

**CITY OF AVON PARK
FIREFIGHTERS' RETIREMENT SYSTEM PENSION BOARD OF TRUSTEES
QUARTERLY MEETING MINUTES
Fire Department, 98 S. Delaney Ave., Avon Park, FL 33825**

Monday, April 24, 2023 – 1:00PM

TRUSTEES PRESENT: Warren West
Jonathan Prevatte
Samantha Mootosammy
Jason Simmons

TRUSTEES ABSENT: None

OTHERS PRESENT: Richelle Levy, Lorium Law
Chrissy Stoker, Foster & Foster
Kerry Richardville, AndCo Consulting
Doug Lozen, Foster & Foster
Jim Barnard, Deputy Mayor
Eric Leventhal, Kabat, Schertzer, De La Torre & Taraboulos ("KSDT")

1. **Call to Order** – Warren West called the meeting to order at 1:00PM and a quorum was determined.

2. **Roll Call** – As reflected above.

3. **Public Comments** – None.

4. **Reports.**

a. AndCo, Kerry Richardville, Investment Consultant

i. Quarterly Report through March 31, 2023

1. Kerry Richardville gave an overview of the market environment over the quarter commenting it was a good quarter in public markets for equities and fixed income. Kerry noted inflation was declining and the Consumer Price Index (CPI) was approximately 5.00%. Kerry discussed the yield curve. Kerry noted real estate was not included in the preliminary report but as interest rates continued to rise, real estate returns were approximately -3.50%.
2. The market value of assets as of March 31, 2023, was \$7,549,493.
3. Kerry Richardville reviewed the asset allocation of the fund, which was 48.90% in Domestic Equity, 16.10% in International Equity, 19.70% in Domestic Fixed Income, 4.50% in Global Fixed Income, 10.40% in Real Estate, and 0.30% in Cash Equivalent.
4. Kerry Richardville reviewed the asset allocation versus the target allocations commenting they were well in line with their policy targets, so she had no recommendations to rebalance or make changes.
5. Kerry Richardville reviewed the financial reconciliation for the quarter and fiscal year to date.
6. The total fund net returns for the quarter were 4.96%, underperforming the policy benchmark of 5.05%. The FYTD, 1-, 3- and 5-year trailing returns were 10.34%, -6.11%, 10.68%, and 6.20%, respectively. Since inception (4/1/1997) the total fund net returns were 5.67% underperforming the policy benchmark of 6.48%. Kerry Richardville advised the real estate returns were not reflected in this book as it was preliminary.
7. Kerry Richardville reviewed the performance of each manager.

b. KSDT, Eric Leventhal, Plan Auditor

i. Audited financial statements through September 30, 2022

1. Eric Leventhal introduced himself as the Plan auditor, noting this was KSDT's second year performing the audit of the pension plan.
2. Eric Leventhal advised the report being presented was a draft. Eric commented he did not anticipate any changes, but it would be considered a draft until approved by the Board.

3. Eric Leventhal commented they were issuing an unmodified opinion with this report.
4. Eric Leventhal reviewed the Statement of Fiduciary Net Position, commenting this was the total balance of assets and liabilities as of September 30, 2022. Eric explained if they collected all their receivables, sold all their investments at fair value, and paid off all liabilities, the amount of cash left over would be the net position restricted for pensions. Eric commented the total net position restricted for pensions was \$7,061,094.
5. Eric Leventhal reviewed the Statement of Changes in Fiduciary Net Position. Eric reviewed the additions and deductions over the fiscal year. Eric commented investment losses were the biggest reason for the decrease.
6. Eric Leventhal reviewed the Schedules of Investment and Administrative Expenses. Eric commented auditor fees caused the biggest increase in administrative expenses from 2021 to 2022.
7. Eric Leventhal commented the net change in net position restricted for pensions was (1,394,043).
8. Eric Leventhal commented the Plan fiduciary net position as a percentage of the total pension liability was 79.28%.

The Board voted to approve the financial statements for the year ended September 30, 2022, as presented, upon motion by Jonathan Prevatte and second by Jason Simmons; motion carried 4-0.

The Board voted to authorize the Chair to sign the management representation letter, upon motion by Samantha Mootosammy and second by Warren West; motion carried 4-0.

- c. Foster & Foster, Doug Lozen, Board Actuary
 - i. October 1, 2022, actuarial valuation report
 1. Doug Lozen commented the City's required contribution due October 1, 2023, was approximately \$425,687. Doug reminded the Board the City paid their contribution amount on October 1 to save interest charges.
 2. Doug Lozen reminded the Board they used a four-year smoothing which would help keep the City's requirement relatively stable, but they would realize the bad investment return from 2021 for the next three years.
 3. Doug Lozen discussed salary increases.
 4. Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an average salary increase of 17.37% which exceeded the 5.79% assumption, an investment return of 3.60% (Actuarial Asset Basis) which fell short of the 7.00% assumption, and inactive mortality experience. There were no significant sources of actuarial gain.
 5. Doug Lozen reviewed the history of funding progress. Doug commented the funded status was approximately 85.00%.
 6. Doug Lozen recommended the Board to consolidate the unfunded actuarial accrued liability.

The Board voted to approve the October 1, 2022, actuarial valuation report as presented and authorize the actuary to consolidate the unfunded liability in conjunction with the October 1, 2023, actuarial valuation, upon motion by Samantha Mootosammy and second by Jason Simmons; motion carried 4-0.

The Board voted the declaration of returns for the plan shall be 7.00% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by Jonathan Prevatte and second by Samantha Mootosammy; motion carried 4-0.

- d. Lorium Law, Richelle Levy, Board Attorney
 - i. Drafted Ordinance, cancer presumption
 1. Richelle Levy reminded the Board the SECURE Act 2.0 included a multitude of provisions affecting retirement including the Required Minimum Distribution (RMD) age which was increased again. Richelle commented the RMD requirement may impact the two vested terminated members in the Plan and we would need to make sure these members began collecting their benefit upon obtaining RMD age. Richelle commented she had revised the

- ordinance amendment to make it generic and state more generally that the Plan was in compliance with the Internal Revenue Code.
2. Richelle Levy commented the ordinance amendment also incorporated the cancer presumption. Richelle commented there was no impact of this amendment. Richelle commented she would send the ordinance to Doug Lozen to issue a No Impact Letter (NIL) and then send it to the City for adoption.

The Board voted to approve the drafted ordinance amendment as presented, upon motion by Samantha Mootosammy and second by Jason Simmons; motion carried 4-0.

- ii. Legislative/legal update
 1. Richelle Levy reviewed a change in the Delaware corporate law stating corporations could now amend their articles of incorporation to exculpate officers from personal liability for breaches of fiduciary duty. In this regard, she was submitting letters to investment managers asking them to vote against this if a proxy vote was needed. Richelle commented this did not apply to the Plan at this time but if it did, she would let the manager know.
 2. Richelle Levy commented HB3/SB302 passed the house and senate and this law amended Chapter 175 and created a new provision in 112 (112.662) which requested boards only consider pecuniary interest when making investment decisions. Richelle commented the Board would need to submit a report of compliance every other year but there was no guidance on this yet.
 3. Richelle Levy reminded the trustees of the annual Form 1 filing requirement.
 4. Richelle Levy discussed the possibility of the Florida Retirement System returning to pre-2011 retirement eligibility provisions. Richelle commented she was keeping her eye on this and would keep the Board informed.

5. **Approval of Minutes**

The February 6, 2023, quarterly meeting minutes were approved, upon motion by Jason Simmons and second by Samantha Mootosammy; motion carried 4-0.

6. **Consent Agenda**

- a. Payment ratification
 - i. Warrants #39, #40, and #41
- b. Payment approval
 - i. None
- c. Fund Activity Report for January 31, 2023, through April 17, 2023

The Board approved the consent agenda as presented, upon motion by Jason Simmons and second by Samantha Mootosammy; motion carried 4-0.

7. **New Business**

- a. Addendum to KTMC Retainer Agreement
 - i. Richelle Levy commented KTMC was seeking a 4.00% contingency fee for any claims filed on behalf of the Plan that resulted in a recovery.

The Board voted to approve the addendum to the KTMC agreement as presented, upon motion by Jonathan Prevatte and second by Samantha Mootosammy; motion carried 4-0.

8. **Old Business**

- a. The Board discussed the vacant trustee seat.

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

- a. Foster & Foster, Chrissy Stoker, Plan Administrator
 - i. Update on State Annual Report
 1. Chrissy Stoker commented since the audit was approved at today's meeting she would upload it to the State Annual Report which would complete the report for 2022.

- ii. Educational Opportunities
 - 1. Chrissy Stoker commented the next educational opportunity was the FPPTA Annual Conference. Chrissy provided an updated certificate of tax exemption to each trustee.
- iii. Records disposition
 - 1. Chrissy Stoker reviewed a list of records that were past the retention dates and requested Board approval to shred them.

The Board authorized the administrator to destroy the records listed on the records disposition document, upon motion by Samantha Mootosammy and second by Jason Simmons; motion carried 4-0.

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

11. Adjournment – The meeting adjourned at 2:26PM.

12. Next Meeting – July 24, 2023, at 1:00PM, Quarterly Meeting

Respectfully Submitted By:



Chrissy Stoker, Plan Administrator

Approved By:



Warren West, Chairman

Date Approved by the Pension Board:

July 24, 2023