

**EAST LAKE FIRE RESCUE PENSION BOARD REGULAR VIRTUAL MEETING
January 19, 2022 Via Zoom**

Mr. Prior called the meeting of the Board of Trustees of the East Lake Fire Rescue Pension Plan to order at 7:30 a.m. on January 19, 2022 at 3375 Tarpon Lake Blvd. Palm Harbor, FL 34685.

TRUSTEES PRESENT: Chairman Doug Stryjewski, Michael Handoga, Scott Papes, Sharon Bonnem and Jeffrey Jackson.

OTHERS PRESENT:

Fund Attorney Stuart Kaufman of Klausner, Kaufman ETAL, John Thinnes of AndCo Consulting, Greg Peters via teleconference, Chuck Landers and Jeanine Bittinger of Saltmarsh ETAL and Pete Prior and Livia Giuliani of Benefits USA, Inc.

Approval of Minutes

October 20, 2021 Quarterly Meeting

Chairman Stryjewski asked if there were any changes or corrections to the minutes. Hearing and seeing none, the Chairman said he would entertain a motion. Trustee Handoga moved to approve the minutes as submitted. Trustee Papes seconded the motion and the motion passed.

Public Comments:

There were no public comments at this meeting.

NEW BUSINESS:

Presentation of 9/30/2021 Financial Statements

Mr. Landers addressed the board noting that they have audited the financial statements for the Fund which comprise the statement of fiduciary net position as of September 30, 2021 and 2020 in accordance with the auditing standards generally accepted in the United States of America. Those standards require that they plan and perform the audit with assurance that the financial statements are free from misstatement. Mr. Landers gave a clean opinion that the financial statements were presented fairly in all material respects. The accounting principles generally accepted in the United States of America also require supplemental information to be presented with the basic financial statement.

Ms. Bittinger reported on the receivables noting that the interest and dividends for the fiscal year ending September 30, 2021 were \$20,168; the prepaid expenses totaled \$1,428; the Assets increased to \$23,182,106 from \$19,331,776; the liabilities increased to 23,887 from \$19,846; contributions increased to \$871,943 from 842,284 and State revenue decreased from \$336,065 to \$329,447 in 2020. Net investment income increased to \$3,976,424 from \$1,589,724; the benefit payments increased from \$1,228,160 to \$1,309,729 this increase is due to more members retiring from the Plan. The Administrative Expenses decreased from \$103,690 to \$85,531. The net amount restricted for pension increased to \$23,180,015 from \$19,311,930 in 2020. The Plan's funded ration increased to 90.98%.

Ms. Bittinger reported that as of September 30, 2021 the Plan's total membership of 67 consists of 24 retirees and beneficiaries currently receiving benefits; 8 inactive members entitled to but not yet receiving benefits and 35 active members with 14 vested and 21 non vested. After the presentation, the Chairman stated that if there were no questions or comments, he would entertain a motion to approve the Financial Statements. Trustee Handoga moved to approve the September 30, 2021 Financial Statements as presented and Trustee Papes seconded the motion and the motion passed.

Presentation of 10/1/21 Actuarial Valuation

Mr. Donlan reported that the minimum required rate of contribution is 40.5% for fiscal year ending 9/30/2022 and 41.3% for fiscal year ending 9/30/2023. The required District and State contributions for fiscal year ending 9/30/2023 will be 34.3% of actual payroll. As a budgeting tool, the District may contribute 23% of each member's salary and then make a one-time adjustment to account for the State monies received.

Mr. Donlan reported that the Plan had a favorable overall experience on the basis of the actuarial assumptions. The primary source of the gain was an investment return of 10.13% which exceeded the Plan's assumption of 7.50%. This gain was offset in part by a loss associated with less turnover than expected. Mr. Donlan reported that Resolution No. 2021-16 was adopted on 11/16/2021. This resolution provides an increased benefit accrual rate for new hires after January 1, 2022 from 3% to 4% of average final compensation. Service prior to January 1, 2022 would receive 3%. If the Funded Ratio drops below 75%, the multiplier will revert back to 3% until the ratio equals or exceeds 75% at which time the multiplier will increase back to 4%. The resolution also increased the member contributions from 5% to 7% of salary and also provides that all state monies received beginning with calendar year 2021 (received in 2022) will be available by the District to offset their annual funding requirement. No state money will be allocated to the Share plan except in years where the benefit rate reverts back to 3%. It was noted that due to the increased benefit negotiated and the fact that the assumed rate changed, the funding ratio of over 75% is still in compliance with the negotiated new benefit. Mr. Donlan noted that the assumption rate was lowered to 7.25% from 7.50% net of investment expenses. The Unfunded Actuarial Accrued Liability as of 10/1/2021 was \$4,7657,906 and the Funded Ratio is 81.6%.

Mr. Donlan reported on the participant data noting that there are currently 37 active members in the plan, 19 service retirees, 2 DROP retirees, 3 disability retirees, 1 beneficiary and 7 vested terminated members. Mr. Donlan reported that there were no plan or assumption changes for this valuation period. That being said, the Chairman stated that if there were no questions, he would entertain a motion to approve the valuation. Trustee Handoga moved to approve the valuation as presented. Trustee Papes seconded the motion and the motion passed. Attorney Kaufman noted that a second motion was in order to approve the rate of return for this year, the next several years and the long term thereafter. Trustee Handoga moved to approve the 7.25% assumption rate and Trustee Papes seconded the motion and it passed.

Detail of Administrative Expenses

The Administrator reported that the Administrative Expenses for the plan year ending 2021 were \$112,531 and the fund did not go over budget of \$155,938. This was just for the Board's information and no action was needed.

Fiduciary Liability Application

The Administrator reported that the Chairman signed the insurance application in order to obtain a quote and his signature needed to be ratified. Trustee Handoga moved to ratify the Chairmans' signature and Trustee Papes seconded the motion and it passed.

Unfinished Business:

Pension Resolution

Attorney Kaufman reported that the changes to the Resolution were made and it was ready for adoption by the Board. Trustee Handoga moved to adopt the Resolution and Trustee Papes seconded the motion and it passed.

Consent Agenda:**For Ratification: Warrants #205-207**

Benefits USA, Inc. (Flat Monthly Fee for November 2021)	\$1,600.00
FPPTA (2022 Membership Renewal)	\$750.00
KKJ&L (Legal Fees-(Bill #29492 dated 10/31/2021)	\$2,937.60

Total **\$5,287.60**

Benefits USA, Inc. (Flat Monthly Fee for December 2021)	\$1,600.00
FPPTA (2021 Re-Certification fee for Sharon Bonnem and Papes)	\$62.00
FPPTA ((2022 Re-Certification fee for Sharon Bonnem and Papes)	\$62.00
KKJ&L (Legal Fees-(Bill #29666 dated 11/30/2021)	\$721.70
Saltmarsh ETAL (Progress Billing for 9/30/21 audit; Inv #707912 dated 10/8/21)	\$8,500.00

Total **\$10,945.70**

AndCo (Q4-21 Consulting Fee-Invoice #39854 dated 12/31/2021) \$5,000.00

Benefits USA, Inc. (Flat Monthly Fee for January 2022) \$1,600.00

Paul Padilla (Reimbursement of Buyback Calculation) \$200.00

Total **\$6,800.00**

Trustee Handoga moved to approve the Consent Agenda. Trustee Papes seconded the motion and the motion passed.

Investment Report: Quarter Ending 12/31/2021**AndCo Consulting**

Mr. Thinnes gave a brief report on the fund performance noting that the total fund return for the quarter was 3.84% vs. the policy of 4.45%. The equity fund returned 6.87% vs. the policy of 7.41%; Dana returned 9.71% under the S&P 500 for 11.03%. Vanguard returned 0.70% vs. the S&P Completion index of 0.66%. American Funds returned -1.13% vs. the MSCI AC World index of 1.88%. The fixed income returned 0.54% vs. the policy of 0.01%. Dana fixed income returned -0.61% vs. the Dana Policy of -0.51%. Dodge and Cox returned -0.43% vs. the Blmbg. Aggregate index of 0.01%. Intercontinental returned 9.74% vs. the real estate policy of 0.00%. Mr. Thinnes noted that he will send an updated return to Benefits USA for distribution to the trustees.

Dana Investments

Mr. Peters reported on the Dana performance noting that for the quarter the Dana Equity returned 9.71% and 27.48% for the 1-year period. Mr. Peters noted that the Omicron variant of COVID-19 put the investors into a risk-off position along with the Federal Reserve's intention to raise interest rates. US Treasuries 2-year Yield returned 0.73%; 5-year return was 1.26% and the TIPs returned -1.04%. Equity markets were positive for the 4th Quarter ending the quarter in double digit returns. The Russell 1000 Growth outperformed value once again and leading in outperformance for the calendar year. The S&P returned a positive 11.03% for the seventh straight quarter and a 1-year of 28.71% for the 3rd consecutive year. The Russell 2000 lagged domestic small caps for the quarter and calendar year. Developed markets had positive returns for the quarter and calendar year, while the emerging markets were down in both periods. The longer-term numbers for the equity portfolio Dana trailed the index over the 3-year period, but was in-line with the index over the 5-year period. From inception, Dana continued to deliver outperformance over the long-term outperforming the benchmark going back to 2002. Q1 2022 update for equities through 1/14/22- the equity portfolio was down 1.86% vs the S&P 500 down 2.11%. The US Treasury Yield Curve mostly moved higher since 2020 as interest rates increased over the year. The 10-year Treasury moved fairly significantly over the year. The Federal Reserve forecasts for 2022 that the GDP will return 4.0%, Unemployment 3.5% & Inflation 2.6%. Mr. Peters noted that for Q4 all indices were positive except Emerging markets as well as for the calendar year. Growth outperformed Value and Large-caps outperform small-caps. Industrials recovered from its weakness and led the sector with all but one stock outperforming. Utilities posted double digit returns and real estate had the strongest performance in the asset class.

Information Technology, Consumer Discretionary and Financials were the detractors for during the quarter. Finally, Mr. Peters noted that they added Merck and Cisco Systems to the portfolio and they deleted Zimmer Bionet Holdings and Qorvo from the portfolio. Mr. Peters thanked the board for their business.

Miscellaneous Correspondence

No Action Required

REPORTS:

Attorney

Attorney Kaufman addressed the board noting that there is nothing pending in the legislature for pensions but like the cancer presumption, COVID is being talked about adding a presumption that any disabilities or deaths caused as a result of COVID would be presumed to have been in the line of duty. The bill had been amended to delete the requirement that in order to be entitled to presumption you would have to provide proof of the vaccine.

Administrator

Mr. Prior noted the FPPTA is at the end of the month and there is still time to attend if anyone wishes to attend. The State Report information is being sent to the actuary as well.

TMI/Salem

Ms. Skinner was in attendance but did not have anything to report. She was there to make the Board did not have any problems with our service or if they had any questions. Hearing none, she thanked the Board for their business.

Trustees

The Trustees had nothing further to report.

NEXT MEETING:

Mr. Prior reported that the next meeting is April 20, 2022 @ 7:30 am.

ADJOURNMENT:

Trustee Papes moved to adjourn and Trustee Bonnem seconded the motion. The meeting was adjourned at 8:48 a.m.


Secretary