

CITY OF FT. PIERCE POLICE OFFICERS' RETIREMENT TRUST FUND
MINUTES OF THE QUARTERLY MEETING HELD
June 15, 2023

A quarterly meeting for the Board of Trustees was called to order by on June 15, 2023 at 9:37 AM. Brian MacNaught called roll.

TRUSTEES PRESENT Brian MacNaught, Chair
Daniel Flaherty, Secretary
James Grecco, Trustee
Carlos Villanueva, Trustee
Frank Amandro, Trustee

OTHERS PRESENT Kyle Tintle, Resource Centers
Burgess Chambers, Burgess Chambers & Associates
Anna Ward, City of Ft. Pierce, Pension Analyst
Bonni Jensen, Klausner Kaufman Jensen & Levinson
Pete Strong, Gabriel, Roeder, Smith & Company (electronically)

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the quarterly meeting held on March 15, 2023.

Daniel Flaherty made a motion to approve the quarterly meeting minutes held on March 15, 2023. Carlos Villanueva seconded the motion, approved by the Trustees 5-0.

ACTUARY REPORT

Mr. Strong came before the Board to present the Actuarial Valuation report as of October 1, 2022. He acknowledged 2022 was one of the worst years due to the financial markets downturns. Included in the report is the Annual Employer Contribution for the Fiscal Year Ending September 30, 2023. The Chapter 185 premium tax receipts received for fiscal year end was \$453,086 on September 30, 2022 versus the prior fiscal year amount of \$435,343. The employer contribution was \$266,012 and the excess of \$187,074 was used to reduce the Unfunded Actuarial Accrued Liability. The balance in the excess contribution was \$878,542 as of October 1, 2021 versus October 1, 2022 \$937,844 after adjusting for interest. There was a net experience loss of \$1,231,565 for the year; the actual experience was less favorable than expected. The investment return on the Market Value of Assets was -15.5%. Mr. Strong noted the demographics experienced a lower turnover with only 3 terminations and 9 expected; a higher number of new hires, with 14 new employees with only 4 expected. The higher rate of increase, 11.3% compared to 4.9% expected drives up liability. The State money and the contributions still cover the required contributions. Mr. Strong noted the assumed rate of return is 6.75%. He reported the funding ratio was 88.7% as of October 1, 2023. Frank Amandro asked how if the expected rate of return was reasonable. Mr. Strong replied the rate is on trend with the average of 6.8% and 6.7% for FRS.

A motion was made by Frank Amandro to approve the Actuarial Valuation as of October 1, 2022. Daniel Flaherty seconded the motion. The motion was approved by the Trustees 5-0.

Frank Amandro made a motion based on the advice of the Investment Consultant; the Board expects to get a 6.75% rate of return for the next year, the next several years, and for the long-term there after. The motion received a second from Dan Flaherty, approved by the Trustees 5-0.

INVESTMENT CONSULTANT REPORT

Mr. Chambers presented the quarterly investment report for December 31, 2022 showed signs of improvement. He discussed the additional money in people's pockets due to the governments COVID programs. The CPI should continue to come down in 2023. The economy is still very strong. The fund experienced a market based gain of \$892,000 or +5.5% (+5.4% net) versus (+6.1%) for the bench. The underperformance was mostly due to an underweight of international equities and a modest overweight to private real estate. Mr. Chambers reviewed the results for the 1, 3, and 5 year periods. For the 1 year period, the fund was down \$2.8 million or -13.5% (-13.8% net), the policy was at (-13.1%). For the 3 year period, the fund earned \$1.5 million, Up +2.9% net per year.

ATTORNEY REPORT

Ms. Jensen presented a memo on House Bill 3 (Chapter 2023-28, Laws of Florida), which recently passed the legislature, relates to government and corporate activism. She said it was not going to change how the Board invests and votes proxies. The HB3 requires fiduciaries to solely invest on pecuniary factors. Not invest to further social, political or ideological interests (AKA Environmental, Social, and Governance (ESG)). These requirements must be followed when the plan's representatives vote proxies. Nothing will change how the Board selects investments, they invest on pecuniary factors. There is a new filing requirement for State pension plans, the details are still to be determined, but the report will be due by December 15th of each year. Mr. Chambers discussed possible unintended consequences of HB#; perhaps pushing more money into funds away from independent managers. Ms. Jensen will keep the Board updated as she leans more about HB3 and the upcoming filing requirements.

Ms. Jensen requested an adjusted fee adjustment, as the last request for an increase was in January of 2020. She discussed the scope of work performed and the research with the Borough of Labor Statistics hourly rates for pension attorney.

Daniel Flaherty made a motion to approve the requested fee adjustment. Frank Amandro seconded the motion, approved by the Trustees 5-0.

Frank Amandro asked Ms. Jensen to review and explain the Administrative Budget within the meeting packet. She reviewed the actual expenses for the fiscal year 2022 (FY22) and the projected numbers for the FY24. Ms. Jensen explained the figures were increased by a percentage of the actual expenses and a small cushion built in to the projected amounts. The budget anticipates what might be spent next fiscal year. The budget will only have to be revised and resubmitted if the Board exceeds the anticipated expenses.

ADMINISTRATOR REPORT

Ms. Tintle called for a motion on the Actual Expenses FY22 and Administrative Budget for FY24.

Daniel Flaherty made a motion to approve the Actual Expenses FY22 and Administrative Budget for FY24. Frank Amandro seconded the motion, approved by the Trustees 5-0.

BANKING REPORT

Ms. Ward presented the quarterly banking report dated March 31, 2023. She reviewed the numbers and noted they remained consistent.

OTHER BUSINESS

Brian MacNaught asked if the Trustees could attend the quarterly meetings remotely to ensure the meetings could be held. Ms. Jensen responded the City does not want to hold virtual meetings. Three Trustees need to be in the room, to establish a quorum, for the pension meetings.

Ms. Jensen distributed copies of proposed ordinance updating the definition of sworn police officers. This established a benefit commencement date for retirement, death, and disability claims. She said the Board cannot establish the ordinances; the requested changes need to be forwarded on to the City Council, for review and approval. The requested ordinance will be sent to the Council along with the letter from Actuary Pete Strong, detailing the no cost impact statement as backup for the request.

James Grecco made a motion to approve the proposed ordinance. Frank Amandro seconded the motion, approved by the Trustees 5-0.

Ms. Jensen will provide the required information to the City Clerk to have the requested ordinance on the agenda for the City Council to discuss.

PUBLIC COMMENTS

No Public Comment.

Frank Amandro made a motion to adjourn the meeting. Carlos Villanueva seconded the motion, approved by the Trustees 5-0.

There being no further business and the next meeting being scheduled for Thursday, September 21, 2023 at 9:30 AM. The meeting adjourned at 10:20 AM by Brian MacNaught.

Respectfully submitted,
