Winter Park Firefighters' Pension Board Regular Meeting

Agenda

August 4, 2022 @ 6:00 pm

City Hall
Commission Chambers Room
401 S Park Ave

welcome

Agendas and all backup material supporting each agenda item are accessible via the city's website at cityofwinterpark.org/bpm and include virtual meeting instructions.

assistance & appeals

Persons with disabilities needing assistance to participate in any of these proceedings should contact the City Clerk's Office (407-599-3277) at least 48 hours in advance of the meeting.

"If a person decides to appeal any decision made by the Board with respect to any matter considered at this hearing, a record of the proceedings is needed to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based." (F.S. 286.0105).

please note

Times are projected and subject to change.

agenda	time
1. Call to Order	
2. Consent Agenda	
a. Quarterly Meeting Minutes for 5 May 2022 and Quarterly Billing.	5 Minutes
3. Public Comments (for items not on the agenda): Three minutes allowed for each speaker	
4. Public Hearings	
5. Action Items	
6. Non-Action Items	
7. Staff Updates	
a. Performance Monitor- Burgess Chambers (BCA)	10 Minutes
b. Presentation- Constitution Capital Partners	20 Minutes
c. Pension Administrator Report- Jeffrey Templeton A. Budget of Administrative Expenses for October 1, 2022 to September 30, 2023	10 Minutes
8. Board Comments	
9. Upcoming Agenda Items	
10. Adjournment	

Winter Park Firefighter's Pension Trust Fund

Quarterly Meeting

May 5, 2022 at 6:30 P.M.

Members:

Lt. Stuart Merrick, Chairman

Lt. John Bonnell, Vice Chairman/Secretary

Mike Clifford, Trustee

Attendees:

Pedro Herrera Attorney via ZOOM

Burgess Chambers, BCA

Wes Hamill, Director of Finance

Shelley Jones, GRS

Jeff Templeton, Administrator

Bryan Templeton, Assistant Administrator

Jen Maier, City Procurement Manager

Call to order:

Chairman, Lt. Stuart Merrick called the meeting to order at 6:34 P.M.

Approval:

A motion was made by Lt. John Bonnel and seconded by Mike Clifford approve the minutes from February 3, 2022 and the quarterly billing for January-February-March 2022. All were in favor.

A motion was made by Mike Clifford and seconded by Lt. John Bonnel to elect Lt. Stuart Merrick Chairman of the Board. All were in favor.

A motion was made by Lt. Stuart Merrick and seconded by Mike Clifford to elect Lt. John Bonnel Vice-Chairman of the Board. All were in favor

Public comment.

Jen Maier from the City procurement office offers their services.

Quarterly Report:

Burgess Chambers, BCA, gave the Investment Summary Report:

For the quarter, the Plan experienced a market-based loss of $3.7 million or -4.8% (-4.9% net) – behind the strategic model (-4.2%).

Both large and mid-cap domestic growth, convertibles bonds, along with international equity were the major detractors. Westwood's large-cap value was supportive, in addition to infrastructure and private real estate. The top three performing asset categories were: private real estate (+7.4%), infrastructure (+3.5%), and cash (+0.0%). In spite of several equity mandates missing their respective policy benchmarks, results were close to the model.

For the one-year period, the Plan earned $1.7 million or +2.6% (+2.4% net). The top four performing asset categories were: private real estate (+27.2%), Infrastructure (+16.8%), large-cap core (+15.6%), and large-cap value (+15.0%).

For the three-year period, the Plan earned $19.0 million or +10.3% (+10.0% net) per year, similar to the strategic model return of +10.5%.

For the five-year period, the Plan earned $25.4 million, averaging +8.8% (+8.4% net) per year – similar to the strategic model (+8.9%).

For the ten-year period, the Plan averaged +8.1% (+7.7% net) per year – similar to the actuarial assumed rate of return.

In February, the Plan was rebalanced: $3 million was raised from Fidelity US Bond and $750K from EuroPacific Growth. The proceeds were allocated as follows: $2.3 million to Fidelity Large Cap Growth, $750K to Fidelity Mid Cap and $750K to iShares

TIPS.

In March, a new IPS was signed and it went into effect 1 April. The Plan is in the process of being rebalanced to the new IPS targets. $7.6 million was raised from Fidelity US Bond and was allocated as follows: $1.4 million to Fidelity Large Cap Growth, $490K to iShares Mid Cap, $210K to Fidelity Mid Cap, $200K to iShares Convertibles and $585K to cash for future Plan expenses and distributions. The remaining $4.7 million is earmarked, pending capital calls expected in the 2nd quarter of 2022, as follows: $2.1million to Terra-Cap real estate, $1.6 million to American Core Reality, and $1 million to Barings.

Manager Commentary

Westwood's large-cap value product was ahead of the benchmark for the quarter (-0.4% vs. -0.7%), longer term results outperformed the benchmark.

SSI's convertible bond product fell short of the benchmark for the quarter (-5.4% vs. -4.8%) and one-year (-2.0% vs. -0.7%), but the product averaged +13.2% per year for the last five years and ranked in the top 27th percentile.

American Funds Euro-Pacific underperformed the benchmark for the quarter (-12.1% vs. -5.8%) and one-year periods (-8.9% vs.+1.6%), due to emerging markets exposure. Longer-term results remain ahead of the benchmark.

ARA American Realty and Barings private real estate's combined results were in line with the benchmark for the quarter (+7.4% vs. +7.4%). The 12-month return of +27.2% was well ahead of expectations, as supply disruptions, rising material costs, and labor shortages drove up commercial property valuations. For the three-year period, the combined performance was like the benchmark (+11.1% vs. +11.3%).

The TIPS allocation beat the core bond portion for all periods.

Actuarial Valuation

Shelley Jones, GRS

The October 1, 2021 Actuarial Valuation determines the minimum required contribution for fiscal year ending September 30, 2023.

The minimum required contribution for fiscal year ending September 30, 2023 is $1,995,585 – 40.8% of covered annual payroll (non-DROP) projected for fiscal year ending September 30, 2023 based upon projected covered annual payroll (non-DROP) - $4,888,470.

Member contributions will be 6.0% of covered payroll (non-DROP) for fiscal year ending September 30, 2023 - anticipated to be $293,308. Anticipated allowable State contributions will be 8.7% of covered payroll (non-DROP) for fiscal year ending September 30, 2023 ($425,260) leaving a City requirement of $1,277,017 – 26.1% of covered payroll (non-DROP) for fiscal year ending September 30, 2023. If total State contributions are less than $464,872, the City will be required to make up the shortfall.

There are 59 active members and 71 inactive members (including DROPS) as of October 1, 2021.

The net smoothed value of assets as of October 1, 2021 is $68,386,692. The net market value of assets as of October 1, 2021 is $74,186,284. Smoothed value net investment return was 10.01% (greater than the assumed rate of 7.50%) - market value net investment return was 19.39% for fiscal year ended September 30, 2021.

Total System expenses (investment and administrative) were 38 basis points of the mean invested market value of assets during fiscal year ended September 30, 2021.

The System experienced an actuarial gain of $1,912,709 during fiscal year ended September 30, 2021. Sources of the actuarial gain include salary increase and investment return (smoothed value) experience.

The actuarial assumptions relating to future investment return, salary increases, rates of retirement and turnover are based upon an Experience Study for the five-years ended September 30, 2017. The mortality assumptions are the same as the Florida Retirement System (FRS) as required under F.S., Chapter 2015-157 based upon the July 1, 2021 FRS Actuarial Valuation.

The October 1, 2021 Actuarial Valuation Report includes a discussion and metrics related to risks associated with measuring the actuarial accrued liability and actuarially determined contribution.

Government Accounting Standards Board (GASB) Statements No. 67 and No. 68 actuarial information is included. GASB Statements No. 67 and No. 68 actuarial information must be *trued-up* as of September 30, 2022.

Required valuation information will be uploaded to the State portal as required by the Department of Management Services.

A motion was made by Lt. Stuart Merrick and seconded by Lt. John Bonnell to approve the Actuarial Valuation Report of the WPFD pension fund from GRS. All were in favor.

A motion was made by Lt. Stuart Merrick and seconded by Lt. John Bonnel to keep the pension fund assumption rate at 7.5% for today, the rest of the year and the near future. All were in favor.

Attorney Report: None

Pedro Herrera

Administrator Report:

Jeffrey Templeton

All retires have been verified to continue to receive benefits.

All Form 1 financial reports for the board are due to the State by July 1, 2022.

Old Business:

None

New Business:

Jen Maier from the city procurement office offered their services to go out on RFPs for the Board. The Board discussed this and decided to table it until a later date.

Adjournment:

Chairman, Stuart Merrick adjourned the meeting at 7:47PM

Respectfully Submitted,

8-24-22

John Bonnell, Vice Chairman/Secretary