. Jorge Friguls commented he would ask Kerry Richardville to distribute this report along with the quarterly report.
10. Scott Darling commented he would send the trustees the fund's audited financials.
11. Stephan Grossnickle requested information on redemptions that were fulfilled this year. Scott Darling commented \$700 million was in the redemption queue.
12. Scott Darling briefly discussed office space, residential real estate, retail, and industrials. Scott commented there was a reduced exposure to office space in the portfolio, but within the office space portfolio, they were still 86.00% leased.
13. Phil Milner and Scott Darling discussed lease exposure. Scott commented if there was a vacancy, they considered the risk and potential reward of releasing it. Scott reviewed a chart of expiring properties by type.
14. Jorge Friguls commented he would arrange for the trustees to receive quarterly updates from the ARA Core Property Fund.

Note: Richelle Cook and Scott Darling left the meeting at 2:05PM.

15. Stephan Grossnickle discussed his concerns with staying invested in the ARA Core Property Fund.
16. Jorge Friguls commented they approved a partial redemption at the last meeting, so they were already in line for a redemption, but it may be two years until they received a full redemption.
17. The Board discussed at length whether they should divest from the ARA Core Property Fund and how they would invest the proceeds. Bonni Jensen commented if they put in a redemption request, they could always rescind the request if they changed their mind.
18. Phil Milner commented the discussion today contradicted what they approved last quarter, which was to reduce their allocation to real estate from 10.00% to 7.00%. Phil commented they should not go back and forth on investment strategies.

The Board voted to withdraw all funds from the ARA Core Property Fund as soon as possible, upon motion by Stephan Grossnickle and second by Marilyn Terry; motion carried 5-0.

19. Phil Milner commented he would have liked to see replacement options if they were going to pull out of a fund. Jorge Friguls commented AndCo Consulting did not make the recommendation to divest from the ARA Core Property Fund and if they had, he would have brought alternatives for the Board's consideration. Jorge noted that given the elongated redemption process and current portfolio overweighting to real estate, the Board had time and flexibility to discuss replacement options.
20. Marilyn Terry and Stephan Grossnickle requested redemption and dividend amounts to be included in the next quarterly report.

2. AndCo Consulting

A. Quarterly report as of June 30, 2023

1. Jorge Friguls gave an overview of the market environment over the quarter.
2. The market value of assets as of June 30, 2023, was \$18,144,288.
3. Jorge Friguls briefly reviewed the asset allocations of the portfolio and the moves they made over the quarter.
4. Jorge Friguls reviewed the asset allocation compliance, commenting their new target for Domestic Fixed Income was 30% so upon approval of the revised Investment Policy Statement (IPS), they would be in compliance.
5. Jorge Friguls briefly reviewed the financial reconciliation over the quarter.
6. The total fund gross returns for the quarter were 3.79%. Trailing returns for 1, 3, and 5-year periods were 8.52%, 5.77%, and 6.44% respectively. Since inception (6/1/1994), gross returns were 7.67% overperforming the policy index of 7.16%.
7. Jorge Friguls reviewed the fiscal year returns.
8. Jorge Friguls reviewed the performance of each manager.

B. Revised Investment Policy Statement

1. Jorge Friguls reminded the Board at the last meeting they approved Asset Mix 4, so he revised the Investment Policy Statement (IPS) to reflect this. Jorge reviewed the IPS changes and added there was language included to comply with House Bill 3 (HB3).
2. Jorge Friguls commented since the Plan was closing, they would need to start thinking about de-risking the portfolio.
3. Kevin D'Amico inquired further about the Plan's closure. Bonni Jensen commented the Plan could not be officially closed until they were set up with the Florida Retirement System. Bonni commented there was a drafted ordinance to close the Plan to new members, but it had not gone for first reading yet. Bonni commented the other ordinance being considered to change the benefits in the pension plan was being moved forward.

The Board approved the revised Investment Policy Statement as presented, upon motion by Kevin D'Amico and second by Patrick Strong; motion carried 5-0.

3. Klausner, Kaufman, Jensen & Levinson, Bonni Jensen, Board Attorney
 - A. Ordinance update
 1. Bonni Jensen provided an ordinance update earlier in the meeting during the discussion of the IPS.
 - B. House Bill 3 memorandum
 1. Bonni Jensen commented HB3 passed into law effective July 1, 2023, and the biggest impact on the pension plan would be the new reporting requirements. Bonni commented HB3 would not change the way the Board invested, as they only ever elected investments based on pecuniary factors and did not consider investments for social or ideological reasons. Bonni commented she would keep the Board informed as she learned more from the State about the reporting requirements.
 - C. News Article
 1. Bonni Jensen shared an article relating to pension fraud and emphasized the importance of internal controls and death checks as a means of ensuring no fraud was taking place.
 - D. Fiduciary liability policy
 1. Marilyn Terry commented the current policy had a \$1 million limit of liability in the aggregate which meant only \$1 million was available to cover any lawsuit involving the pension board. Marilyn further commented given the amount of funds they handled and the volatility of the market, they should request a policy with a greater limit of liability.
 2. Bonni Jensen noted there was a Florida statute that treated trustees as employees, so they had the same coverage as city employees.
 3. Chrissy Stoker commented she could reach out to the carrier to see if they could increase the limit of liability mid-term and how much it would cost. Chrissy commented she would shop around for quotes from other carriers before the policy expired on April 20, 2024.
 4. Bonni Jensen and the Board discussed fiduciary liability coverage more generally. Stephan Grossnickle suggested they have as high a limit of liability as possible.

V. Approval of Minutes

The April 20, 2023, quarterly meeting minutes were approved as presented, upon motion by Phil Milner and second by Stephan Grossnickle; motion carried 5-0.

VI. New Business

- A. Upcoming Trustee term expiration
 1. Chrissy Stoker commented Stephan Grossnickle's term as a City-appointed trustee would expire August 10, 2023. Chrissy commented she would submit his name to the Commission for consideration of his reappointment.
 2. Chrissy Stoker confirmed Marilyn Terry was reappointed by the Commission on May 23, 2023.
- B. Proposed FY 2023-2024 budget
 1. Chrissy Stoker reviewed the proposed budget and each expenditure line. Stephan Grossnickle commented they should increase the

amount budgeted for insurance. Bonni Jensen suggested they budget \$20,000 for fiduciary insurance.

The Board approved the 2023-2024 budget with a revision to the insurance expenditure line as discussed, upon motion by Phil Milner and second by Kevin D'Amico; motion carried 5-0.

C. Proposed meeting dates

1. Chrissy Stoker reviewed the proposed meeting dates, commenting these dates were in line with prior years. Chrissy reminded the Board the times rotated and were already approved by the General and Police boards, whom they shared expenses with.

The Board approved the 2024 meeting dates as presented, upon motion by Patrick Strong and second by Phil Milner; motion carried 5-0.

VII. Consent Agenda

A. Warrant #39, Warrant #40, Warrant #41

1. Salem Trust, 1st quarter fees (Auto-Deduct), \$2,430.00
2. United Members Insurance, invoice #916, \$3,316.02
3. Klausner, Kaufman, Jensen & Levinson, invoice #32688, \$2,349.55
4. Foster & Foster, plan administration, invoice #26947, \$1,366.28
5. Foster & Foster, plan administration, invoice #27300, \$1,260.00
6. Klausner, Kaufman, Jensen & Levinson, invoice #32866, \$238.50
7. Klausner, Kaufman, Jensen & Levinson, invoice #33061, \$1,599.10
8. AndCo, investment consulting, invoice #43298, \$5,000
9. AndCo, investment consulting, invoice #44086, \$5,000
10. AndCo, investment consulting, invoice #44914, \$5,000
11. Foster & Foster, plan administration, invoice #27593, \$1,260.00

B. New invoices for payment approval - None

C. Fund Activity Report for April 14, 2023 - July 13, 2023

The Board approved the consent agenda as presented, upon motion by Kevin D'Amico and second by Patrick Strong; motion carried 5-0.

VIII. Old Business – None.

IX. Staff Reports, Discussion, and Action

A. Foster & Foster, Chrissy Stoker, Plan Administrator

1. Chrissy Stoker stated for the record all trustees filed their financial disclosure form on time.
2. Chrissy Stoker commented Foster & Foster was going paperless, so the Board would no longer receive paper agenda packets. Chrissy stated any trustees wanting hard copies should print their own in advance. Chrissy commented she would still send meeting items one week in advance, but the materials would be loaded onto an e-reader and each item bookmarked for quick access.


X. Trustee Reports, Discussion, and Action

1. Kevin D'Amico commented he wanted the trustees to have email addresses for pension purposes and he had created them and would let everyone know their assignment.


XI. Adjournment – The meeting adjourned at 3:34PM.

XII. Next Meeting – October 19, 2023, at 8:30AM, Quarterly Meeting

Respectfully submitted by:


Chrissy Stoker, Plan Administrator

Approved by:


Phil Milner, Trustee

Date Approved by the Pension Board: November 17, 2023