

**WEST MANATEE FIRE & RESCUE DISTRICT
FIREFIGHTERS' RETIREMENT PLAN BOARD OF TRUSTEES
QUARTERLY MEETING MINUTES
701 63rd St. West, Bradenton, FL 34209**

Thursday, January 27, 2022, at 9:00AM

TRUSTEES PRESENT: Dan Tackett
Burdette "Bud" Parent
Scott Ricci
Chad Brunner
Stewart Moon

TRUSTEES ABSENT: None

OTHERS PRESENT: Scott Christiansen, Christiansen & Dehner
Kerry Richardville, AndCo Consulting
Chrissy Stoker, Foster & Foster
Braeleen Scott, Foster & Foster
Mindy Johnson, Salem Trust
Ben Rigney, Fire Chief
Members of the Public

1. **Call to Order** – Dan Tackett called the meeting to order at 9:00AM.
2. **Roll Call** – As reflected above.
3. **Public Comments** – None.
4. **Approval of Minutes**

The October 28, 2021, quarterly meeting minutes were approved as presented, upon motion by Dan Tackett and second by Scott Ricci; motion carried 4-0.

5. **New Business**
 - a. Actual expenses as of September 30, 2021
 - i. Chrissy Stoker presented the expenses, commenting they stayed under budget in every category except for the custodian. Chrissy reminded the Board custodial fees were based on the market value of the fund.

The actual expenses as of September 30, 2021, were approved as presented, upon motion by Stewart Moon and second by Chad Brunner; motion carried 4-0.

- b. Update on Trustee terms
 - i. Chrissy Stoker reminded the board Dan Tackett was a member-elected Trustee whose term expired 1/1/2022. Chrissy commented a nomination notice was sent to the membership and no responses were received, so Dan ran unopposed and would serve another term.

Note: Bud Parent arrived at 9:02 AM

- ii. Chrissy Stoker commented Bud Parent was a Commission-appointed Trustee whose term expired 1/1/2022. Chrissy commented Bud was reappointed by the District Commission on 11/16/21 so he also would serve another term.
6. **Old Business** – None

7. **Reports**

a. Salem Trust, Mindy Johnson, Board Custodian

- i. Mindy Johnson commented she was present to check in with the board and see if they had any questions. Mindy thanked the Board for their continued business.

b. Foster & Foster, Braeleen Scott, Board Actuary

i. October 1, 2021, Actuarial Valuation Report

1. Braeleen Scott commented the valuation report was determined as of 9/30/2021 so it did not incorporate anything that had happened since. Braeleen reminded the Board the purpose of the valuation was to determine the District's required contribution amount.
2. Plan experience was favorable overall based on the plan's actuarial assumptions. Sources of actuarial gain included an investment return of 10.55% (Actuarial Asset Basis) which exceeded the 7.50% assumption and favorable salary increase experience. There were no significant sources of actuarial loss.
3. The District's required contribution as a percentage of annual payroll increased from 25.7% to 26.3% as a result of decreasing the investment return assumption.
4. Braeleen Scott commented the District had access to a prepaid contribution of \$299,195.36 that was available to offset a portion of the funding requirement.
5. Stewart Moon asked if the investment return assumption was reasonable. Braeleen Scott commented the State assumed 6.80% and most of her clients were at approximately 7.25% so she would suggest that the Board consider lowering it before the next valuation.
6. Braeleen Scott commented they did not have an unfunded liability, but the State required them to pay at least the Normal Cost, so the minimum required contribution was equal to the Normal Cost, plus administrative expenses.
7. Braeleen Scott commented the unfunded liability was still negative, but the assumption change increased the unfunded liability by approximately \$364,000. Braeleen commented there was an actuarial gain of over \$700,000, mostly driven by good investment performance during the year, so they still had a decrease in the unfunded liability.
8. Braeleen Scott commented the Actuarial Value of Assets (AVA) was approximately \$24.4 million and the Market Value of Assets (MVA) was approximately \$27 million because they smoothed the assets over a 5-year period. Braeleen commented they would have deferred gains for the next 4 years.
9. Braeleen Scott commented the balance of the Member Contribution Reserve was \$113,221.77 which was in place to offset any future negative experience.
10. Braeleen Scott commented the funded ratio as of 10/1/2021 was 104.6%.
11. Braeleen Scott commented the District did not have a pension liability.
12. Ben Rigney commented the District's required contribution was 26.3% but they were contributing 28%, with the extra contributions going into the District's prepaid contribution. Ben asked if that money received interest. Braeleen Scott confirmed it did. Ben asked if the District could pay the required contribution in a single lump sum to save on interest. Braeleen commented this was correct.
13. Ben Rigney, Braeleen Scott, and Scott Christiansen discussed lowering the assumed rate of return. Braeleen commented the Board could change the assumption at any time, as long as the decision was made before the valuation. Braeleen commented they could do a study that showed how lowering the assumption rate would impact the required contribution amount for the July meeting.

The Board approved the October 1, 2021, actuarial valuation as presented, upon motion by Scott Ricci and second by Bud Parent; motion carried 5-0.

14. Kerry Richardville commented 7.40% was a reasonable rate of return, notwithstanding the fact that they probably would continue to look at this assumption over the next few quarters.

The Board voted the declaration of returns for the plan shall be 7.40% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by Stewart Moon and second by Dan Tackett; motion carried 5-0.

- c. AndCo, Kerry Richardville, Investment Consultant
 - i. Quarterly report as of December 31, 2021
 - 1. Kerry Richardville reviewed a letter from Mike Welker and thanked the Board for their continued business. Kerry gave a brief firm update.
 - 2. Kerry Richardville gave an overview of the market environment over the quarter.
 - 3. The Market Value of Assets as of 12/31/2021 was \$28,488,807
 - 4. Kerry Richardville reviewed the asset allocations of the fund versus the targets, commenting they were a bit overweight to domestic equity but were still within the policy parameters. Stewart Moon asked if they needed to do something about the overweighting. Kerry commented as of today's date they were probably closer to the domestic equity targets.
 - 5. Kerry Richardville, Dan Tackett, and Stewart Moon briefly discussed real estate.
 - 6. Total fund net returns for the quarter were 3.59%, underperforming the policy benchmark of 5.20%. Total fund net trailing returns for the 1-, 3-, and 5-year periods were 12.98%, 16.25% and 11.70%, respectively. Since inception (01/01/1999), total fund net returns were 6.56%, outperforming the benchmark of 6.39%.
 - 7. Kerry Richardville reviewed the performance of each manager.
 - 8. Kerry Richardville commented though was a tough quarter, she had no long-term concerns.
- d. Christiansen & Dehner, Scott Christiansen, Plan Attorney
 - i. Legislative/legal update
 - 1. Scott Christiansen commented there was legislation pending in Tallahassee that proposed to add COVID-19 to the list of presumptively in-line of duty diseases. Scott commented there were other pending bills related to pension and he would keep the Board apprised of any changes that may need to be made to the plan.
 - 2. Ben Rigney asked about the vaccination status for the referenced legislation. Scott Christiansen commented presumptions for all diseases were rebuttable, meaning if there was clear and convincing evidence the disease was obtained other than in the line of duty, then the presumption could be voided, and the member could lose the presumption that it was contracted in the line of duty. Scott commented this was applicable for all disease presumptions.
 - 3. Stewart Moon asked Scott Christiansen about Bitcoin. Scott commented he did not think it was an appropriate investment for pension plans. Kerry Richardville commented Bitcoin was not stable enough to be a viable currency and she would not recommend anything that had a very real chance of going to zero. Kerry commented their firm's policy was not to invest in Bitcoin. Kerry further commented there were no institutional firms she knew of that were recommending investments in cryptocurrency.

8. **Consent Agenda**

- a. Payment ratification
 - i. Warrant #79
 - 1. Dana Investment Advisors, invoice #85590, \$2,430.81
 - 2. Christiansen & Dehner, invoice #35006, \$691.50
 - 3. Foster & Foster, invoice #21852, \$1,000.00
- b. New invoices for payment
 - i. Warrant #80
 - 1. Foster & Foster, invoice #22232, \$1,060.76
 - 2. AndCo, invoice #40247, \$4,484.24
 - 3. Foster & Foster, invoice #22431, \$11,866.00
- c. Fund activity report for October 22, 2021, through January 20, 2022

The Board approved the consent agenda as presented, upon motion by Dan Tackett and second by Bud Parent; motion carried 5-0.

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

a. Foster & Foster, Chrissy Stoker, Plan Administrator

- i. Chrissy Stoker advised the Board a Portal workshop was held from 11/9/2021-11/11/2021 to educate the membership on how to utilize the Portal and plan for retirement. Chrissy commented the workshops were very productive and the members who attended asked great questions and made suggestions for customizations. Chrissy commented they added a few new inputs since the workshops, including a paycheck override, supplement amounts included in DROP calculations, an input for the DROP interest rate to be changed, and an input for length of the DROP participation period.

10. **Trustees' Reports, Discussion, and Action**

a. Dan Tackett asked about the PLOP and DROP. Braeleen Scott commented this could be done but the Ordinance would need to be changed. Scott Christiansen commented the PLOP and DROP resulted in a big impact to the member's monthly benefit amount, which was the sole purpose of the defined benefit pension plan. The Board and the consultants briefly discussed the pros and cons of the PLOP and DROP.

11. **Adjournment** – The meeting adjourned at 9:56AM.

12. **Next Meeting** – April 28, 2022, at 9:00AM.

Respectfully submitted by:



Chrissy Stoker, Plan Administrator

Approved by:



Dan Tackett, Chairman

Date Approved by the Pension Board:

May 25, 2022