MINUTES OF MEETING
GENERAL PENSION BOARD
FEBRUARY 12, 2025

The trustees of the City of Pensacola General Pension Plan held a meeting this date.

Members Present:
Mick Novota
William “Rusty” Wells
Laura Picklap
Amy Miller
Debra Little
P. Cheryl Jackson

Members Absent:
None

Others Present:
Joe Griffin, Foster & Foster Actuaries and Consultants (by Teams Meeting)
Michael Stanley, Fiduciary Management, Inc.
Larry Cole, Burgess Chambers and Associates
Gary Leuchtman, Pension Attorney (by Teams Meeting)
Richard Russo, Help Desk Technician
Amy Lovoy, Plan Administrator
Michelle Madril, Payroll & Retirement Manager

The meeting was called to order by Chairman Amentler at 11:30 a.m. Chairman Amentler stated there was a quorum present to hold a meeting.

Ms. Miller made a motion to approve the minutes of the November 22, 2024 meeting. Mr. Wells seconded the motion and it passed unanimously.

Michael Stanley with Fiduciary Management addressed the Board and provided a review of the quarterly performance of the diversified large cap equity portfolio for the period ending December 31, 2024. He stated the total value of the portfolio as of December 31, 2024 was $5,877,350. Mr. Stanley stated that the portfolio had an annualized 11.11% rate of return (gross of fees) for the quarter ending December 31, 2024. The annualized three-year return for the period ending on December 31, 2024 was 5.44% (gross of fees) and the annualized five-year return for the period ending on December 31, 2024 was 9.21% (gross of fees).

The report from Fiduciary Management is on file.

Mr. Larry Cole with Burgess Chambers & Associates addressed the Board and reviewed the total Fund's performance for the quarter ending December 31, 2024. Mr. Cole stated the total return for the quarter ending on December 31, 2024 was negative 2.0% net of fees. The return for one-year period ending on December 31, 2024 was 6.7%, the return for the three-year period ending on December 31, 2024 was negative 0.5% and the return for five-year period ending on December 31, 2024 was 4.8% all net of fees. He stated the total value of the Fund as of December 31, 2024 was $149,638,206. Mr. Cole then reviewed the individual money managers and asset allocation.

The report from Burgess Chambers & Associates is on file.

Ms. Miller made a motion to approve the revised City of Pensacola General Pension and Retirement Fund's Investment Policy Statement. Mr. Wells seconded the motion and it passed unanimously.

Mr. Joe Griffin with Foster & Foster Actuaries and Consultants introduced himself to the General Pension Board and stated that he would be presenting a level one, full-scope actuarial audit replicating the original actuarial valuation, based on the same census data for the General Pension. Mr. Griffin stated that Foster & Foster believe the original actuarial valuation results are reasonable and found no major deficiencies. More specifically, they found that:

- The contribution requirements developed are sufficient and consistent with the long-term objective of funding the plan over time and paying benefits as they become due;
- Underlying member and asset information used is reasonable, consistent and free of any material discrepancies;
- Actuarial assumptions and methods are reasonable;
- The valuation report complies with the Actuarial Standards of Practice that apply specifically to valuing pensions and is sufficient in communicating actuarial results; and
- The valuation has been completed in accordance with State and Federal requirements.

In completing the review, Foster & Foster also made several observations and recommendations for the Board's consideration. The most notable of these observations/recommendations are summarized below:

- Funding Calculations and Actuarial Methods Review

  - The Plan is currently using a 5-year closed amortization period. This can result in contribution requirements that can be volatile each year. While we recognize that this plan has been closed since 2007, we recommend using a closed amortization period between 10-15 years for the current unfounded liability, with future gains and losses amortized over a 10–15-year period.

- Assumption Review

  - Consider using the same inflation rate for interest rate and salary increase assumptions. Currently, a 2.40% inflation rate is being used for the interest rate assumption and a 3.00% inflation rate is being used for salary increases.
  - The investment rate of return is currently being stepped down. Considering recent changes in capital market assumptions, the Board may wish to reconsider this approach. We recommend engaging your investment consultant on their long-term expectation for investment returns given your target asset allocation.

- Report Review

  - We recommend the actuarial report disclose the following assumptions/methods:

    - 75% of retirements are assumed to be DROP entries.
    - DROP participants are assumed to remain in DROP for 5 years (for purposes of the supplement and deferral of cost-of-living adjustments).
    - No disability rates apply following eligibility for retirement or a terminated vested benefit.

Ms. Miller made a motion to approve payment of the following invoices for the quarter ending December 31, 2024:

- Advent Capital Management, LLC in the amount of $11,497.59
- DePrince, Race & Zollo, Inc. in the amount of $7,502.00
- Fiduciary Management, Inc. in the amount of $8,081.00
- Frontier Capital Management in the amount of $11,088.59
- Integrity Fixed Income management, LLC in the amount of $24,290.58
- Polen Capital in the amount of $17,289.21
- Sawgrass Asset Management, LLC in the amount of $11,237.45
- SSI in the amount of $11,332.00
- Vulcan Value Partners, LLC in the amount of $12,950.12

- Burgess Chambers & Associates, Inc. in the amount of $12,500.00
- Foster & Foster Actuaries and Consultants in the amount of $20,000.00
- Leuchtman Law in the amount of $2,445.50

Ms. Little seconded the motion and it passed unanimously.

Ms. Little made a motion to approve the following Widow's Notice of Pension:

Emma Jean Dess
Type of Pension: Widow
Effective Date: 10.31.24
Monthly Pension: $1,100.04
Annual Pension: $13,200.48

Ms. Miller seconded the motion and it passed unanimously.

Ms. Jackson made a motion to approve the following Notice of Pension:

James "Seamas" Hunt
Type of Pension: Normal
Effective Date: 12.25.24
Monthly Pension: $2,431.80
Annual Pension: $29,181.60

Ms. Little seconded the motion and it passed unanimously.

There being no further business to come before the Board, the workshop was adjourned at 12:45 p.m.

Amy Lovoy
Plan Administrator