

CITY OF HOLLY HILL, FLORIDA
FIREFIGHTERS PENSION FUND BOARD OF TRUSTEES
AGENDA • FEBRUARY 15, 2024

City Commission Chamber

Firefighters Pension Board Meeting

10:00 AM

CITY HALL
1065 RIDGEWOOD AVENUE
HOLLY HILL, FL 32117

City Clerk's office: (386) 248-9441 - Fax: (386) 248-9448



City Commission Chamber
City Hall
1065 Ridgewood Avenue
Holly Hill, FL 32117

BOARD MEMBERS

Chairman

Tom Sejnowski

Dave Bridger
Michael V. Moon
Sharon Miller
Fire Chief Jim Bland

CITY CLERK

Valerie Manning

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF MINUTES

- 1. Minutes - November 16, 2023 Firefighters' Pension Board Meeting
(Requested by Valerie Manning, City Clerk)

4. PUBLIC PARTICIPATION

5. OLD BUSINESS

6. NEW BUSINESS

- 1. New Business - Frank Wan, Financial Advisor; Patrick Donlan, Actuary and Paul Daragjati, Attorney
(Requested by Valerie Manning, City Clerk)

7. OTHER BUSINESS



- A. Meeting Date: May 16, 2024 @ 10:00 AM

8. BOARD MEMBER COMMENTS

9. ADJOURNMENT

Website Address – www.hollyhillfl.org (City Clerk)

NOTICE – If any person decides to appeal any decision of the Firefighters Pension Board, he/she will need a record of the proceedings and, for that purpose, he/she may need 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. The City does not prepare or provide such a record.

 <p>For special accommodations, please notify the City Clerk's Office at least 72 hours in advance. (386) 248-9441</p>	 <p>Help for the hearing impaired is available through the Assistive Listening System. Receivers can be obtained from the City Clerk's Office.</p>
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In accordance with the Americans with Disabilities Act (ADA), persons needing a special accommodation to participate in the Firefighters Pension Board proceedings should contact the City Clerk's Office no later than three (3) days prior to the proceedings.



Firefighters Pension Board

Meeting: 02/15/24 10:00 AM
Department: City Clerk
Category: Minutes
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:

SCHEDULED

FIREFIGHTERS RETIREMENT PENSION TRUST FUND BOARD (ID # 4406) DOC ID: 4406

Minutes - November 16, 2023 Firefighters' Pension Board Meeting

DISCUSSION:

Minutes from the November 16, 2023 Firefighters’ Pension Board meeting.

MOTION:

Approve minutes as submitted by staff.

Holly Hill Firefighter's Pension Meeting

November 16, 2023

Meeting called to order at: 10:00.

In attendance: Tom Sejnowski (Chairman), Dave Bridger (Secretary), Mike Moon (Trustee) Frank Wan (Financial adviser), Valerie Manning (City Clerk), Nate Perez (Finance), Jim Bland (Trustee), Paul Daragjati (Attorney).

Sharon Miller (Trustee) absent.

A Quorum is present for voting.

Motion to approve August 2023 minutes made by Moon, Second by Sejnowski.

Unanimous vote to approve.

Old Business: Form 1 needs to be completed.

Public participation: None

New Business:

Frank Wan (Financial Adviser): Frank explains how more jobs equals a bad stock market and less jobs means a better stock market and our plan has been up and down this quarter. The plan was down almost 3% in September but is up more than 2.8% in October. Our one year goal is at 9.2% which is below our strategic model of 11.1% but we are still doing better than our peers. The short term is still not looking good but the long term is great.

Frank also recommends moving 200K out of Convertibles, leaving 384,300 and reinvesting it into Traditional stocks (S&P500)

Frank also showcased our new investment policy as dictated by recent legislative changes.

Bridger made a motion to approve moving 200K from convertibles to A & P 500, second by Sejnowski.

Unanimous vote to approve.

Sejnowski made a motion to approve the new investment policy, second by Moon

Unanimous vote to approve.

Paul Daragjati (Attorney): Presented a new document that will need to be submitted every odd year as required by House Bill 3.

Sejnowski made a motion to accept the new document, second by Moon.

Unanimous vote to approve.

Meeting dates for 2024 are proposed as:

February 15, 2024

May 16, 2024

August 15, 2024 and

November 14, 2024

All are Thursday's and time is 10AM.

Motion to approve 2024 meeting dates made by Sejnowski, Second by Bridger

Unanimous vote to approve.

Sejnowski made a motion to adjourn at 10:36, Second by Moon

Unanimous vote to approve.

**Firefighters Pension Board****SCHEDULED**

Meeting: 02/15/24 10:00 AM
Department: City Clerk
Category: New Business
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:

FIREFIGHTERS RETIREMENT PENSION TRUST FUND BOARD (ID # 4407) DOC ID: 4407

New Business - Frank Wan, Financial Advisor; Patrick Donlan, Actuary and Paul Daragjati, Attorney

NEW BUSINESS:

- ✓ Frank Wan, Financial Advisor - Burgess Chambers & Associates - Market Overview & Analysis from December 31, 2023
- ✓ Frank Wan, Financial Advisor - Burgess Chambers & Associates - Quarterly Report - December 31, 2023
- ✓ Paul Daragjati, Attorney
- ✓ Patrick Donlan, Actuary - Foster & Foster Actuarial Valuation as of October 1, 2023 and Contributions applicable to the Plan/Fiscal Year ending September 30, 2025



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<http://www.burgesschambers.com>

For the period ending December 31, 2023
Presented by: Frank Wan

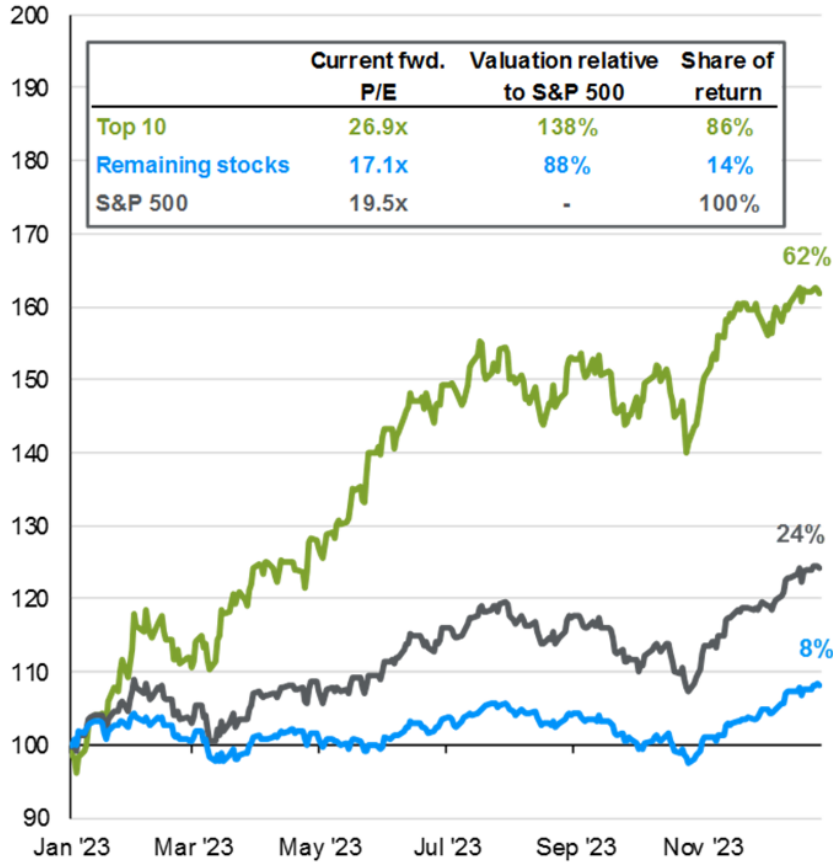
MARKET OVERVIEW & ANALYSIS



MARKET OVERVIEW

Performance of the top 10 stocks in the S&P 500

Indexed to 100 on 1/1/2023, price return, top 10 held constant



Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Earnings contribution of the top 10 in the S&P 500

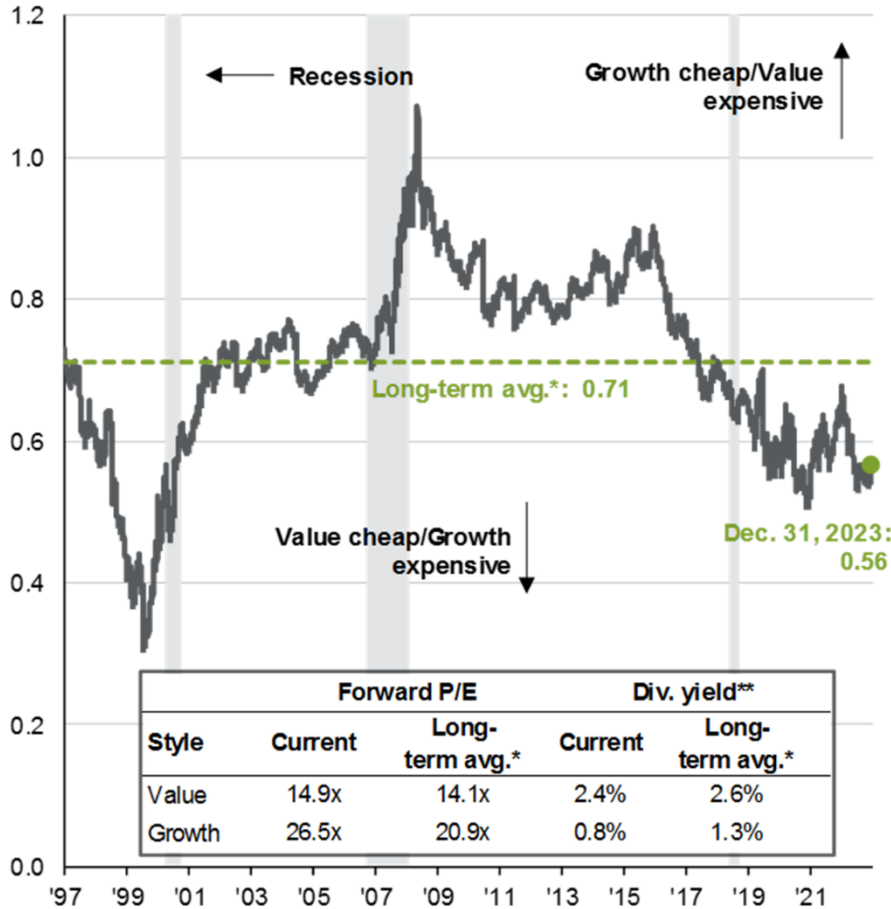
Based on last 12 months' earnings



MARKET OVERVIEW

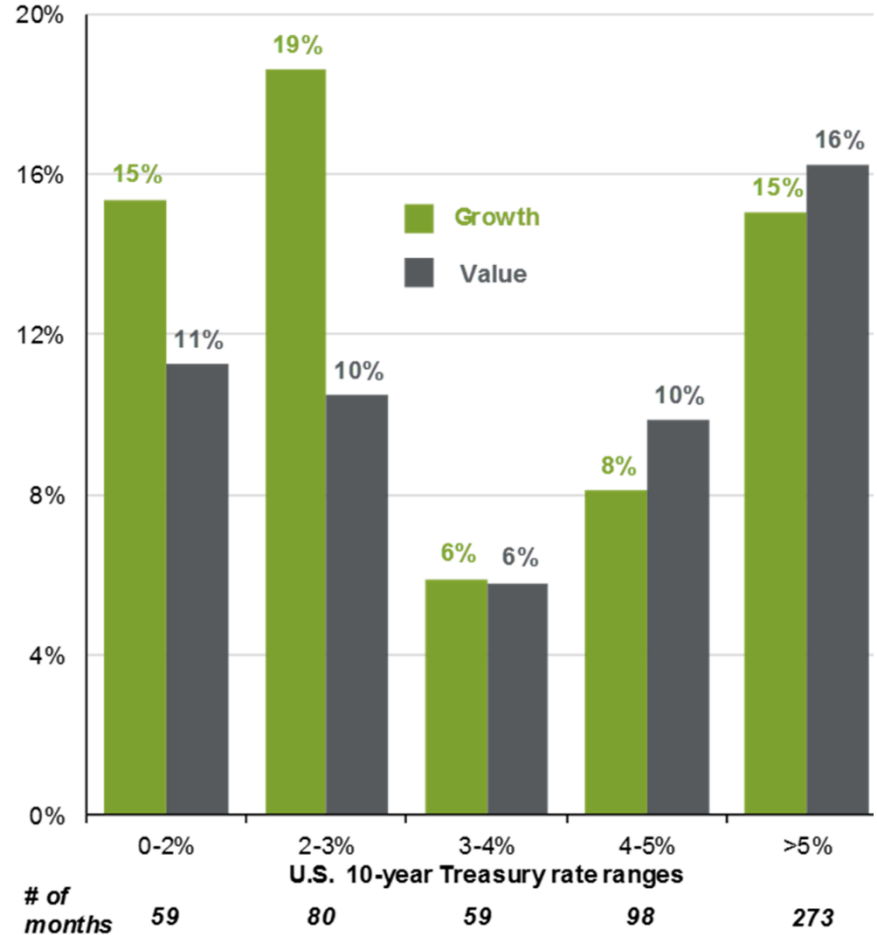
Value vs. Growth relative valuations

Rel. fwd. P/E ratio of Value vs. Growth, 1997 - present



Value vs. Growth in different interest rate environments

Annualized total return by 10-year Treasury rate ranges, 1979 - present



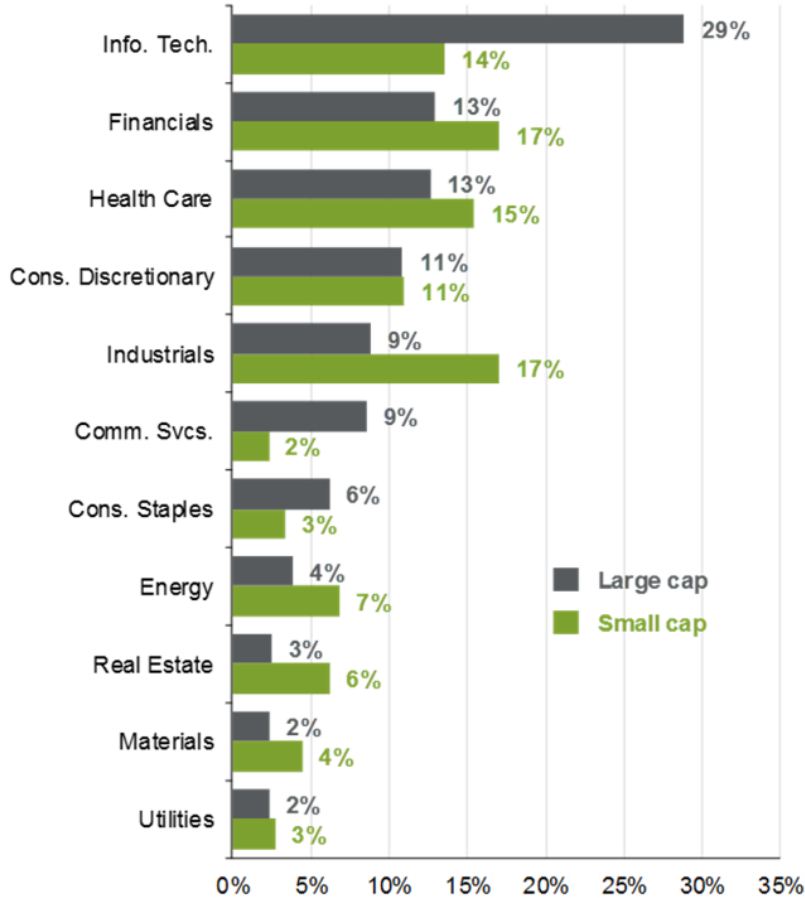
Attachment: Burgess Chambers & Associates - Market Overview & Analysis - Dec. 31, 2023



MARKET OVERVIEW

Sector composition

% of index market capitalization



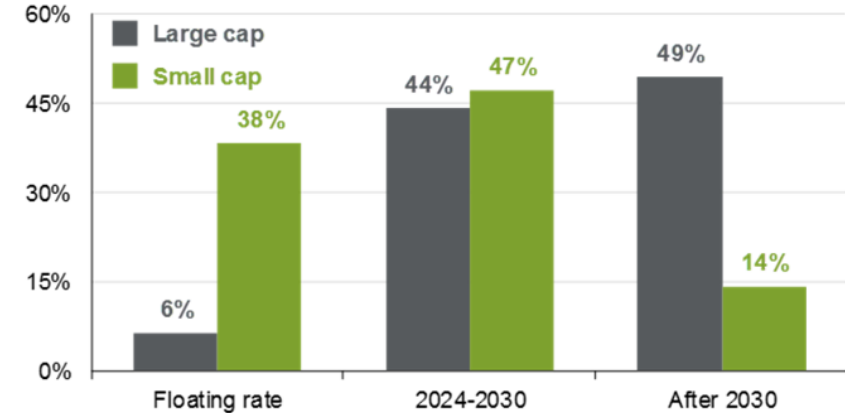
Percent of unprofitable companies in the Russell 2000

1Q98 – 3Q23



Outstanding debt by maturity year

Excl. financials, % of total debt outstanding, USD denominated debt



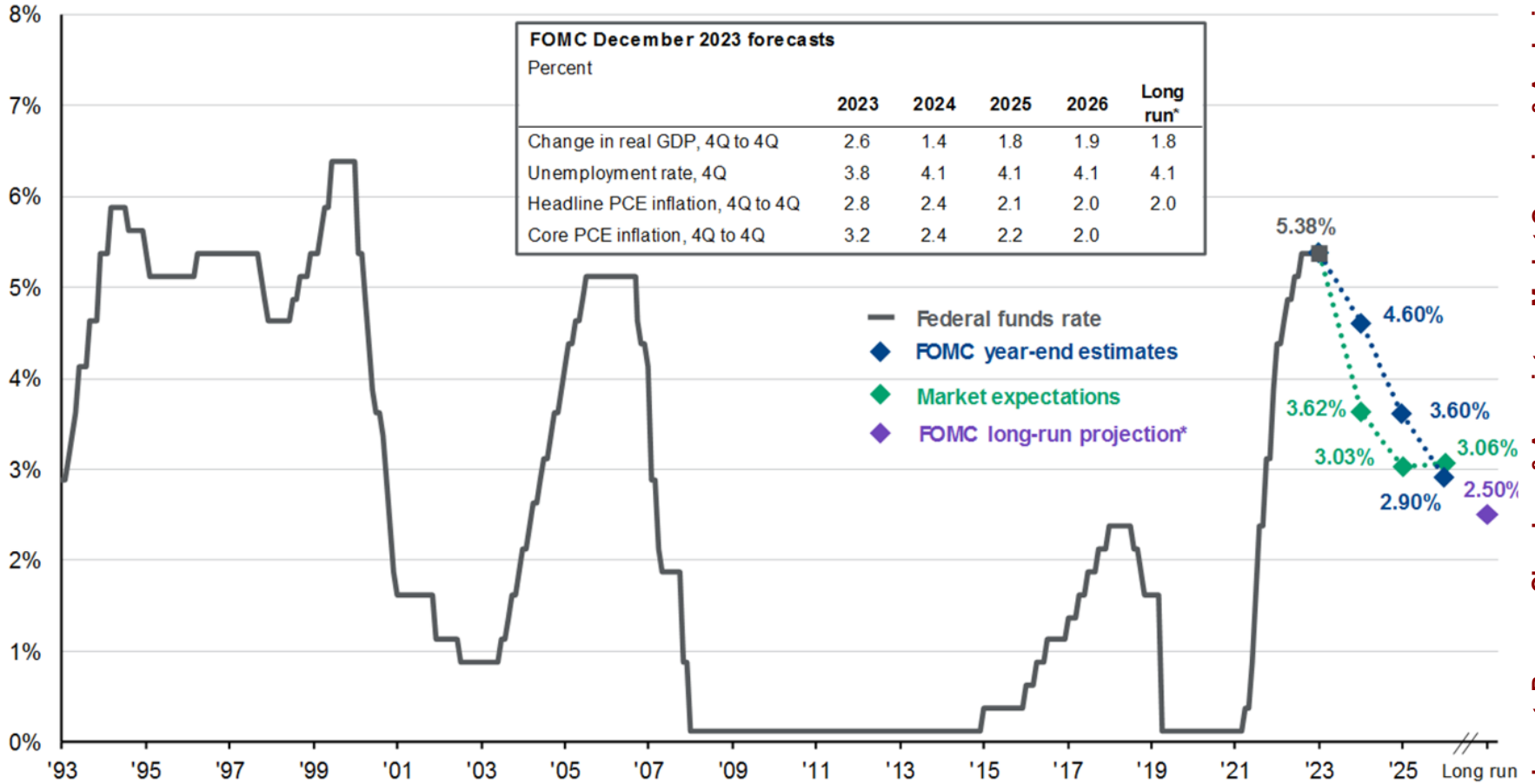
Disclosure: For illustrative purposes only. Source: JPM.



MARKET OVERVIEW

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Disclosure: For illustrative purposes only. Source: JPM.

MARKET OVERVIEW

10-year annualized

	Value	Blend	Growth
Large	8.4%	12.1%	14.9%
Mid	8.3%	9.5%	10.6%
Small	6.8%	7.2%	7.2%

Since market peak (February 2020)

	Value	Blend	Growth
Large	31.0%	50.0%	63.5%
Mid	31.3%	34.0%	31.8%
Small	34.4%	26.2%	15.1%

2023

	Value	Blend	Growth
Large	11.5%	26.3%	42.7%
Mid	12.7%	17.2%	25.9%
Small	14.6%	16.9%	18.7%

Since market low (March 2020)

	Value	Blend	Growth
Large	111.8%	126.5%	138.6%
Mid	132.1%	124.4%	105.0%
Small	136.3%	112.6%	87.1%

Current P/E vs. 20-year avg. P/E

	Value	Blend	Growth
Large	14.9 / 13.7	19.5 / 15.6	26.5 / 18.9
Mid	15.0 / 14.5	17.1 / 16.4	26.4 / 20.5
Small	16.3 / 16.7	21.9 / 21.3	34.5 / 26.6

Current P/E as % of 20-year avg. PE

	Value	Blend	Growth
Large	108.9%	125.2%	140.3%
Mid	103.4%	104.7%	128.6%
Small	97.4%	102.8%	129.7%



Burgess Chambers & Associates, Inc.

Institutional Investment Advisors

www.burgesschambers.com

December 31, 2023

Holly Hill Firefighters' Retirement System

Investment Performance Period Ending December 31, 2023

The following investment information was prepared by BCA, relying upon data from statements provided by the plan custodian and/or investment manager(s).
BCA reviews transactions provided by the custodian and uses reasonable care to ensure the accuracy of the data contained herein.
However, BCA cannot guarantee the accuracy of the custodian's statement.

Holly Hill Firefighters' Retirement System BCA Market Perspective © Can Artificial Intelligence Manage a Pension Portfolio? January 2024

The broad reach of Artificial Intelligence's impact can be felt across many sectors including education, business, manufacturing, and healthcare, with the list growing daily. AI uses technology to design and build machines and computers resulting in creating human-like cognitive functions. Instead of being a system, AI is an integration of technologies in a system. AI takes large amounts of data and constructs algorithmic models based upon strict instructions to achieve automated decision making. AI is already working in the manufacturing process to drive efficiency and in science and medicine to solve complex problems.

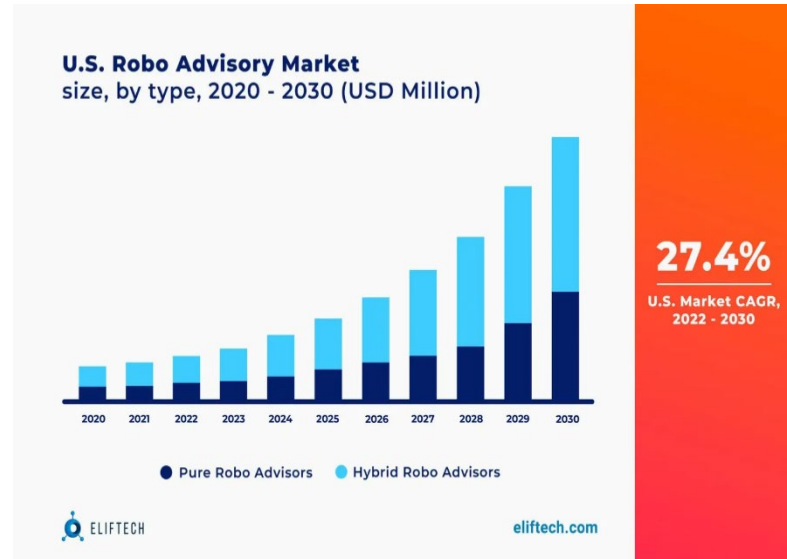
Can these same principles of AI apply to asset management? Trading algorithms have been in place for many years and are often incorporated with high-frequency trading operations. With quantitative asset management, researchers attempt to correlate factors to stock price behavior. Retail investors have also gravitated toward "robo-advisors".

These approaches, quantitative management and robo-advisors, attempt to use statistics, not AI, to achieve better investment performance.

Building an appropriate asset allocation model does not rely upon AI. Instead, simulations that combine thousands of return possibilities for each asset class may be used to determine return probabilities for various time periods. Monte Carlo simulations (analysis) use estimated value ranges to achieve a probability distribution of outcomes or expected investment returns. This approach is widely used today in building asset allocation models.

At a macro level, the factors that influence investor behavior and equity performance are numerous. Beyond the fundamentals associated with security selection and asset allocation, the forces of economic policies, disruptive inventions, new technology, pandemics, wars, political misfortunes, and even weather all weigh on investor behavior and investment outcomes.

Stock selection remains the key driver to performance. In today's top-heavy, cap-weighted equity benchmarks, the manager's decision process to outperform may come down to just a few stocks. AI decision making has yet to prove it can exceed active manager performance and lead the charge in beating benchmarks.



Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

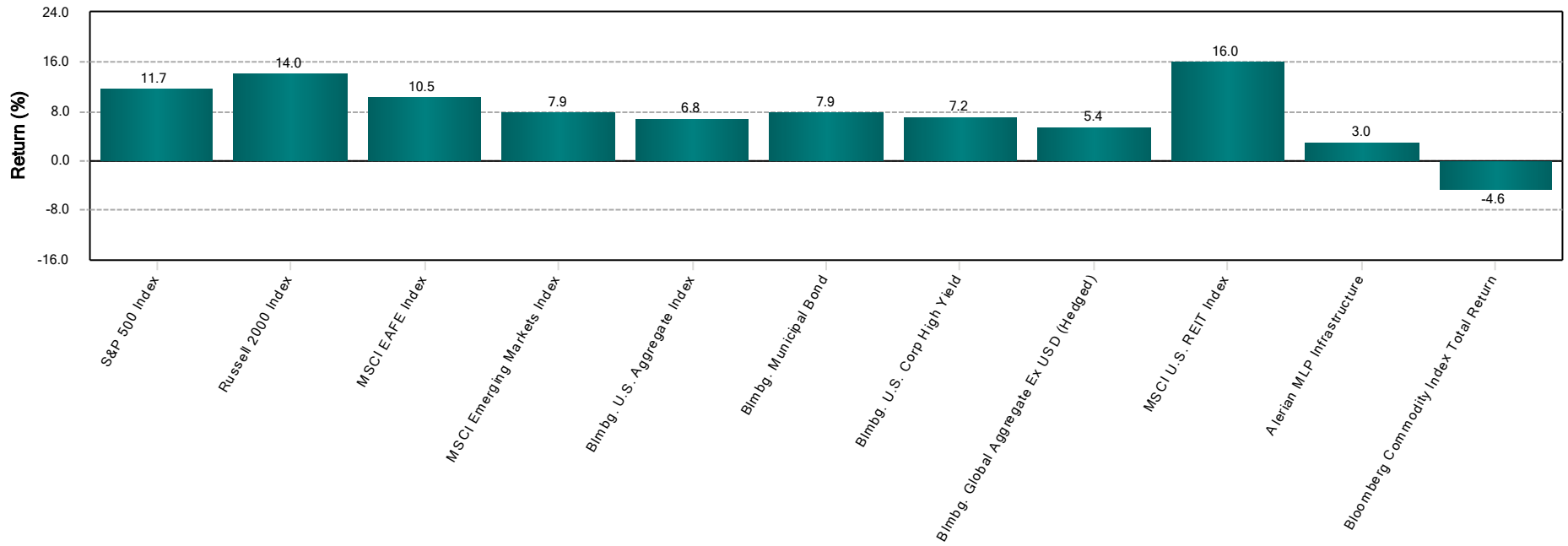
Disclosure: All expressions of opinion reflect the judgment of the author as of the date of publication and are subject to change. Content should not be regarded as a complete analysis of the subjects discussed or as personalized investment advice. All investment strategies have the potential for profit or loss. References to market performance in publications do not represent the returns achieved by Burgess Chambers & Associates or any of its advisory clients.



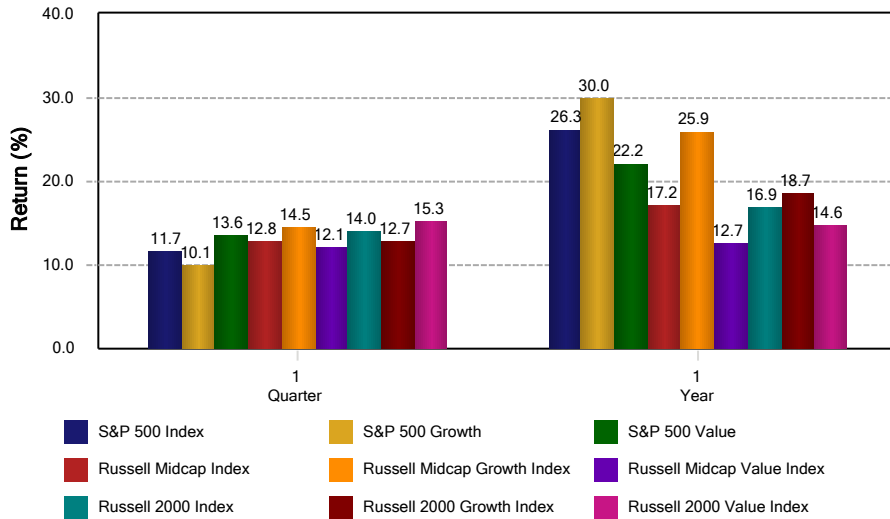
Quarterly Market Summary

December 31, 2023

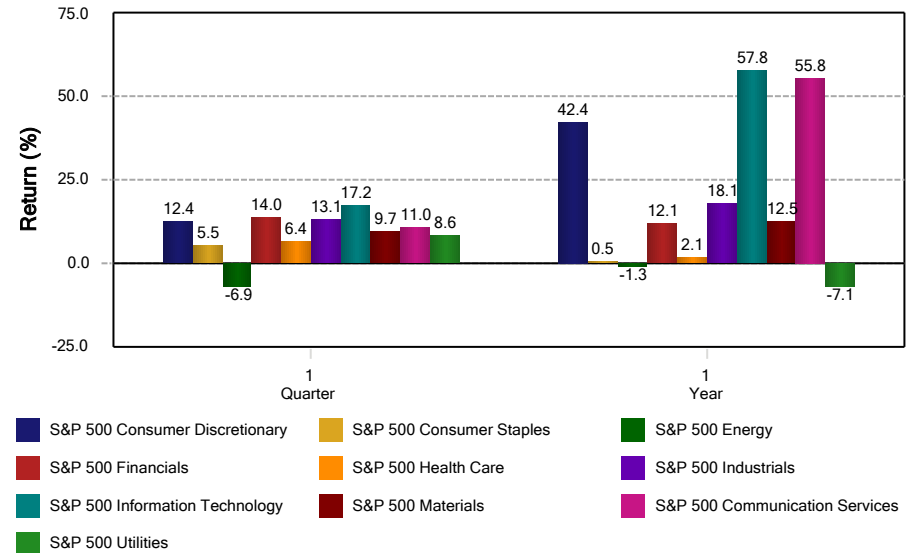
1 Quarter Performance



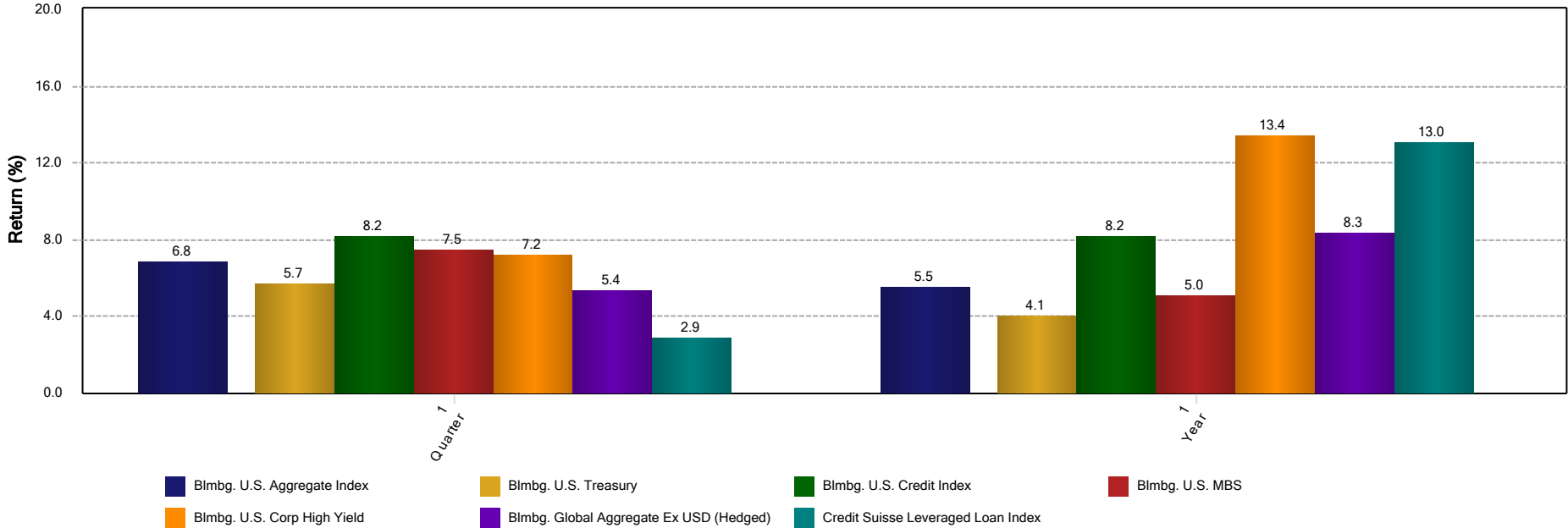
US Market Indices Performance



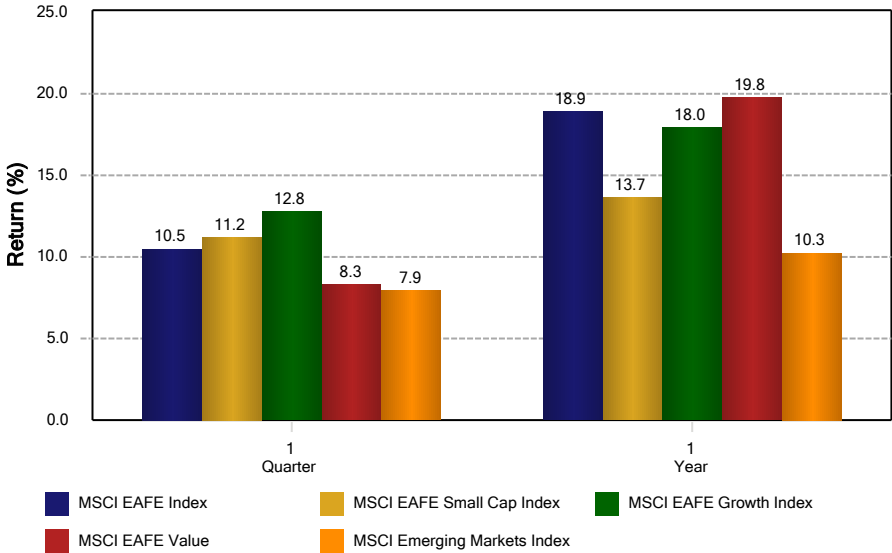
US Market Sector Performance



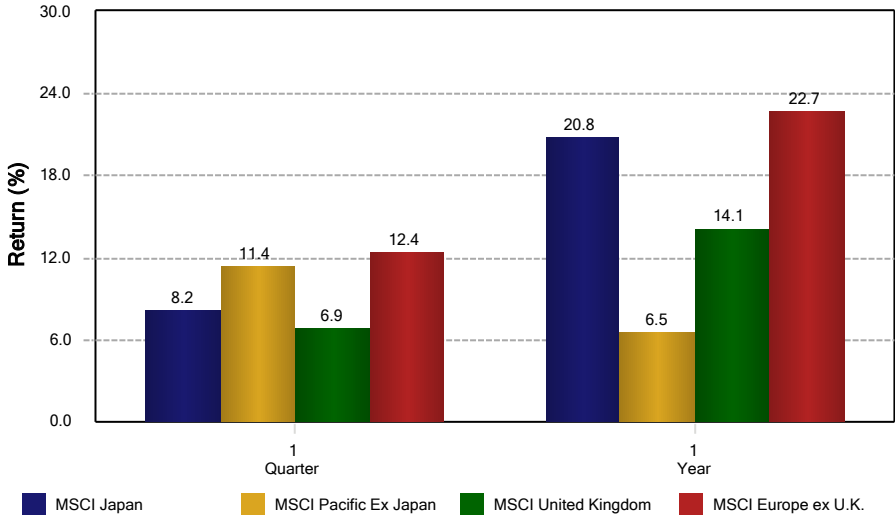
Fixed Income Market Sector Performance



Intl Equity Indices Performance



Intl Equity Region Performance

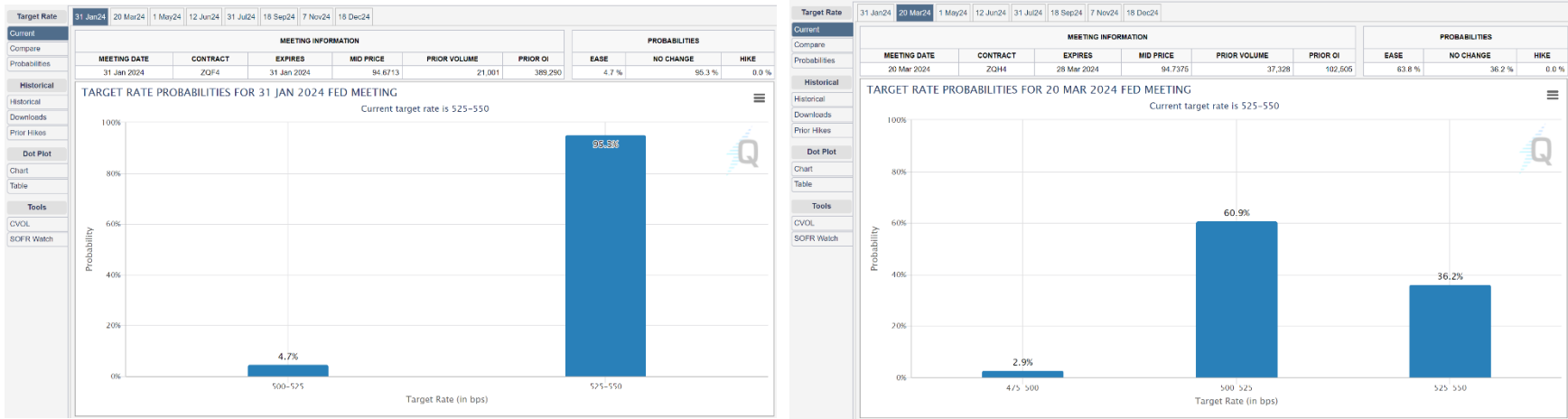


Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Total Fund Investment Summary December 31, 2023

Capital markets rallied during the fourth quarter based on hopes of a “soft landing”.

CME Group FedWatch Probabilities for January (95% probability of rates staying unchanged) and March 2024 (61% probability of a rate cut):



Source: CME Group. Data as of January 9, 2023.

- o For the quarter, the System gained \$450K or +7.9% net, behind the strategic model (+9.0%). The best three performers were: Fidelity Mid-Cap (+12.8%), iShares Russell Mid-Cap (+12.8%) and Vanguard S&P 500 (+11.7%).
- o For the one-year period, the System was up \$671K or +12.2% net, behind the strategic model (+14.0%). The best three performers were: Vanguard S&P 500 (+26.3%), iShares MSCI EAFE (+18.8%), and iShares Russell Mid-Cap (+17.3%).
- o For the three-year period, the System earned +2.8% (+2.5% net), behind the Strategic Model (+3.8%).
- o For the five-year period, the System earned +9.0% (+8.7% net), similar to the Strategic Model (+9.1%) and ranked in the top 44th percentile.

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

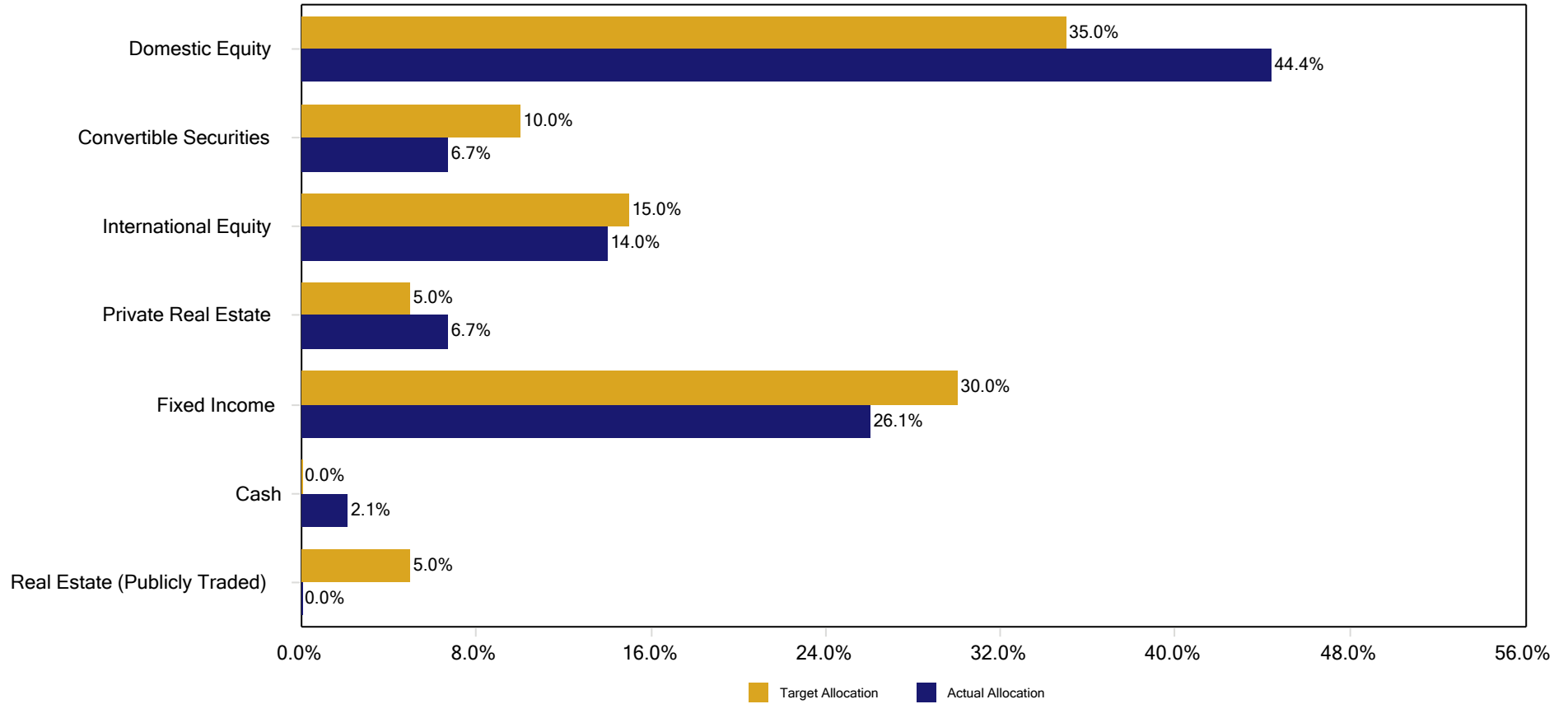


Holly Hill Firefighters' Retirement System
Investment Performance - Net
December 31, 2023

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Beginning Market Value	5,678,264	5,436,388	5,976,247	4,308,272
Contributions	37,144	58,924	-252,222	-332,785
Gain/Loss	450,468	670,563	441,850	2,190,389
Ending Market Value	6,165,876	6,165,876	6,165,876	6,165,876
Total Fund (%)	7.9	12.2	2.5	8.7
Strategic Model (%)	9.0	14.0	3.8	9.1

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Actual vs. Target Asset Allocation December 31, 2023

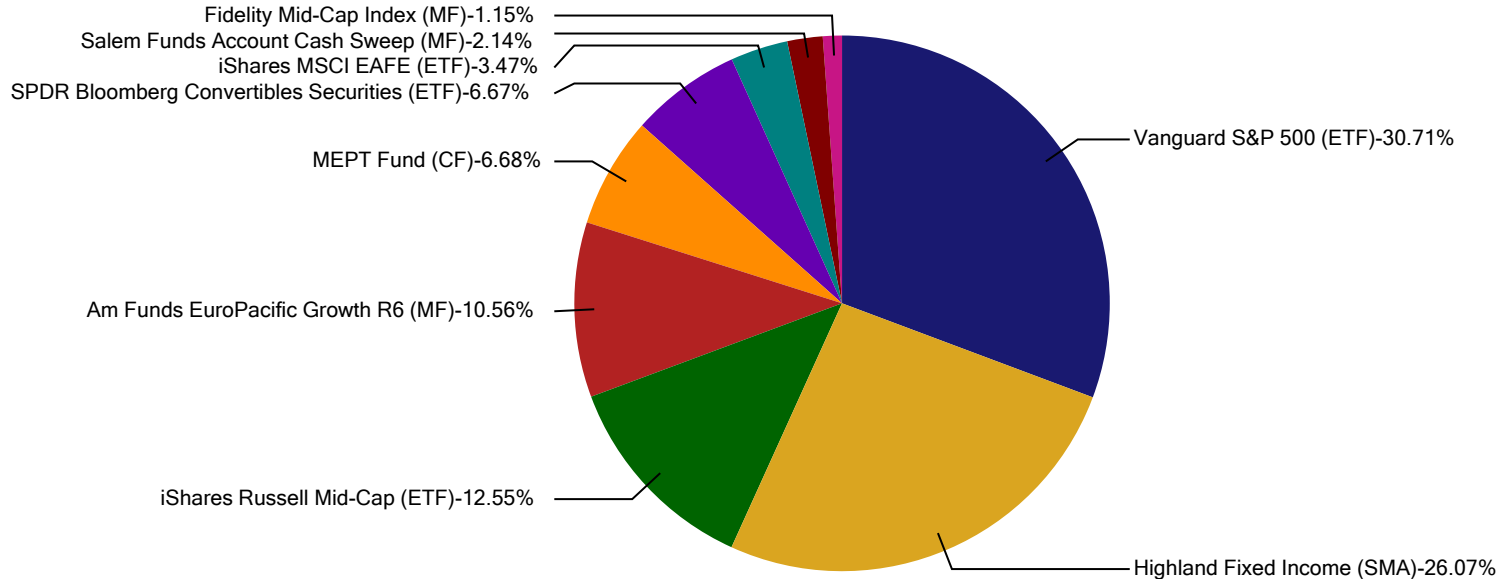


	Market Value Actual \$	Percent Actual	Percent Target	Percent Difference
Total Fund	6,165,876	100.0	100.0	0.0
Domestic Equity	2,738,659	44.4	35.0	9.4
Convertible Securities	411,183	6.7	10.0	-3.3
International Equity	865,344	14.0	15.0	-1.0
Private Real Estate	411,617	6.7	5.0	1.7
Fixed Income	1,607,259	26.1	30.0	-3.9
Cash	131,815	2.1	0.0	2.1
Real Estate (Publicly Traded)	0	0.0	5.0	-5.0

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

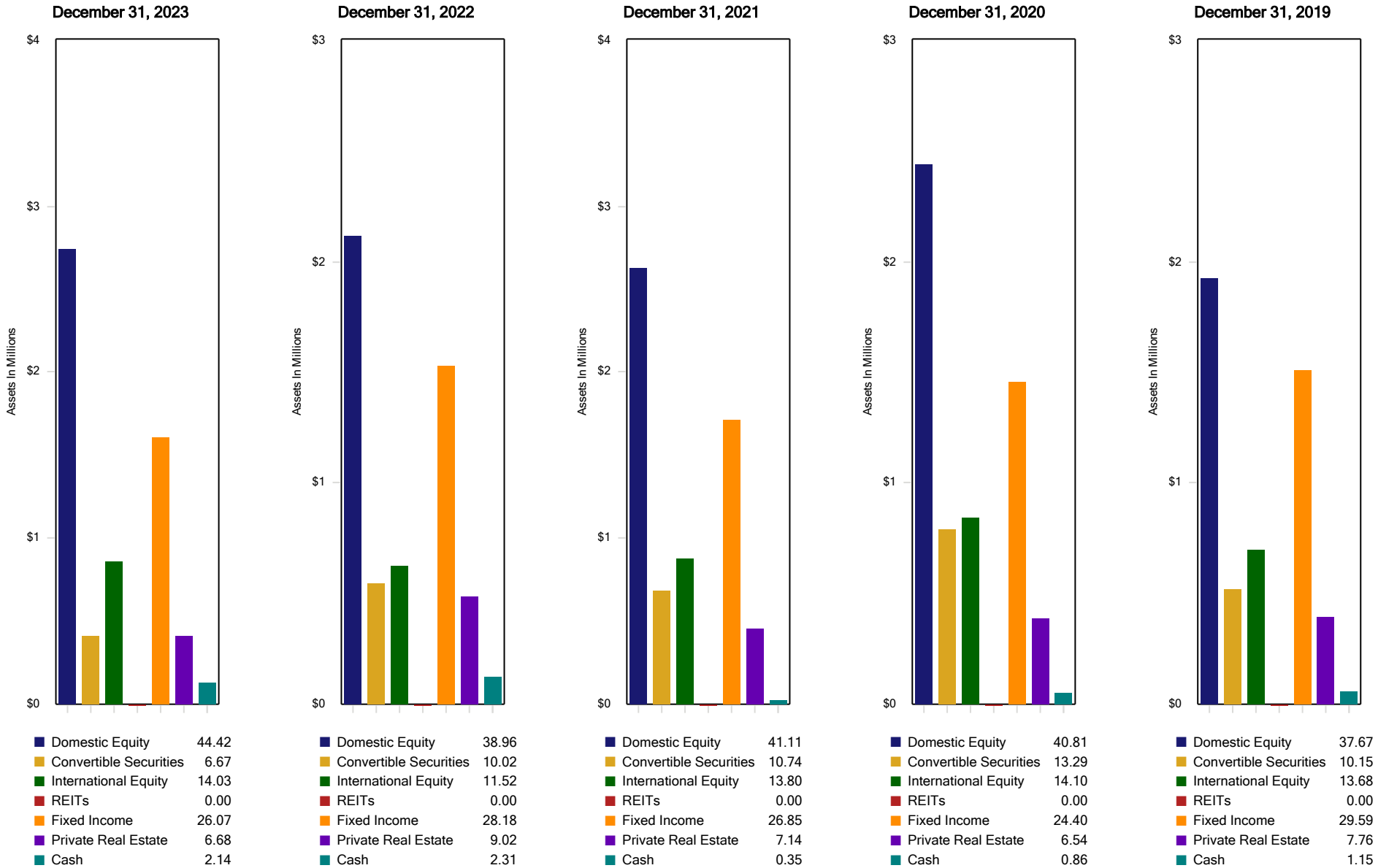
Holly Hill Firefighters' Retirement System Asset Allocation

December 31, 2023 : 6,165,875.50



	<u>Market Value \$</u>	<u>Allocation (%)</u>
■ Vanguard S&P 500 (ETF)	1,893,528	30.71
■ Highland Fixed Income (SMA)	1,607,259	26.07
■ iShares Russell Mid-Cap (ETF)	774,113	12.55
■ Am Funds EuroPacific Growth R6 (MF)	651,199	10.56
■ MEPT Fund (CF)	411,617	6.68
■ SPDR Bloomberg Convertibles Securities (ETF)	411,183	6.67
■ iShares MSCI EAFE (ETF)	214,145	3.47
■ Salem Funds Account Cash Sweep (MF)	131,815	2.14
■ Fidelity Mid-Cap Index (MF)	71,018	1.15

Holly Hill Firefighters' Retirement System Historical Asset Allocation December 31, 2023



Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System
 Asset Allocation & Performance - Gross
 December 31, 2023

	Market Value	QTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Total Fund	6,165,876	7.9 (52)	12.5 (57)	2.8 (79)	9.0 (44)
Strategic Model		9.0	14.0	3.8	9.1
Equity	4,015,185	10.9	20.3	4.7	12.9
Domestic Equity	2,738,659	11.8	22.8	8.6	14.7
Vanguard S&P 500 (ETF) S&P 500 Index	1,893,528	11.7 11.7	26.3 26.3	10.0 10.0	15.7 15.7
Fidelity Mid-Cap Index (MF)	71,018	12.8	17.2	5.9	N/A
iShares Russell Mid-Cap (ETF) S&P MidCap 400 Index	774,113	12.8 11.7	17.3 16.4	5.9 8.1	12.7 12.6
Convertible Securities	411,183	7.4	14.9	-2.1	12.1
SPDR Bloomberg Convertibles Securities (ETF) ML All Convertibles, All Qualities	411,183	7.4 6.8	14.9 13.0	-2.1 -0.8	12.1 11.9
International Equity	865,344	10.6	17.2	-0.4	8.5
iShares MSCI EAFE (ETF)	214,145	10.8	18.8	4.5	8.5
Am Funds EuroPacific Growth R6 (MF) MSCI EAFE Index	651,199	10.5 10.5	16.6 18.9	-2.2 4.5	8.5 8.7
Private Real Estate	411,617	-5.6	-14.7	3.9	3.5
MEPT Fund (CF) NCREIF Fund Index-ODCE (VW)	411,617	-5.6 -4.8	-14.7 -12.0	3.9 4.9	3.5 4.2
Fixed Income	1,607,259	5.4	5.2	-1.7	2.1
Highland Fixed Income (SMA) Fixed Income Benchmark	1,607,259	5.4 (100) 6.8	5.2 (93) 5.5	-1.7 (9) -3.3	2.1 (18) 1.1
Cash	131,815	1.2	5.0	2.2	2.4
Salem Funds Account Cash Sweep (MF) ICE BofAML 3 Month U.S. T-Bill	131,815	1.2 1.4	6.1 5.0	2.5 2.2	2.2 1.9

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System
Asset Allocation & Performance - Net
December 31, 2023

	Market Value	QTR ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Total Fund	6,165,876	7.9	12.2	2.5	8.7
Strategic Model		9.0	14.0	3.8	9.1
Equity	4,015,185	10.8	20.0	4.4	12.7
Domestic Equity	2,738,659	11.8	22.7	8.5	14.6
Vanguard S&P 500 (ETF)	1,893,528	11.7 (51)	26.3 (37)	10.0 (25)	15.7 (25)
S&P 500 Index		11.7	26.3	10.0	15.7
Fidelity Mid-Cap Index (MF)	71,018	12.8 (27)	17.2 (25)	5.9 (79)	N/A
iShares Russell Mid-Cap (ETF)	774,113	12.7 (29)	17.0 (27)	5.7 (81)	12.5 (36)
S&P MidCap 400 Index		11.7	16.4	8.1	12.6
Convertible Securities	411,183	7.3	14.5	-2.5	11.7
SPDR Bloomberg Convertibles Securities (ETF)	411,183	7.3 (14)	14.5 (2)	-2.5 (61)	11.7 (30)
ML All Convertibles, All Qualities		6.8	13.0	-0.8	11.9
International Equity	865,344	10.5	16.7	-0.8	8.1
iShares MSCI EAFE (ETF)	214,145	10.7 (32)	18.4 (24)	4.2 (23)	8.2 (31)
Am Funds EuroPacific Growth R6 (MF)	651,199	10.4 (37)	16.1 (42)	-2.7 (66)	8.0 (34)
MSCI EAFE Index		10.5	18.9	4.5	8.7
Private Real Estate	411,617	-5.8	-15.5	2.9	2.6
MEPT Fund (CF)	411,617	-5.8	-15.5	2.9	2.6
NCREIF Fund Index-ODCE (VW)		-4.8	-12.0	4.9	4.2
Fixed Income	1,607,259	5.4	5.0	-1.9	1.9
Highland Fixed Income (SMA)	1,607,259	5.4	5.0	-1.9	1.9
Fixed Income Benchmark		6.8	5.5	-3.3	1.1

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System
 Asset Allocation & Performance - Net
 December 31, 2023

	Market Value	QTR ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Cash	131,815	1.2	5.0	2.2	2.4
Salem Funds Account Cash Sweep (MF)	131,815	1.2	6.1	2.5	2.2
ICE BofAML 3 Month U.S. T-Bill		1.4	5.0	2.2	1.9

1 Strategic Model (IPS Hybrid Benchmark): eff 3/17 12.5% S&P500G, 12.5 S&P500V, 10% S&P400, 5% Wilshire REIT, 15% MSCI EAFE, 10% ML All US Convertibles, 5% NCREIF ODCE, 30 % BC Agg; eff 9/16 12.5% S&P500G, 12.5 S&P500V, 10% S&P400, 5% Wilshire REIT, 15% MSCI EAFE, 10% ML All US Convertibles, 35 % BC Agg; eff 3/11 25% S&P500, 10% S&P400, 5% Wilshire REIT, 15% MSCI EAFE, 10% ML All US Convertibles, 30 % BC Agg, 5% BC 1-10 yr TIP; eff 10/09 25% S&P500, 15% S&P400, 15% MSCI EAFE, 40% BC Agg, 5% BC 1-10Yr TIPS; eff 4/05- 30% S&P500, 15% S&P400, 8% MSCI EAFE, 40% Barclay's Int Agg, 7% Barclay's 1-10 TIPS; eff 4/01 50% S&P500, 50% LB Agg; eff 7/96 30% S&P500, 70% LB Government/Credit.

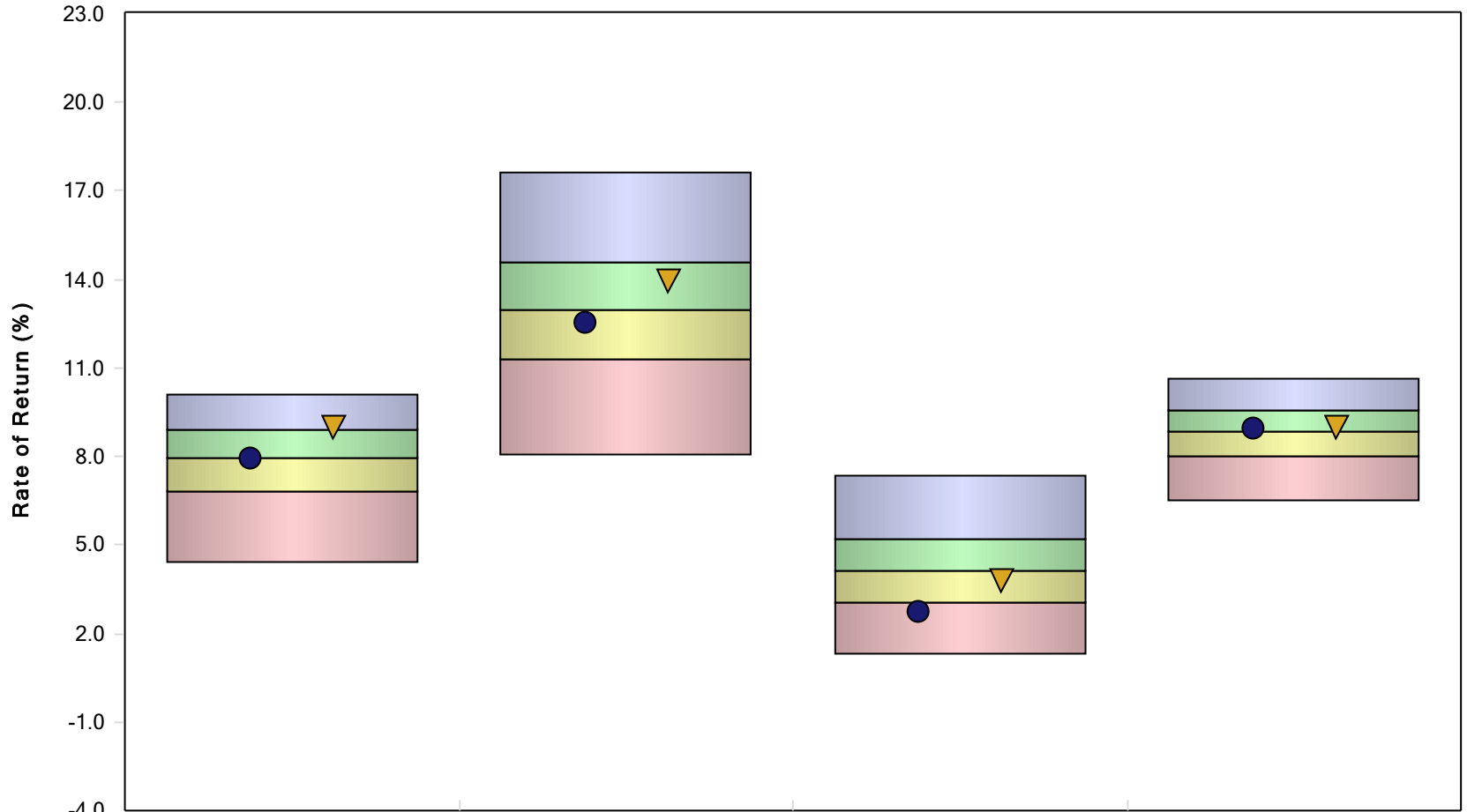
2 FI Benchmark: eff 10/09 100% BC Agg. eff 6/05 100% BC Int Agg. eff 6/01 100% BC Agg.

3 LC Benchmark: eff 10/09, S&P 500 index. Prior: 50% S&P500 stock 50% S&P500/Barra Growth index.

4 LCG Benchmark: eff 10/2009 100% S&P 500 Growth; prior 50% S&P 500/50% 500G

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Peer Universe Quartile Ranking December 31, 2023

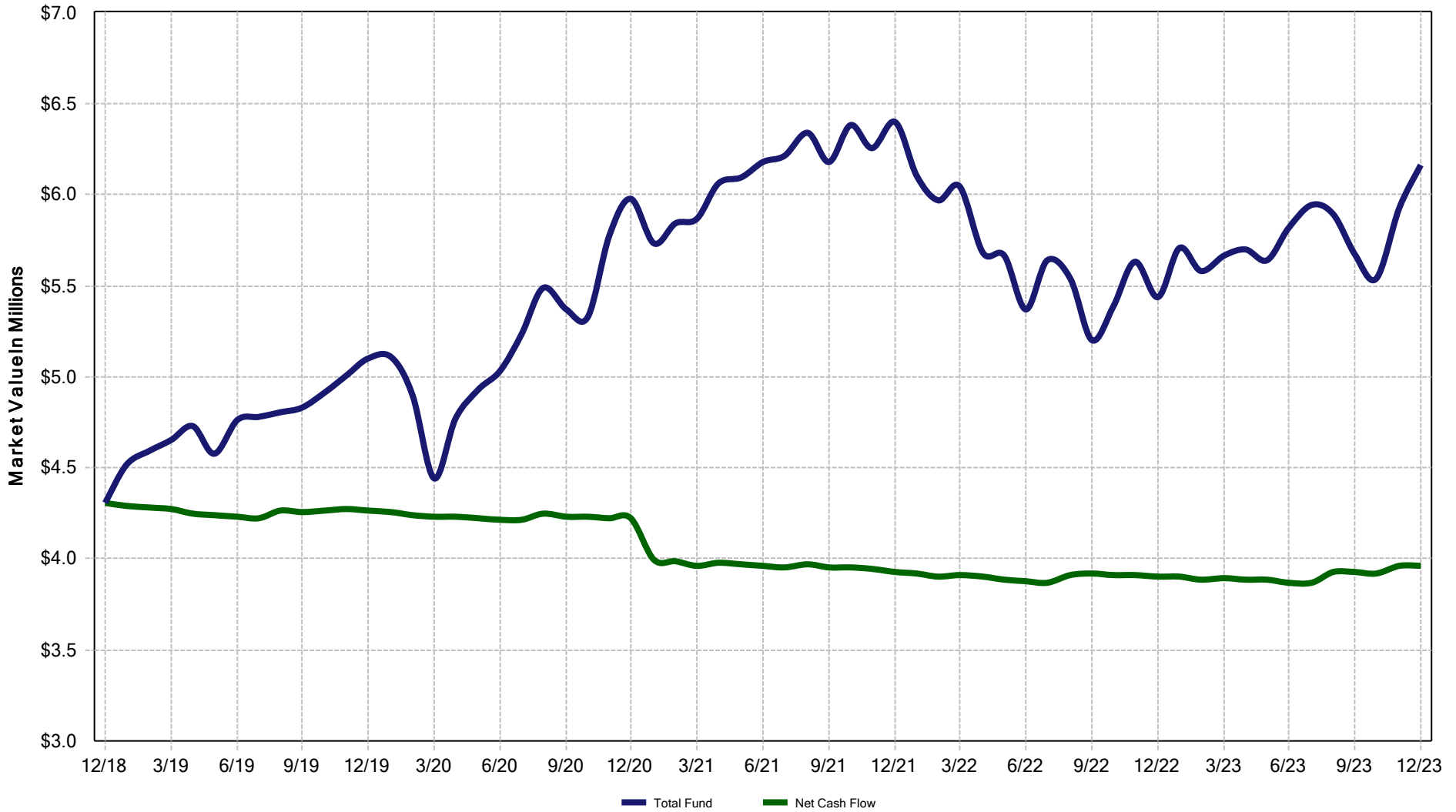


	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
● Total Fund	7.9 (52)	12.5 (57)	2.8 (79)	9.0 (44)
▼ Strategic Model	9.0 (24)	14.0 (34)	3.8 (59)	9.1 (42)
5th Percentile	10.1	17.6	7.4	10.6
1st Quartile	8.9	14.6	5.2	9.5
Median	8.0	12.9	4.1	8.8
3rd Quartile	6.8	11.3	3.1	8.0
95th Percentile	4.4	8.1	1.3	6.5

Parentheses contain percentile rankings.

Calculation based on quarterly data.

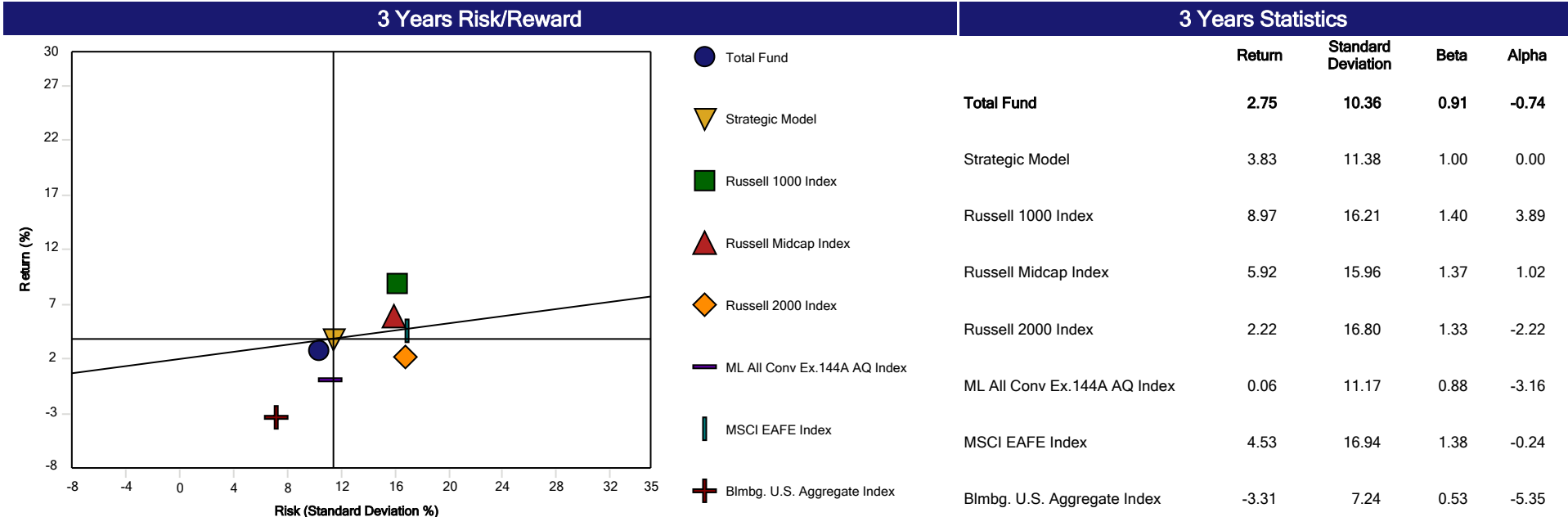
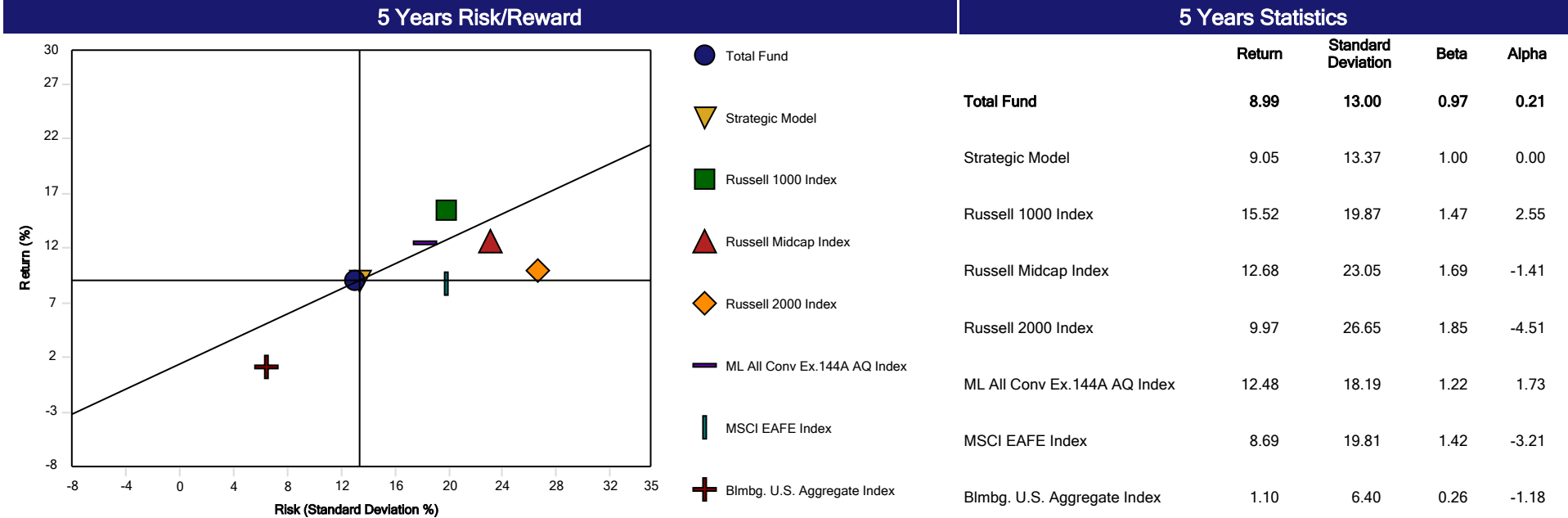
Holly Hill Firefighters' Retirement System Growth of Investments January 1, 2019 Through December 31, 2023



<u>Beginning MV</u>	<u>Ending MV</u>	<u>Annualized ROR</u>
\$4,308,272	\$6,165,876	9.0

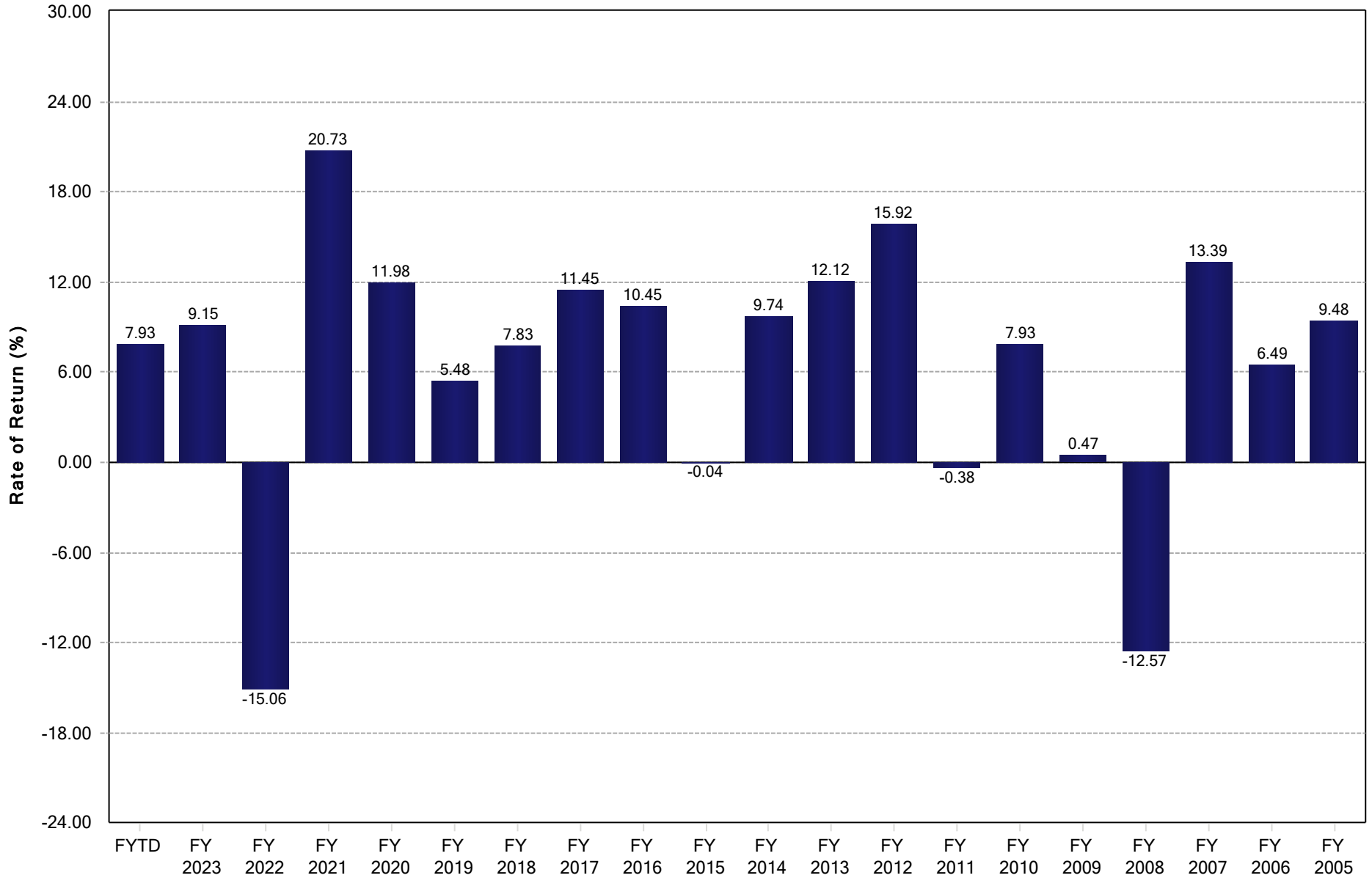
Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Capital Market Line Period Ending December 31, 2023



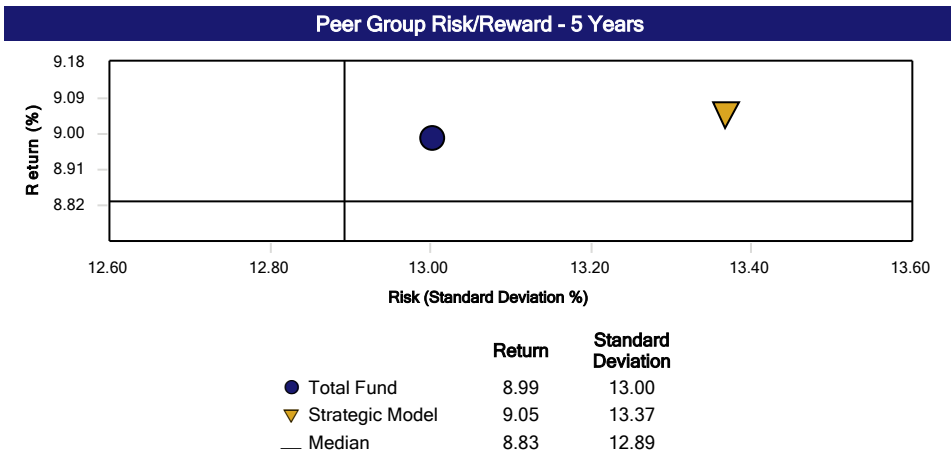
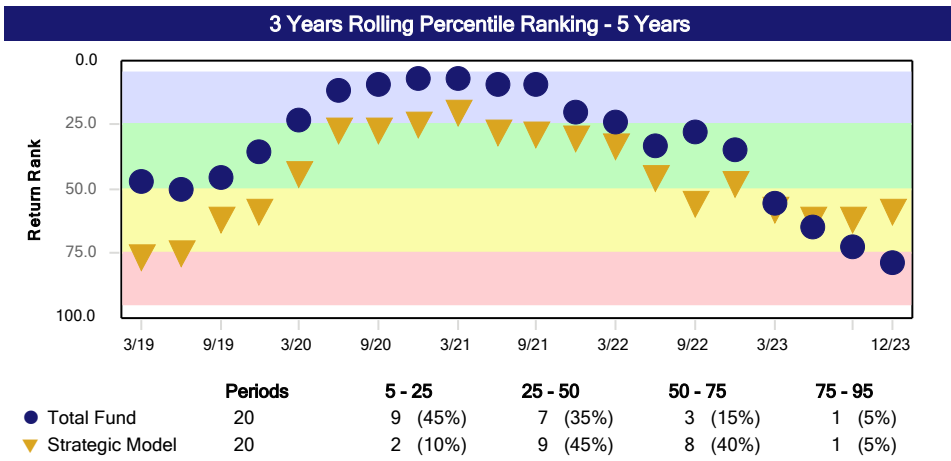
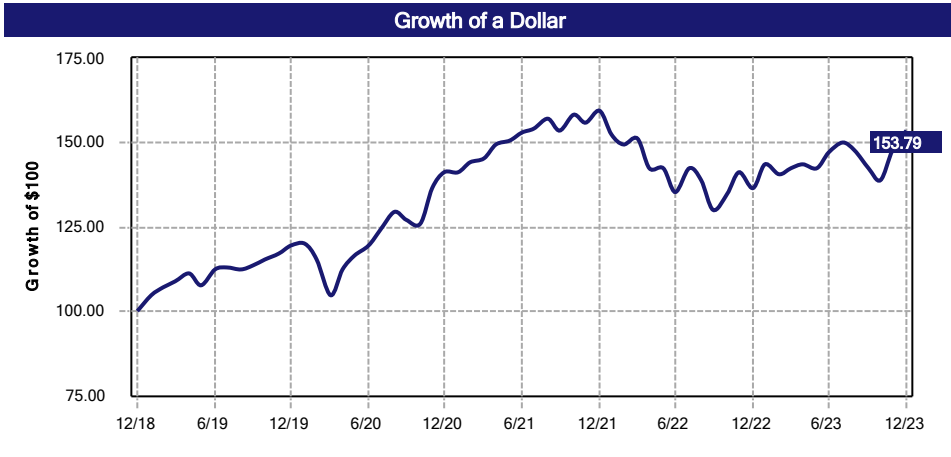
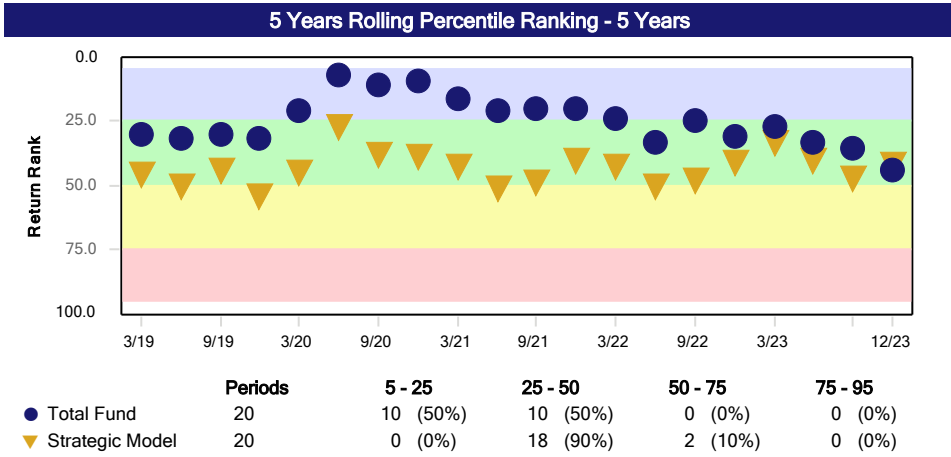
Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Fiscal Year Rates of Return December 31, 2023



Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Total Fund December 31, 2023



Historical Statistics - 5 Years

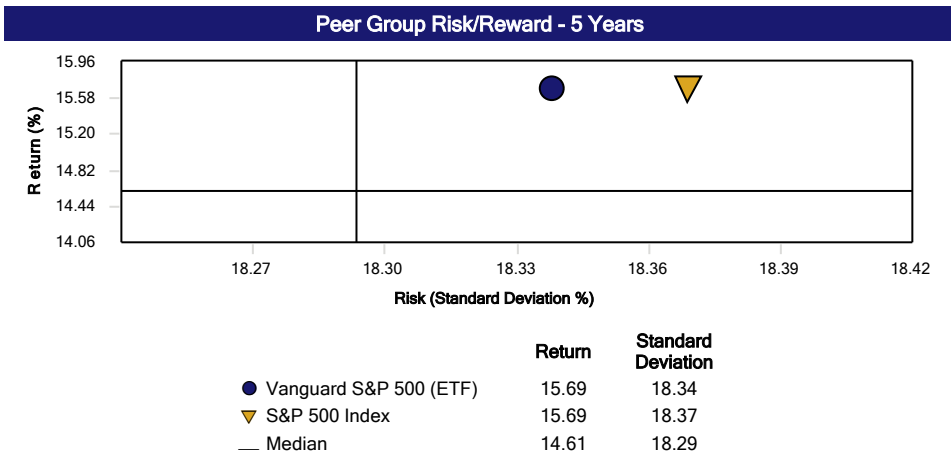
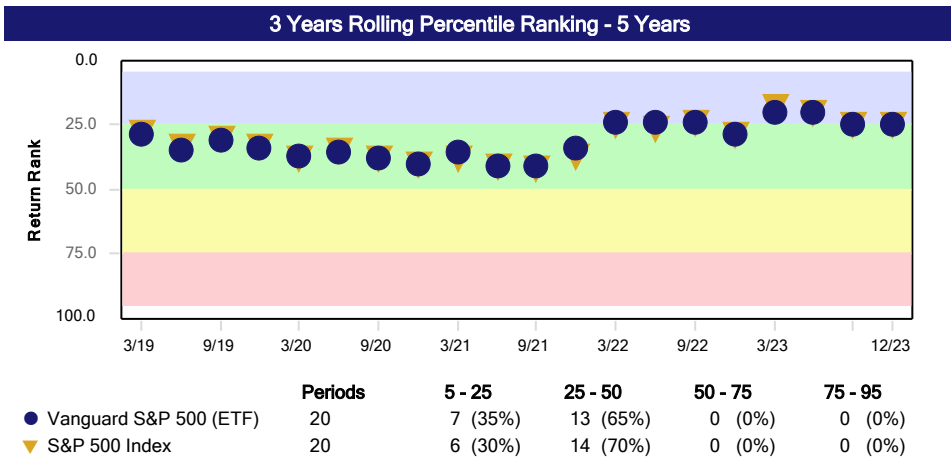
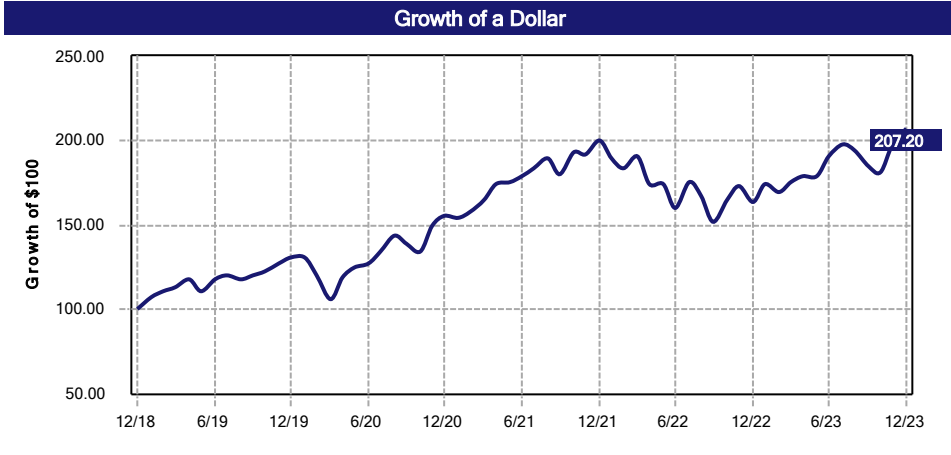
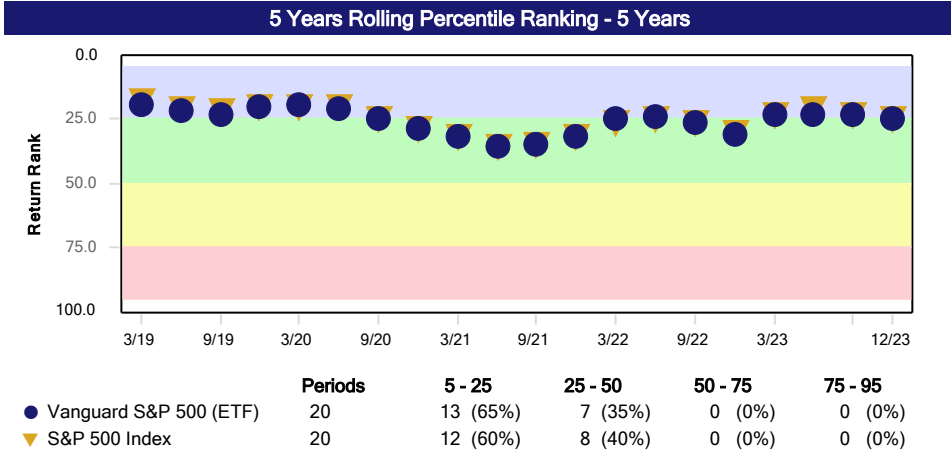
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	8.99	13.00	0.21	0.97	0.59	94.09	96.78
Strategic Model	9.05	13.37	0.00	1.00	0.58	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	2.75	10.36	-0.74	0.91	0.11	94.11	86.86
Strategic Model	3.83	11.38	0.00	1.00	0.21	100.00	100.00

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Vanguard S&P 500 (ETF) December 31, 2023



Historical Statistics - 5 Years

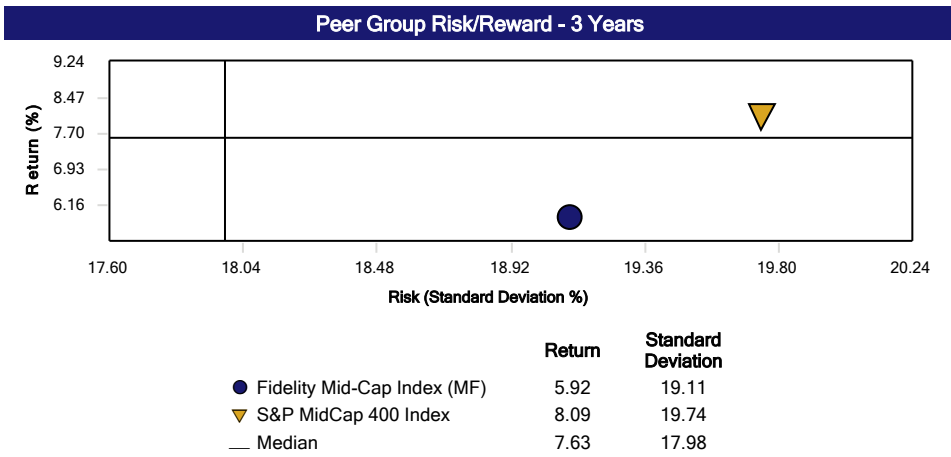
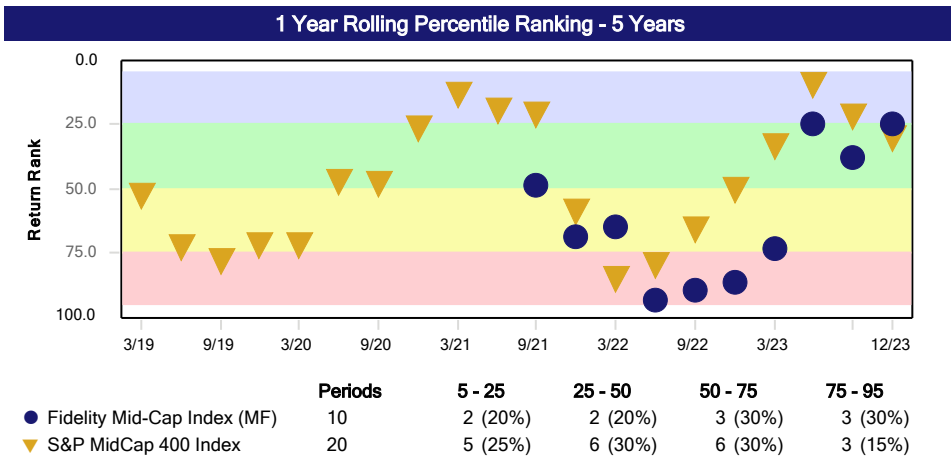
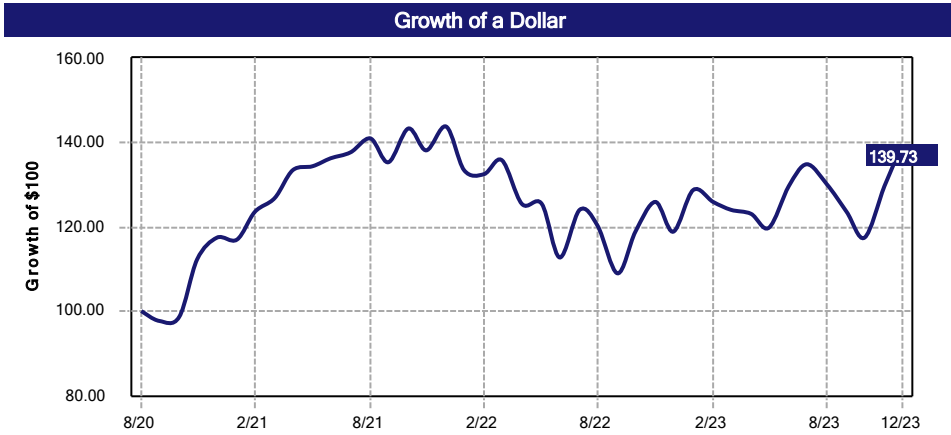
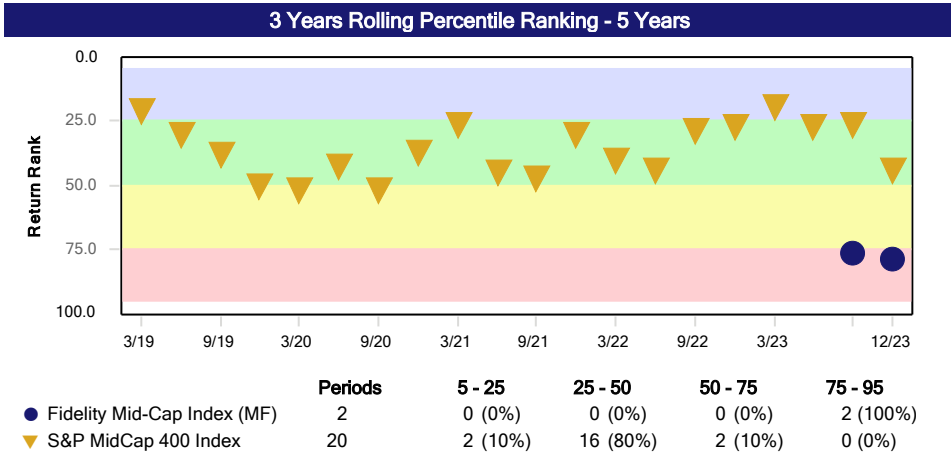
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Vanguard S&P 500 (ETF)	15.69	18.34	0.02	1.00	0.79	100.01	99.99
S&P 500 Index	15.69	18.37	0.00	1.00	0.79	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Vanguard S&P 500 (ETF)	9.99	17.33	-0.02	1.00	0.52	100.49	100.31
S&P 500 Index	10.00	17.29	0.00	1.00	0.52	100.00	100.00

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Fidelity Mid-Cap Index (MF) December 31, 2023



Historical Statistics - 3 Years

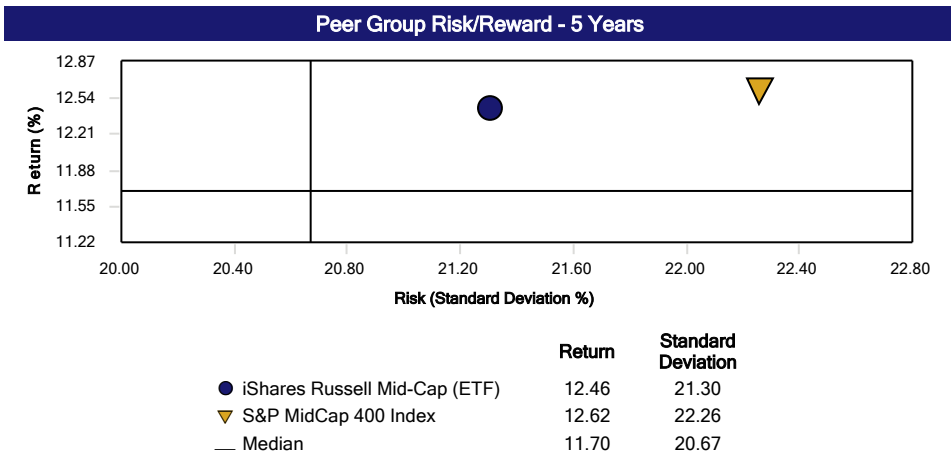
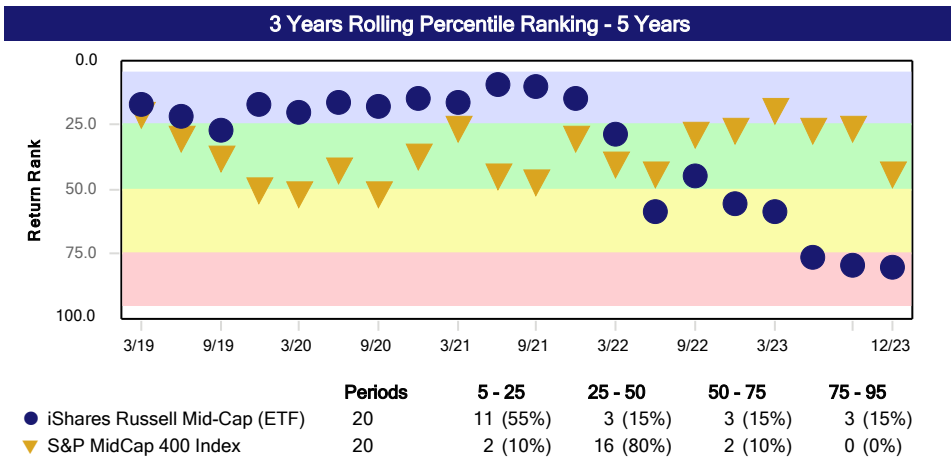
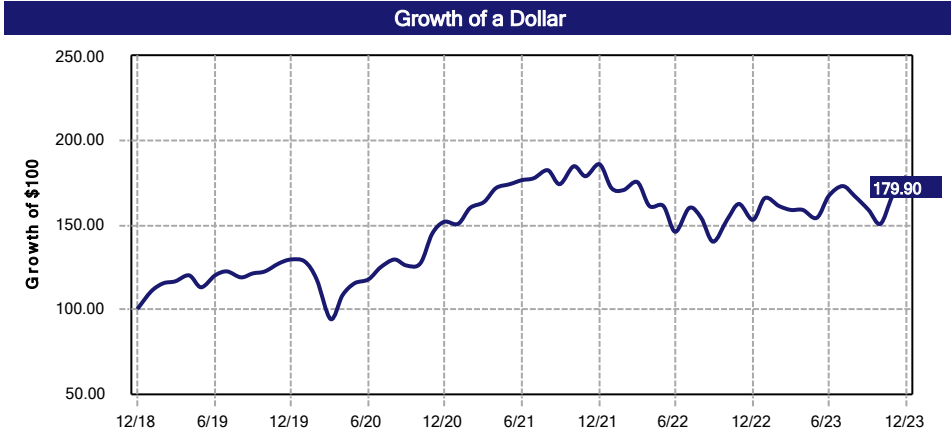
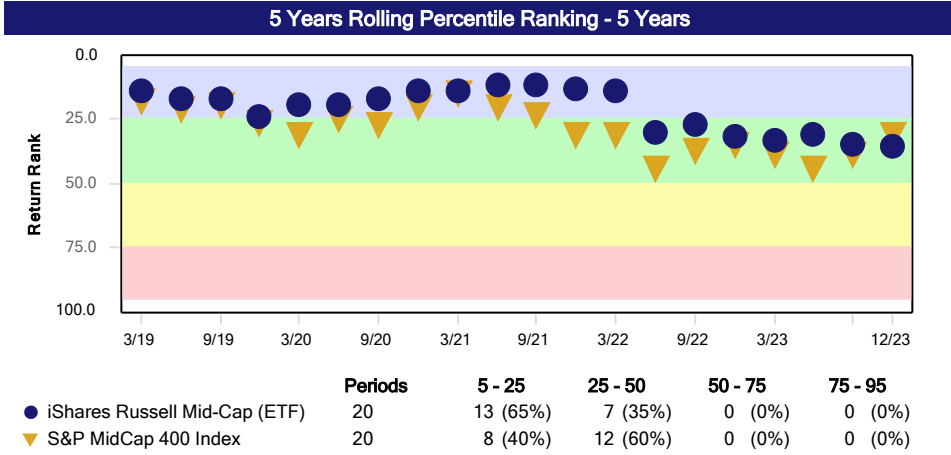
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Fidelity Mid-Cap Index (MF)	5.92	19.11	-1.69	0.95	0.29	96.65	91.24
S&P MidCap 400 Index	8.09	19.74	0.00	1.00	0.39	100.00	100.00

Historical Statistics - 1 Year

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Fidelity Mid-Cap Index (MF)	17.21	19.26	1.35	0.95	0.67	92.39	97.05
S&P MidCap 400 Index	16.44	19.96	0.00	1.00	0.62	100.00	100.00

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System iShares Russell Mid-Cap (ETF) December 31, 2023



Historical Statistics - 5 Years

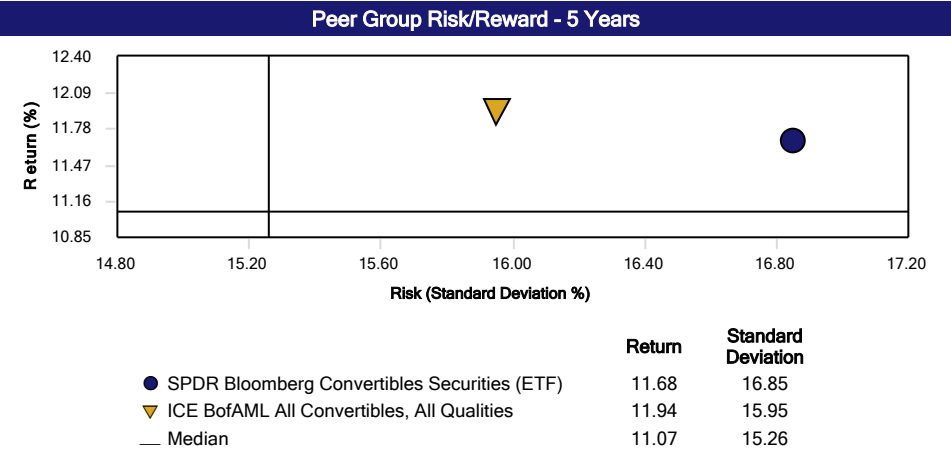
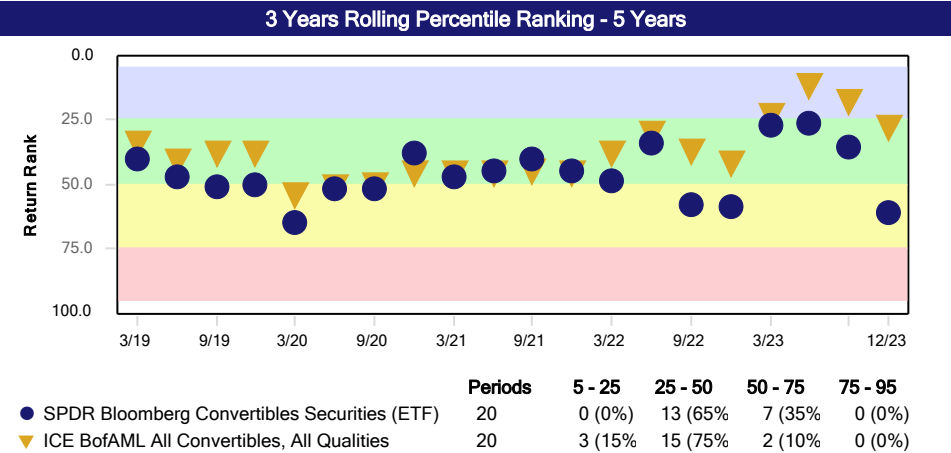
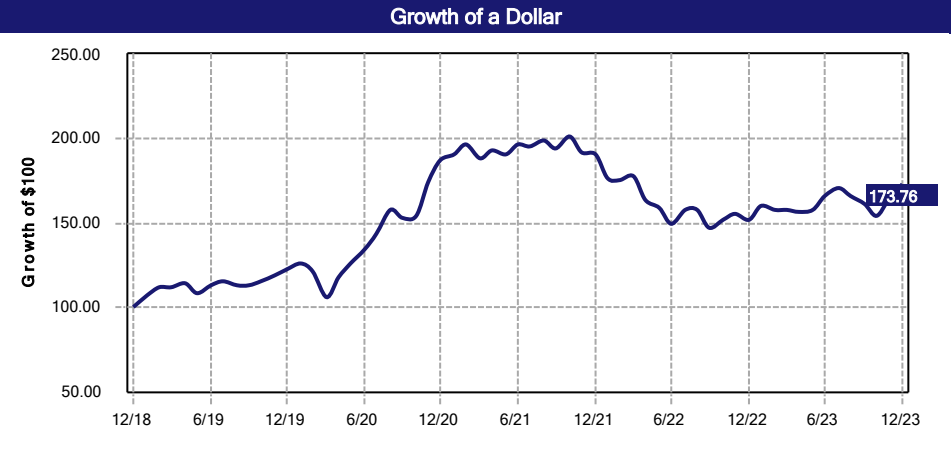
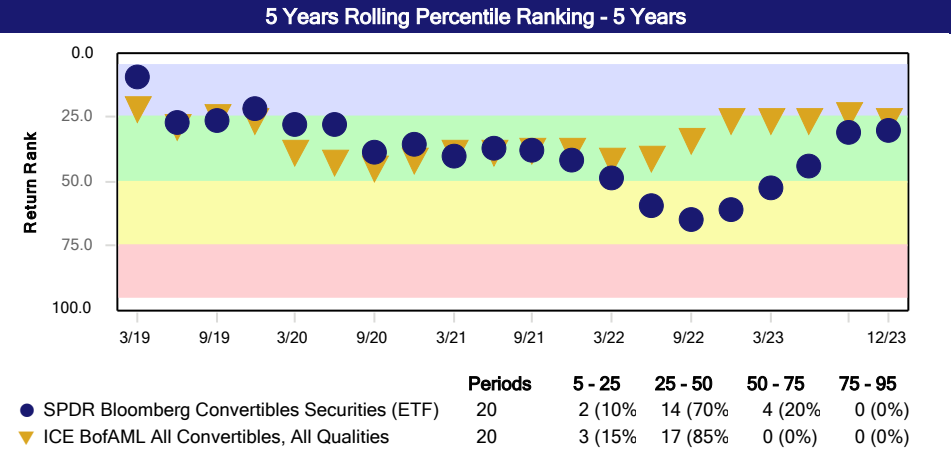
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares Russell Mid-Cap (ETF)	12.46	21.30	0.43	0.95	0.57	90.52	93.17
S&P MidCap 400 Index	12.62	22.26	0.00	1.00	0.56	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares Russell Mid-Cap (ETF)	5.74	19.09	-1.85	0.95	0.28	96.93	90.92
S&P MidCap 400 Index	8.09	19.74	0.00	1.00	0.39	100.00	100.00

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System SPDR Bloomberg Convertibles Securities (ETF) December 31, 2023



Historical Statistics - 5 Years

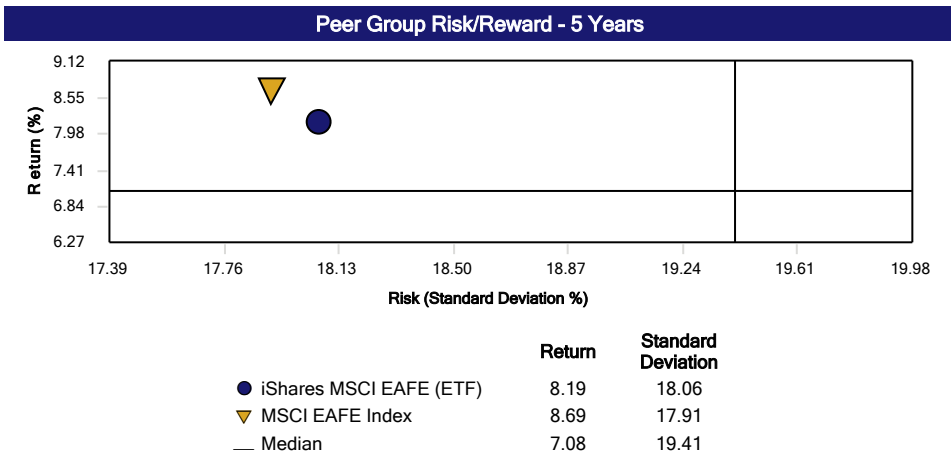
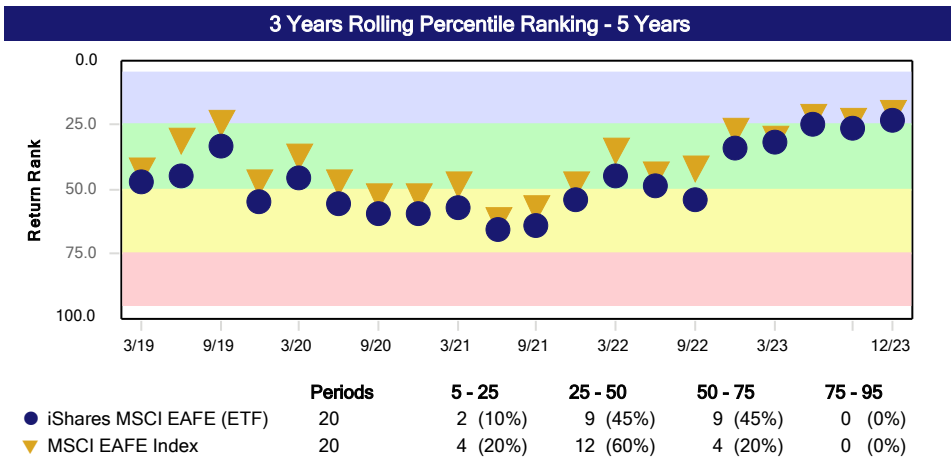
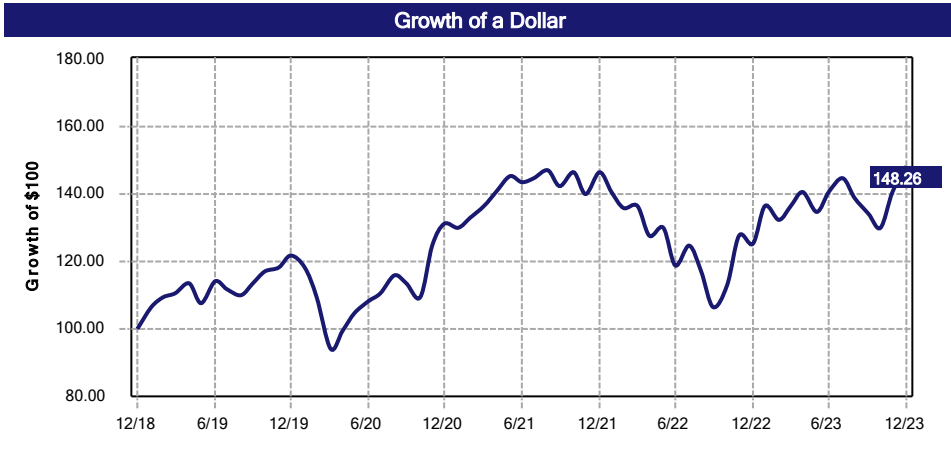
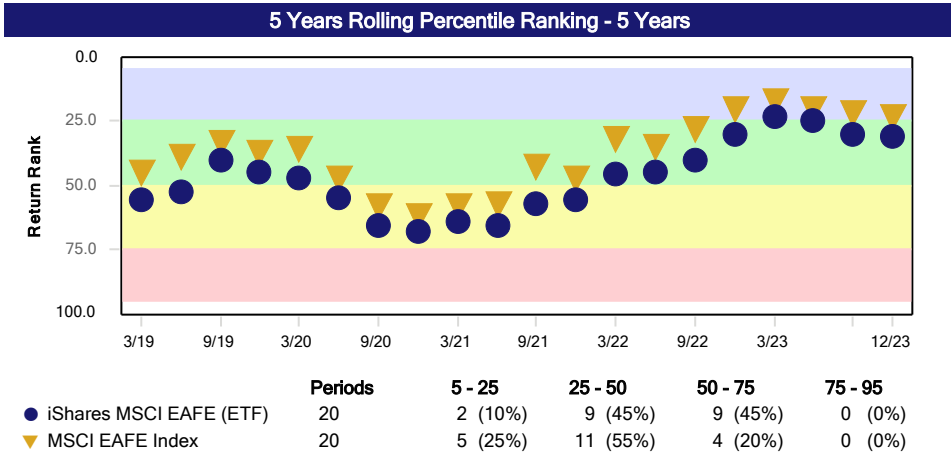
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
SPDR Bloomberg Convertibles Securities (ETF)	11.68	16.85	-0.70	1.05	0.63	106.27	103.20
ICE BofAML All Convertibles, All Qualities	11.94	15.95	0.00	1.00	0.67	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
SPDR Bloomberg Convertibles Securities (ETF)	-2.54	13.17	-1.71	1.03	-0.29	105.46	96.18
ICE BofAML All Convertibles, All Qualities	-0.78	12.72	0.00	1.00	-0.17	100.00	100.00

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System iShares MSCI EAFE (ETF) December 31, 2023



Historical Statistics - 5 Years

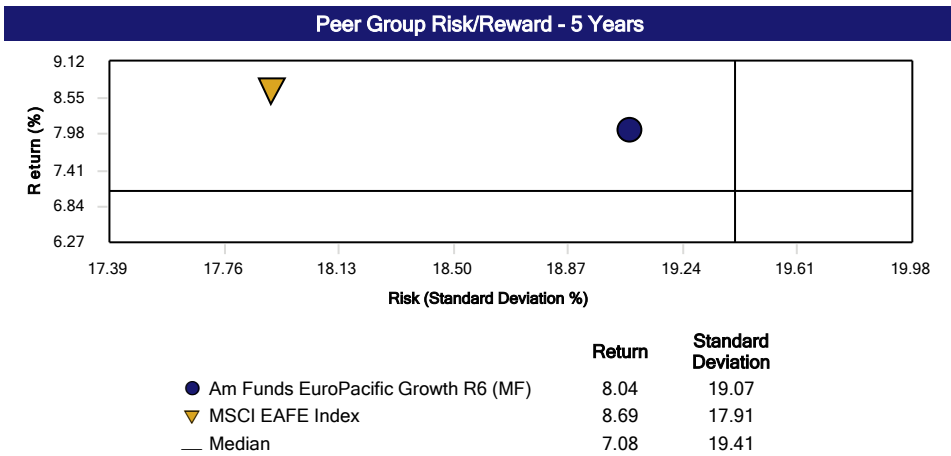
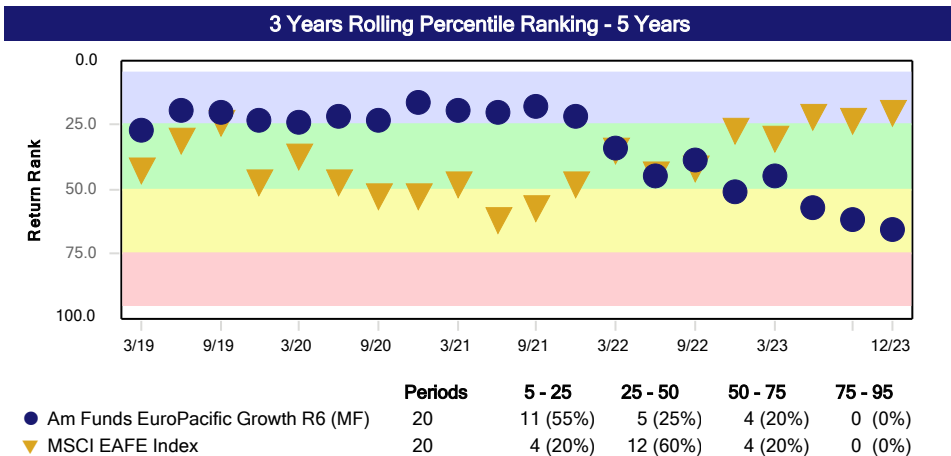
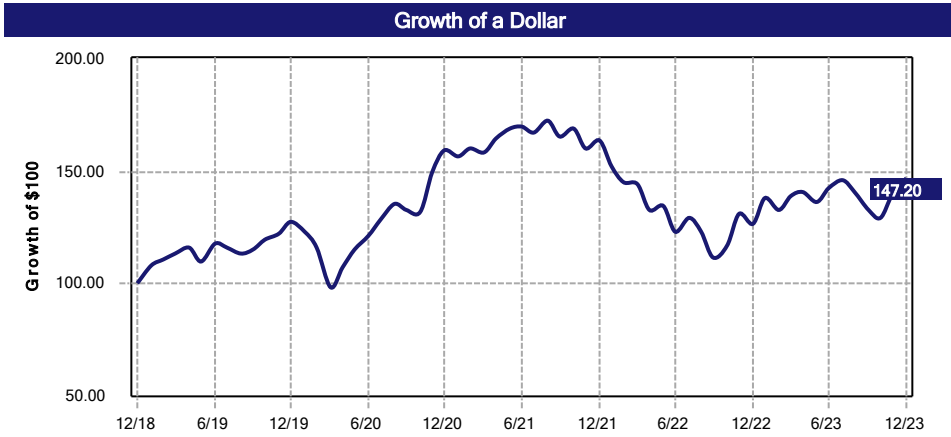
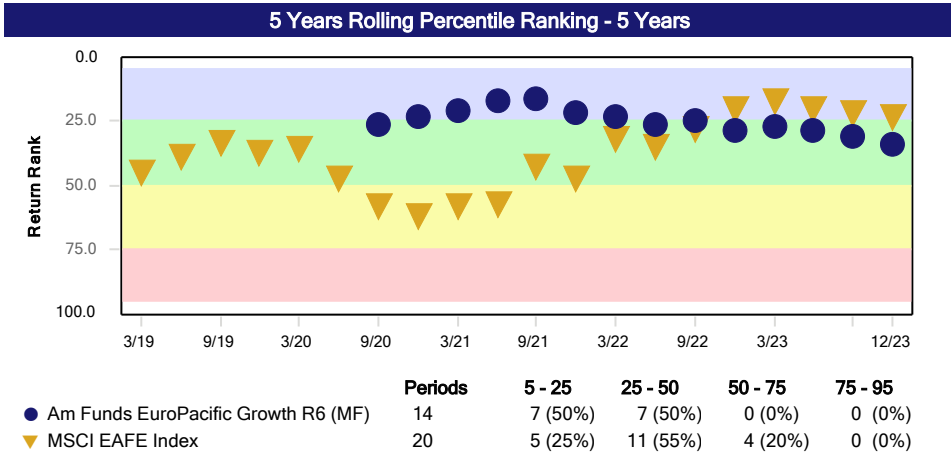
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares MSCI EAFE (ETF)	8.19	18.06	-0.43	1.00	0.42	101.64	99.68
<i>MSCI EAFE Index</i>	<i>8.69</i>	<i>17.91</i>	<i>0.00</i>	<i>1.00</i>	<i>0.45</i>	<i>100.00</i>	<i>100.00</i>

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares MSCI EAFE (ETF)	4.16	17.20	-0.40	1.02	0.20	102.89	101.28
<i>MSCI EAFE Index</i>	<i>4.53</i>	<i>16.60</i>	<i>0.00</i>	<i>1.00</i>	<i>0.22</i>	<i>100.00</i>	<i>100.00</i>

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Am Funds EuroPacific Growth R6 (MF) December 31, 2023



Historical Statistics - 5 Years

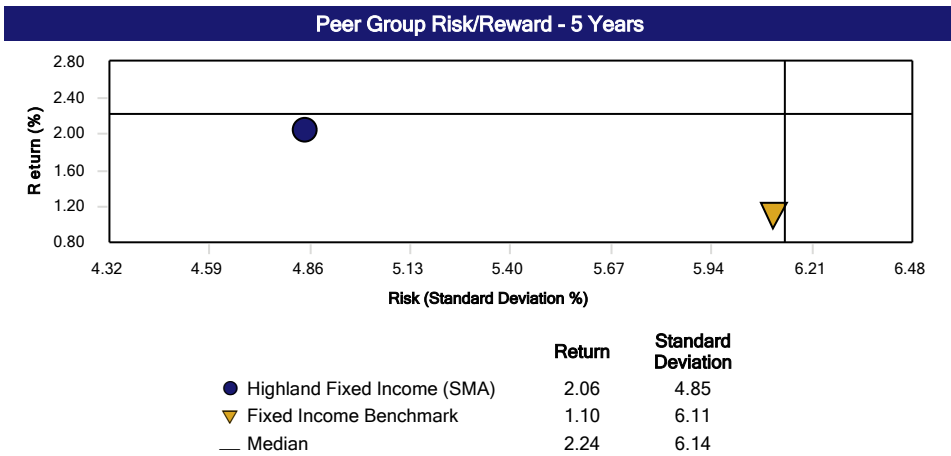
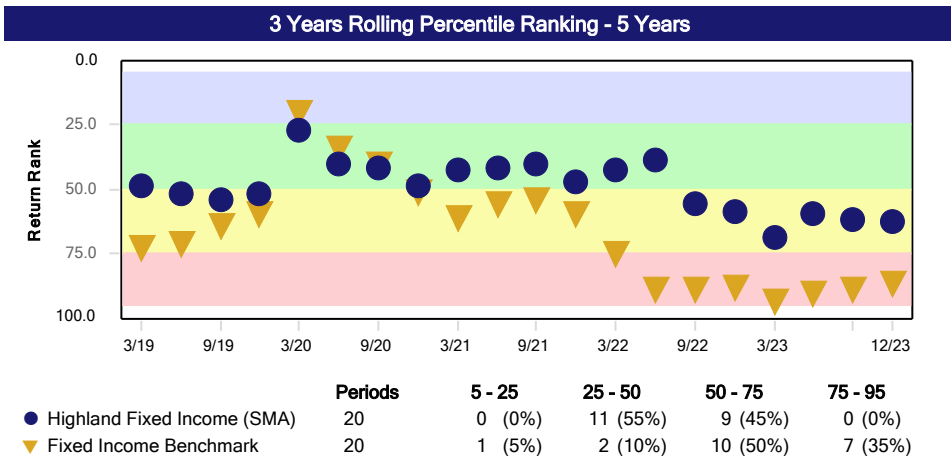
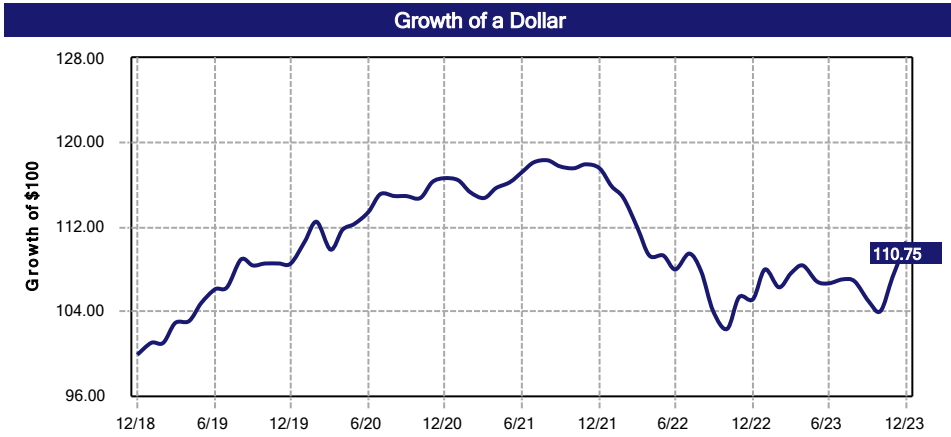
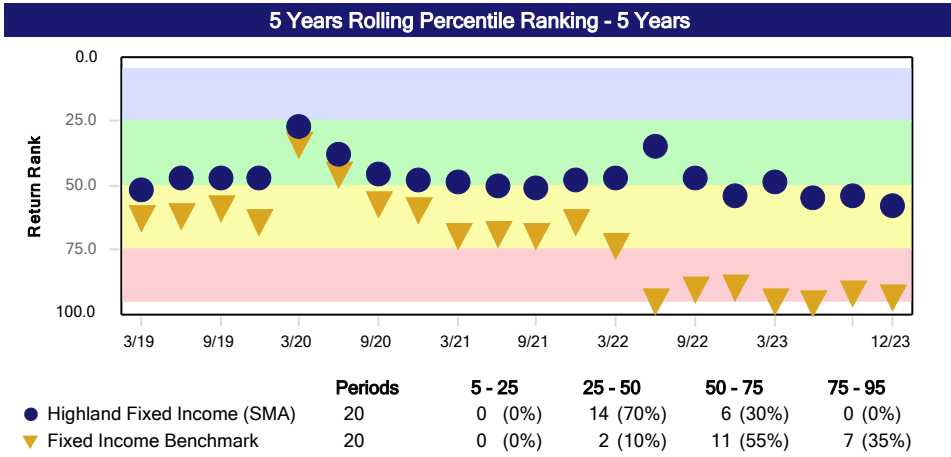
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Am Funds EuroPacific Growth R6 (MF)	8.04	19.07	-0.59	1.02	0.40	104.44	101.72
MSCI EAFE Index	8.69	17.91	0.00	1.00	0.45	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Am Funds EuroPacific Growth R6 (MF)	-2.65	17.66	-6.86	1.02	-0.19	113.47	84.74
MSCI EAFE Index	4.53	16.60	0.00	1.00	0.22	100.00	100.00

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Highland Fixed Income (SMA) December 31, 2023



Historical Statistics - 5 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Highland Fixed Income (SMA)	2.06	4.85	1.19	0.77	0.06	72.20	86.58
Fixed Income Benchmark	1.10	6.11	0.00	1.00	-0.10	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Highland Fixed Income (SMA)	-1.74	5.29	0.65	0.73	-0.72	68.68	75.10
Fixed Income Benchmark	-3.31	7.14	0.00	1.00	-0.75	100.00	100.00

Attachment: Burgess Chambers & Associates - Quarterly Report - Dec. 31, 2023 (4407 : New Business -

Holly Hill Firefighters' Retirement System Glossary December 31, 2023

- ACCRUED INTEREST- Bond interest earned since the last interest payment, but not yet received.
- ALPHA- A linear regressive constant that measures expected return independent of Beta.
- ASSET ALLOCATION- The division of portfolio asset classes in order to achieve an expected investment objective.
- BALANCED UNIVERSES - Public Funds, Endowments & Foundations, Corporate peer groups, and PSN peer groups.
- BETA- A measure of portfolio sensitivity (volatility) in relation to the market, based upon past experience.
- BOND DURATION- A measure of portfolio sensitivity to interest rate risk.
- COMMINGLED FUND- An investment fund which is similar to a mutual fund in that investors are permitted to purchase and redeem units that represent ownership in a pool of securities.
- CONVERTIBLE BONDS - Hybrid securities' that offer equity returns during rising equity markets and improved down-market protection.
- CORE- An equal weighting in both growth and value stocks.
- CORRELATION COEFFICIENT- A measure of how two assets move together. The measure is bounded by +1 and -1; +1 means that the two assets move together positively, while a measure of -1 means that the assets are perfectly negatively correlated.
- GROWTH MANAGER- Generally invests in companies that have either experienced above-average growth rates and/or are expected to experience above-average growth rates in the future. Growth portfolios tend to have high price/earnings ratios and generally pay little to no dividends.
- INDEXES- Indexes are used as "independent representations of markets" (e.g., S&P 500).
- INFORMATION RATIO- Annualized excess return above the benchmark relative to the annualized tracking error.
- LARGE CAP- Generally, the term refers to a company that has a market capitalization that exceeds \$10 billion.
- MANAGER UNIVERSE- A collection of quarterly investment returns from various investment management firms that may be subdivided by style (e.g. growth, value, core).
- MID CAP- Generally, the term refers to a company that has a market capitalization between \$2 and \$10 billion.
- NCREIF - A quarterly time series composite total rate of return measure of investment performance of a large pool of individual commercial real estate properties acquired in the private market for investment purposes only.
- NCREIF ODCE - Open End Diversified Core Equity index which consists of historical and current returns from 26 open-end commingled funds pursuing core strategy. This index is capitalization weighted, time weighted and gross of fees.
- NET- Investment return accounts only for manager fees.
- PROTECTING FLORIDA INVESTMENT ACT (PFIA) - SBA publishes a list of prohibited investments (scrutinized companies).
- RATE OF RETURN- The percentage change in the value of an investment in a portfolio over a specified time period, excluding contributions.
- RISK MEASURES- Measures of the investment risk level, including beta, credit, duration, standard deviation, and others that are based on current and historical data.
- R-SQUARED- Measures how closely portfolio returns and those of the market are correlated, or how much variation in the portfolio returns may be explained by the market. An R2 of 40 means that 40% of the variation in a fund's price changes could be attributed to changes in the market index over the time period.

**Holly Hill Firefighters' Retirement System
Glossary
December 31, 2023**

- SHARPE RATIO- The ratio of the rate of return earned above the risk-free rate to the standard deviation of the portfolio. It measures the number of units of return per unit of risk.
- SMALL CAP- Generally refers to a company with a market capitalization \$300 million to \$2 billion.
- STANDARD DEVIATION- Measure of the variability (dispersion) of historical returns around the mean. It measures how much exposure to volatility was experienced by the implementation of an investment strategy.
- SYSTEMATIC RISK- Measured by beta, it is the risk that cannot be diversified away (market risk).
- TIME WEIGHTED (TW) RETURN - A measure of the investments versus the investor. When there are no flows the TW & DOLLAR weighted (DW) returns are the same and vice versa.
- TRACKING ERROR- A measure of how closely a manager's performance tracks an index; it is the annualized standard deviation of the differences between the quarterly returns for the manager and the benchmark.
- TREYNOR RATIO- A measure of reward per unit of risk. (excess return divided by beta).
- UP AND DOWN-MARKET CAPTURE RATIO- Ratio that illustrates how a manager performed relative to the market during rising and declining market periods.
- VALUE MANAGER- Generally invests in companies that have low price-to-earnings and price-to-book ratios and/or above-average dividend yields.

**Holly Hill Firefighters' Retirement System
Disclosure
December 31, 2023**

Advisory services are offered through or by Burgess Chambers and Associates, Inc., a registered SEC investment advisor.

Performance Reporting:

1. Changes in portfolio valuations due to capital gains or losses, dividends, interest, income and management fees are included in the calculation of returns. All calculations are made in accordance with generally accepted industry standards.
2. BCA complies with the Association for Investment Management and Research Performance Presentation Standards (AIMR-PPS). Returns are time-weighted rates of return (TWR).
3. Transaction costs, such as commissions, are included in the purchase cost or deducted from the proceeds or sale of a security. Differences in transaction costs may affect comparisons.
4. Individual client returns may vary due to a variety of factors, including differences in investment objectives, asset allocating and timing of investment decisions.
5. Performance reports are generated from information supplied by the client, custodian, and/or investment managers. BCA relies upon the accuracy of this data when preparing reports.
6. The market indexes do not include transaction costs, and an investment in a product similar to the index would have lower performance dependent upon costs, fees, dividend reinvestments, and timing. Benchmarks and indexes are for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved.
7. Performance information prepared by third party sources may differ from that shown by BCA. These differences may be due to different methods of analysis, different time periods being evaluated, different pricing sources for securities, treatment of accrued income, treatment of cash, and different accounting procedures.
8. Certain valuations, such as alternative assets, ETF, and mutual funds, are prepared based on information from third party sources, the accuracy of such information cannot be guaranteed by BCA. Such data may include estimates and maybe subject to revision.
9. BCA relies on third party vendors to supply tax cost and market values, In the event that cost values are not available, market values may be used as a substitute.
10. BCA has not reviewed the risks of individual security holdings.
11. BCA investment reports are not indicative of future results.
12. Performance rankings are time sensitive and subject to change.
13. Mutual Fund (MF), Collective Investment Trusts (CIT) and Exchange Traded Funds (ETF) are ranked in net of fee universes.
14. Separately Managed Account (SMA) and Commingled Fund (CF) returns are ranked in gross of fees universes.
15. Composite returns are ranked in universes that encompass both gross and net of fee returns.
16. Total Fund returns are ranked in a gross of fee universe.
17. Private investments may include performance fees in addition to a management fee. For the purpose of BCA's calculations, net returns take in consideration both performance and management fees, but gross returns include management fees only.
18. For a free copy of Part II (mailed w/i 5 bus. days from request receipt) of Burgess Chambers & Associates, Inc.'s most recent Form ADV which details pertinent business procedures, please contact: 315 East Robinson Street Suite #690, Orlando, Florida 32801, 407-644-0111, info@burgesschambers.com.

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CITY OF HOLLY HILL
FIREFIGHTERS' PENSION PLAN
ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2025



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

January 23, 2024

Board of Trustees
City of Holly Hill
Firefighters' Pension Board

Re: City of Holly Hill Firefighters' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Holly Hill Firefighters' Pension Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112 and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Holly Hill, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.


The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.


To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Holly Hill, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Firefighters' Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #23-6595

By: 
Kevin H. Peng, ASA, EA, MAAA
Enrolled Actuary #23-7783

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Holly Hill Firefighters' Pension Plan, performed as of October 1, 2023, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2025.

The contribution requirements, compared with those set forth in the October 1, 2022 actuarial valuation report, are as follows:

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	<u>9/30/2025</u>	<u>9/30/2024</u>
Minimum Required Contribution		
% of Projected Annual Payroll	54.7%	54.1%
Member Contributions (Est.)		
% of Projected Annual Payroll	7.0%	7.0%
City And State Required Contribution		
% of Projected Annual Payroll	47.7%	47.1%
State Contribution (Est.) ¹		
\$	\$105,789	\$105,789
% of Projected Annual Payroll (Est.)	12.6%	12.6%
City Required Contribution (Est.) ²		
% of Projected Annual Payroll (Est.)	35.1%	34.5%

¹ Represents the amount received in calendar 2023. As per a Mutual Consent Agreement between the Membership and the City, all State Monies received each year will be available to offset the City's required contribution.

² The required contribution from the combination of City and State sources for the year ending September 30, 2025, is 47.7% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 35.1% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has access to a prepaid contribution of \$58,426.00 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2024.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2022 actuarial valuation report. The increase is attributable to unfavorable actuarial experience as described in the next paragraph. The increase was offset in part by an increase in payroll, which reduces the relatively fixed costs when expressed as a percentage of payroll.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 3.96% (Actuarial Asset Basis) which fell short of the 6.90% assumption, an average salary increase of 13.35% which exceeded the 4.95% assumption, and inactive mortality experience. These losses were offset in part by a gain associated with favorable turnover experience.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2022	40.9%
(2) Summary of Contribution Impact by component:	
Change in State Contribution Percentage	-6.4%
Change in Normal Cost Rate	-1.1%
Change in Administrative Expense Percentage	0.1%
Payroll Change Effect on UAAL Amortization	-1.3%
Investment Return (Actuarial Asset Basis)	2.2%
Salary Increases	1.9%
Active Decrements	-1.3%
Inactive Mortality	0.7%
UAAL Amortization Impact from Contribution Policy	-0.8%
Assumption Change	0.0%
Other	<u>0.2%</u>
Total Change in Contribution	-5.8%
(3) Contribution Determined as of October 1, 2023	35.1%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2023</u>	<u>10/1/2022</u>
A. Participant Data		
Actives	12	13
Service Retirees	12	12
DROP Retirees	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>2</u>	<u>2</u>
Total	26	27
Projected Annual Payroll	839,489	799,001
Annual Rate of Payments to:		
Service Retirees	395,164	395,164
DROP Retirees	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	28,503	28,503
B. Assets		
Actuarial Value (AVA) ¹	6,143,091	5,897,426
Market Value (MVA) ¹	5,646,874	5,194,193
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	3,791,157	3,393,853
Disability Benefits	103,949	104,732
Death Benefits	43,657	40,896
Vested Benefits	496,308	442,659
Refund of Contributions	8,402	9,439
Service Retirees	3,880,940	3,961,917
DROP Retirees ¹	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	324,747	305,951
Share Plan Balances ¹	<u>0</u>	<u>0</u>
Total	8,649,160	8,259,447

C. Liabilities - (Continued)	<u>10/1/2023</u>	<u>10/1/2022</u>
Present Value of Future Salaries	6,088,058	5,681,496
Present Value of Future Member Contributions	426,164	397,705
Normal Cost (Retirement)	140,266	141,526
Normal Cost (Disability)	7,297	8,336
Normal Cost (Death)	2,739	2,717
Normal Cost (Vesting)	26,139	23,154
Normal Cost (Refunds)	1,617	1,947
Total Normal Cost	<u>178,058</u>	<u>177,680</u>
Present Value of Future Normal Costs	1,249,096	1,217,326
Accrued Liability (Retirement)	2,828,367	2,442,105
Accrued Liability (Disability)	57,900	53,156
Accrued Liability (Death)	24,146	22,026
Accrued Liability (Vesting)	282,298	254,678
Accrued Liability (Refunds)	1,666	2,288
Accrued Liability (Inactives) ¹	4,205,687	4,267,868
Share Plan Balances ¹	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability (EAN AL)	7,400,064	7,042,121
Unfunded Actuarial Accrued Liability (UAAL)	1,256,973	1,144,695
Funded Ratio (AVA / EAN AL)	83.0%	83.7%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2023</u>	<u>10/1/2022</u>
Vested Accrued Benefits		
Inactives + Share Plan Balances ¹	4,205,687	4,267,868
Actives	1,690,839	1,453,954
Member Contributions	<u>491,497</u>	<u>456,120</u>
Total	6,388,023	6,177,942
Non-vested Accrued Benefits	<u>9,546</u>	<u>40,978</u>
Total Present Value Accrued Benefits (PVAB)	6,397,569	6,218,920
Funded Ratio (MVA / PVAB)	88.3%	83.5%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	184,253	
Benefits Paid	(420,212)	
Interest	414,608	
Other	<u>0</u>	
Total	178,649	

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	<u>9/30/2025</u>	<u>9/30/2024</u>
E. Pension Cost		
Normal Cost (with interest)		
% of Projected Annual Payroll ²	21.9	23.0
Administrative Expenses (with interest)		
% of Projected Annual Payroll ²	3.8	3.7
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2023, with interest)		
% of Projected Annual Payroll ²	29.0	27.4
Minimum Required Contribution		
% of Projected Annual Payroll ²	54.7	54.1
Expected Member Contributions		
% of Projected Annual Payroll ²	7.0	7.0
Expected City and State Contribution		
% of Projected Annual Payroll ²	47.7	47.1
F. Past Contributions		
Plan Years Ending:	<u>9/30/2023</u>	
City and State Requirement	403,990	
Actual Contributions Made:		
City	298,201	
State	<u>105,789</u>	
Total	403,990	
G. Net Actuarial (Gain)/Loss	288,522	

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023 and 9/30/2022.

² Contributions developed as of 10/1/2023 are expressed as a percentage of Projected Annual Payroll at 10/1/2023 of \$839,489.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2023	1,256,973
2024	1,092,556
2025	916,795
2028	490,515
2032	312,611
2035	144,304
2038	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2023	13.35%	4.95%
Year Ended 9/30/2022	11.95%	5.04%
Year Ended 9/30/2021	3.32%	5.74%
Year Ended 9/30/2020	5.97%	5.77%
Year Ended 9/30/2019	-0.83%	5.78%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

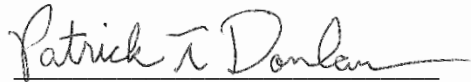
	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2023	8.52%	3.96%	6.90%
Year Ended 9/30/2022	-15.60%	5.04%	6.90%
Year Ended 9/30/2021	20.39%	9.97%	7.40%
Year Ended 9/30/2020	11.15%	8.34%	7.40%
Year Ended 9/30/2019	4.75%	8.00%	7.40%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2023	\$839,489
	10/1/2013	690,628
(b) Total Increase		21.55%
(c) Number of Years		10.00
(d) Average Annual Rate		1.97%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #23-6595

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112, Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2022	\$1,144,695
(2) Sponsor Normal Cost developed as of October 1, 2022	121,750
(3) Expected administrative expenses for the year ended September 30, 2023	28,673
(4) Expected interest on (1), (2) and (3)	88,374
(5) Sponsor contributions to the System during the year ended September 30, 2023	403,990
(6) Expected interest on (5)	11,051
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	968,451
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	288,522
(10) Unfunded Actuarial Accrued Liability as of October 1, 2023	1,256,973

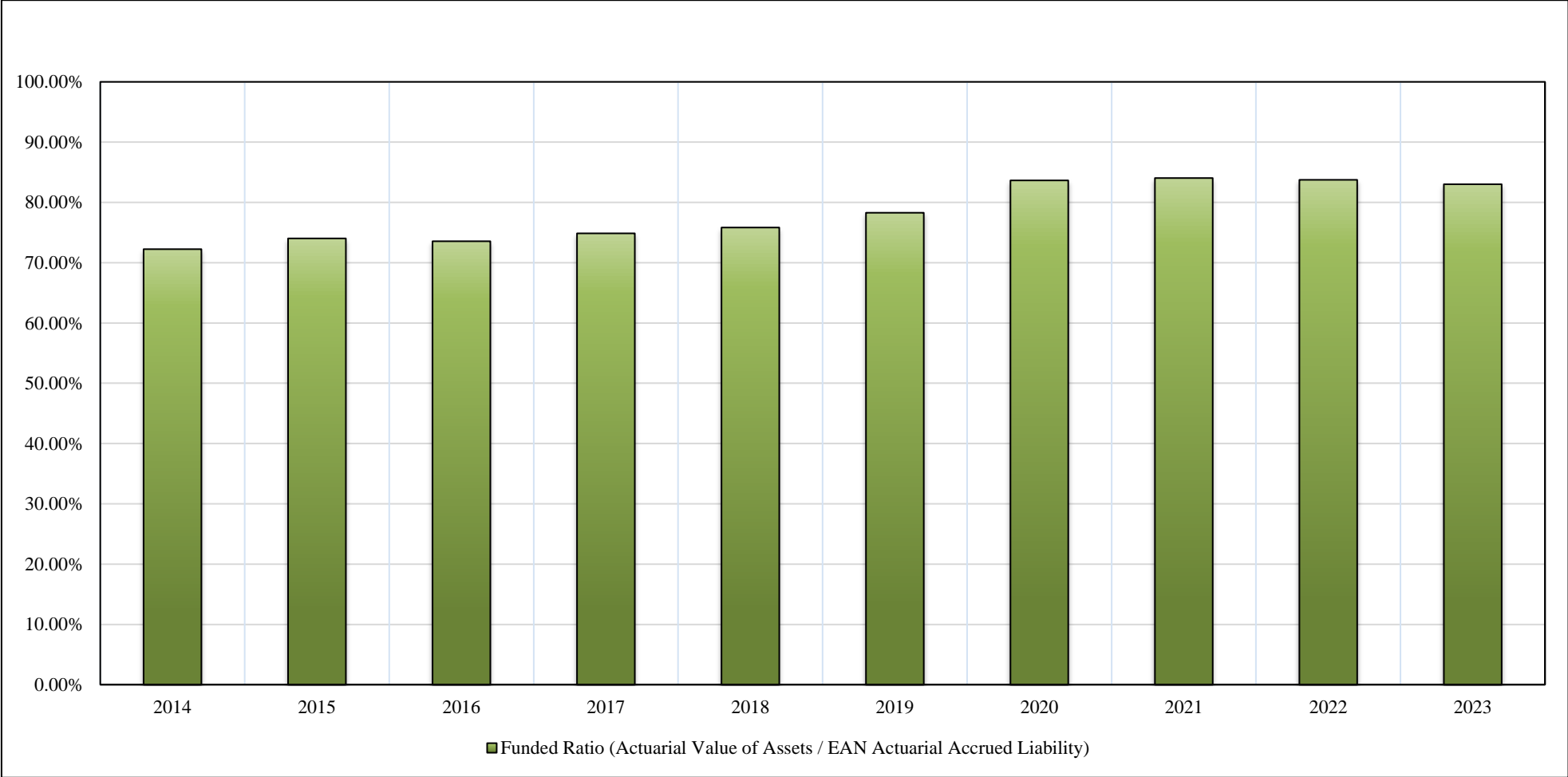
<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2023 Amount</u>	<u>Amortization Amount</u>
Consolidation Base	10/1/2020	4	601,484	165,738
Actuarial Gain	10/1/2021	13	(120,970)	(13,463)
Assump Change	10/1/2021	13	268,555	29,889
Actuarial Loss	10/1/2022	14	219,382	23,326
Actuarial Loss	10/1/2023	15	288,522	29,447
			1,256,973	234,937

Attachment: Foster & Foster Actuarial Report 2023 (4407 : New Business - Frank Wan, Financial Advisor; Patrick Donlan, Actuary and Paul

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	\$1,144,695
(2) Expected UAAL as of October 1, 2023	968,451
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	174,441
Salary Increases	148,348
Active Decrements	(107,319)
Inactive Mortality	56,829
Other	<u>16,223</u>
Increase in UAAL due to (Gain)/Loss	288,522
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2023	\$1,256,973

HISTORY OF FUNDING PROGRESS



Attachment: Foster & Foster Actuarial Report 2023 (4407 : New Business - Frank Wan, Financial Advisor; Patrick

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate*Healthy Active Lives:*

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

6.90% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

See table later in this section. This assumption is based on the results of an experience study performed in 2021. Salary in year of retirement is increased individually to account for lump sums.

<u>Payroll Growth</u>	0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.
<u>Administrative Expenses</u>	\$31,150 annually, based on the average of actual expenses incurred in the prior two fiscal years.
<u>Amortization Method</u>	<p>New UAAL amortization bases are amortized over 15 Years.</p> <p>The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4.</p> <p>Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.</p>
<u>Funding Method</u>	<p>Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution:</p> <p style="padding-left: 40px;">Interest - A half year, based on current 6.90% assumption.</p> <p style="padding-left: 40px;">Salary - None.</p>
<u>Termination Rates</u>	See table later in this section. This assumption is based on the results of an experience study performed in 2021.
<u>Disability Rates</u>	See sample rates in Table (1207) later in this section. This assumption is confirmed as part of an Experience Study Performed in 2021. 90% of disablements are assumed to be service related. This assumption was developed from those used by other plans containing Florida municipal Firefighters.
<u>Retirement Age</u>	See table later in this section. This assumption is based on the results of an experience study performed in 2016 and confirmed as part of an Experience Study Performed in 2021.
<u>Early Retirement</u>	Commencing with the earliest Early Retirement Age (48), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year. We feel this assumption is reasonable based on the plan provisions.

Actuarial Asset Method

All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Low-Default-Risk Obligation Measure

Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.87% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

Assumption Tables

<u>% Terminating During the Year</u>		<u>% Becoming Disabled During the Year</u>	
<u>Service</u>	<u>Current Rate</u>	<u>Age</u>	<u>Rate</u>
0	13.0%	20	0.07%
1-4	7.0%	25	0.09%
5-9	5.0%	30	0.11%
10+	3.0%	35	0.14%
		40	0.19%
		45	0.30%
		50	0.51%
		55	0.96%
		60	1.66%
		65	2.39%

<u>Salary Scale</u>		<u>% Retiring During the Year (<25 Years of Service)</u>		<u>% Retiring During the Year (>= 25 Years of Service)</u>	
<u>Service</u>	<u>Current Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
0	10.00%	48-49	5.0%	All	100.0%
1-9	5.00%	50	50.0%		
10+	4.50%	51-54	20.0%		
		55-59	20.0%		
		60+	100.0%		

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

- (a) The normal cost accrual rate equals:
 - (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
 - (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.
- (d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

Projected Annual Payroll is the projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 144.4% on October 1, 2013 to 92.3% on October 1, 2023, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 56.8%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 70.0% on October 1, 2013 to 83.0% on October 1, 2023.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, increased from -6.4% on October 1, 2013 to 0.2% on October 1, 2023. The current Net Cash Flow Ratio of 0.2% indicates that contributions are generally covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 11 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.87%, resulting in an LDROM of \$9,400,021. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan’s investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2018</u>	<u>10/1/2013</u>
<u>Support Ratio</u>				
Total Actives	12	13	12	13
Total Inactives ¹	13	13	12	9
Actives / Inactives ¹	92.3%	100.0%	100.0%	144.4%
<u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	5,646,874	5,194,193	4,687,772	3,484,990
Total Annual Payroll	839,489	799,001	662,103	690,628
MVA / Total Annual Payroll	672.7%	650.1%	708.0%	504.6%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	4,205,687	4,267,868	4,285,131	2,731,689
Total Accrued Liability (EAN)	7,400,064	7,042,121	6,048,098	4,738,350
Inactive AL / Total AL	56.8%	60.6%	70.9%	57.7%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	6,143,091	5,897,426	4,586,582	3,317,417
Total Accrued Liability (EAN)	7,400,064	7,042,121	6,048,098	4,738,350
AVA / Total Accrued Liability (EAN)	83.0%	83.7%	75.8%	70.0%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	10,571	(19,351)	(32,765)	(223,912)
Market Value of Assets (MVA)	5,646,874	5,194,193	4,687,772	3,484,990
Ratio	0.2%	-0.4%	-0.7%	-6.4%

¹ Excludes terminated participants awaiting a refund of member contributions.

² Determined as total contributions minus benefit payments and administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	37,877.82	_____%
1999	30,833.45	-18.6%
2000	35,052.40	13.7%
2001	31,716.65	-9.5%
2002	35,164.02	10.9%
2003	40,824.85	16.1%
2004	42,041.90	3.0%
2005	49,744.48	18.3%
2006	54,012.60	8.6%
2007	79,761.23	47.7%
2008	-	-100.0%
2009	149,514.32	N/A
2010	62,261.02	-58.4%
2011	59,948.14	-3.7%
2012	56,963.81	-5.0%
2013	60,550.10	6.3%
2014	62,760.89	3.7%
2015	55,150.95	-12.1%
2016	51,534.90	-6.6%
2017	43,415.38	-15.8%
2018	43,892.39	1.1%
2019	47,064.20	7.2%
2020	44,150.79	-6.2%
2021	46,519.57	5.4%
2022	49,209.60	5.8%
2023	105,789.25	115.0%

Attachment: Foster & Foster Actuarial Report 2023 (4407 : New Business - Frank Wan, Financial Advisor; Patrick Donlan, Actuary and Paul

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	79,406.43	79,406.43
Total Cash and Equivalents	79,406.43	79,406.43
Receivables:		
State Contributions	37,266.77	37,266.77
Investment Income	10,885.75	10,885.75
Total Receivable	48,152.52	48,152.52
Investments:		
U. S. Bonds and Bills	343,466.08	302,537.51
Federal Agency Guaranteed Securities	484,912.37	447,303.35
Corporate Bonds	813,175.40	690,520.85
Municipal Obligations	81,107.95	67,531.65
Mutual Funds:		
Fixed Income	420,801.65	584,300.40
Equity	1,717,123.78	3,048,423.01
Pooled/Common/Commingled Funds:		
Real Estate	332,270.80	437,124.36
Total Investments	4,192,858.03	5,577,741.13
Total Assets	4,320,416.98	5,705,300.08
<u>LIABILITIES</u>		
Prepaid City Contribution	58,426.00	58,426.00
Total Liabilities	58,426.00	58,426.00
NET POSITION RESTRICTED FOR PENSIONS	4,261,990.98	5,646,874.08

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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

ADDITIONS

Contributions:		
Member	59,161.78	
City	298,201.19	
State	105,789.25	
Total Contributions		463,152.22
Investment Income:		
Net Realized Gain (Loss)	48,611.93	
Unrealized Gain (Loss)	295,788.69	
Net Increase in Fair Value of Investments	344,400.62	
Interest & Dividends	117,749.04	
Less Investment Expense ¹	(20,039.52)	
Net Investment Income		442,110.14
Total Additions		905,262.36
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	396,428.48	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	23,784.00	
Total Distributions		420,212.48
Administrative Expense		32,368.56
Total Deductions		452,581.04
Net Increase in Net Position		452,681.32
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		5,194,192.76
End of the Year		5,646,874.08

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2023

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2023	2024	2025	2026	2027
09/30/2021	673,421	269,369	134,685	0	0	0
09/30/2022	(1,384,108)	(830,464)	(553,642)	(276,820)	0	0
09/30/2023	81,098	64,878	48,658	32,438	16,218	0
Total		(496,217)	(370,299)	(244,382)	16,218	0

<u>Development of Investment Gain/Loss</u>	
Market Value of Assets, including Prepaid Contributions, 09/30/2022	5,200,921
Contributions Less Benefit Payments & Admin Expenses	62,269
Expected Investment Earnings*	361,012
Actual Net Investment Earnings	442,110
2023 Actuarial Investment Gain/(Loss)	<u>81,098</u>

*Expected Investment Earnings = $0.069 * (5,200,921 + 0.5 * 62,269)$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2023	5,646,874
(2) Gains/(Losses) Not Yet Recognized	<u>(496,217)</u>
(3) Actuarial Value of Assets, 09/30/2023, (1) - (2)	6,143,091
(4) Limited Actuarial Value of Assets, 09/30/2023	6,143,091
(A) 09/30/2022 Actuarial Assets, including Prepaid Contributions:	5,904,154
(I) Net Investment Income:	
1. Interest and Dividends	117,749
2. Realized Gain (Loss)	48,612
3. Unrealized Gain (Loss)	295,789
4. Change in Actuarial Value	(207,016)
5. Investment Expenses	<u>(20,040)</u>
Total	235,094
(B) 09/30/2023 Actuarial Assets, including Prepaid Contributions:	6,201,517
Actuarial Assets Rate of Return = $2I/(A+B-I)$:	3.96%
Market Value of Assets Rate of Return:	8.52%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(174,441)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2023
Actuarial Asset Basis

REVENUES		
Contributions:		
Member	59,161.78	
City	298,201.19	
State	105,789.25	
Total Contributions		463,152.22
Earnings from Investments:		
Interest & Dividends	117,749.04	
Net Realized Gain (Loss)	48,611.93	
Unrealized Gain (Loss)	295,788.69	
Change in Actuarial Value	(207,016.00)	
Total Earnings and Investment Gains		255,133.66
EXPENDITURES		
Distributions to Members:		
Benefit Payments	396,428.48	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	23,784.00	
Total Distributions		420,212.48
Expenses:		
Investment related ¹	20,039.52	
Administrative	32,368.56	
Total Expenses		52,408.08
Change in Net Assets for the Year		245,665.32
Net Assets Beginning of the Year		5,897,425.76
Net Assets End of the Year²		6,143,091.08

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

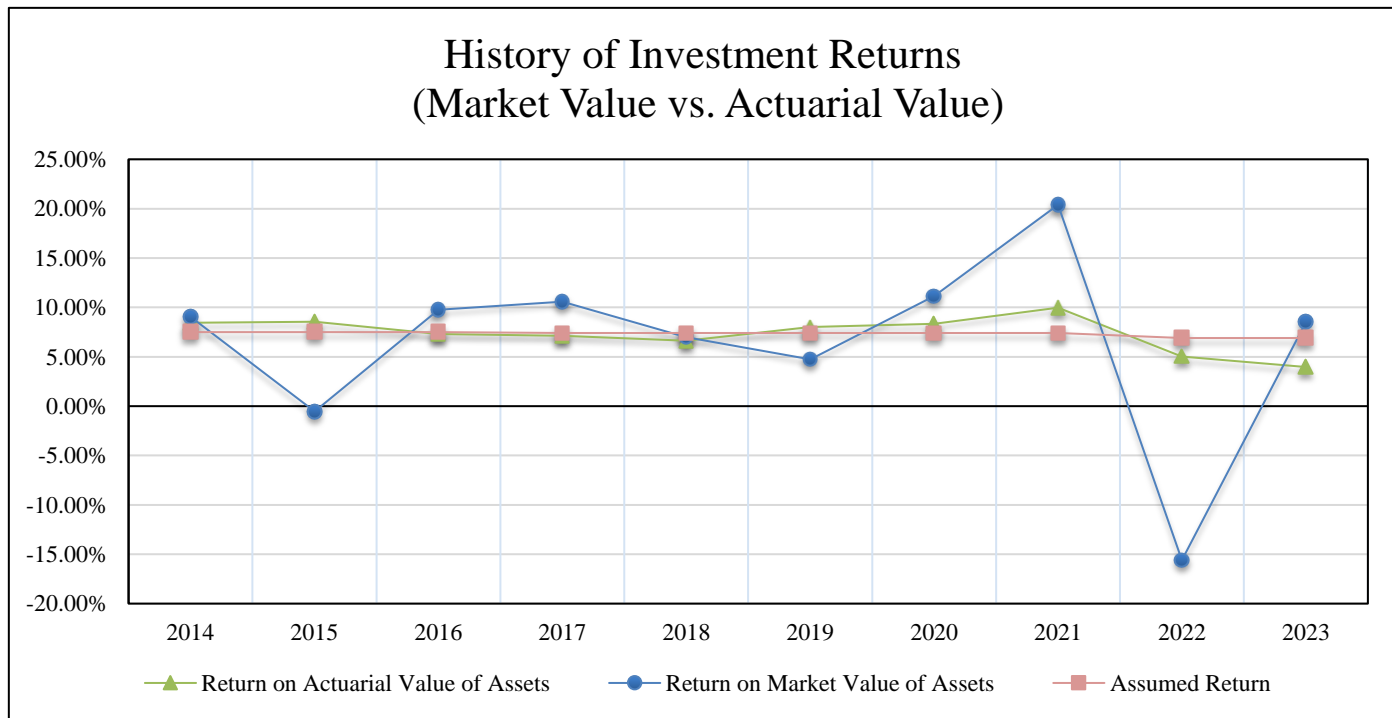
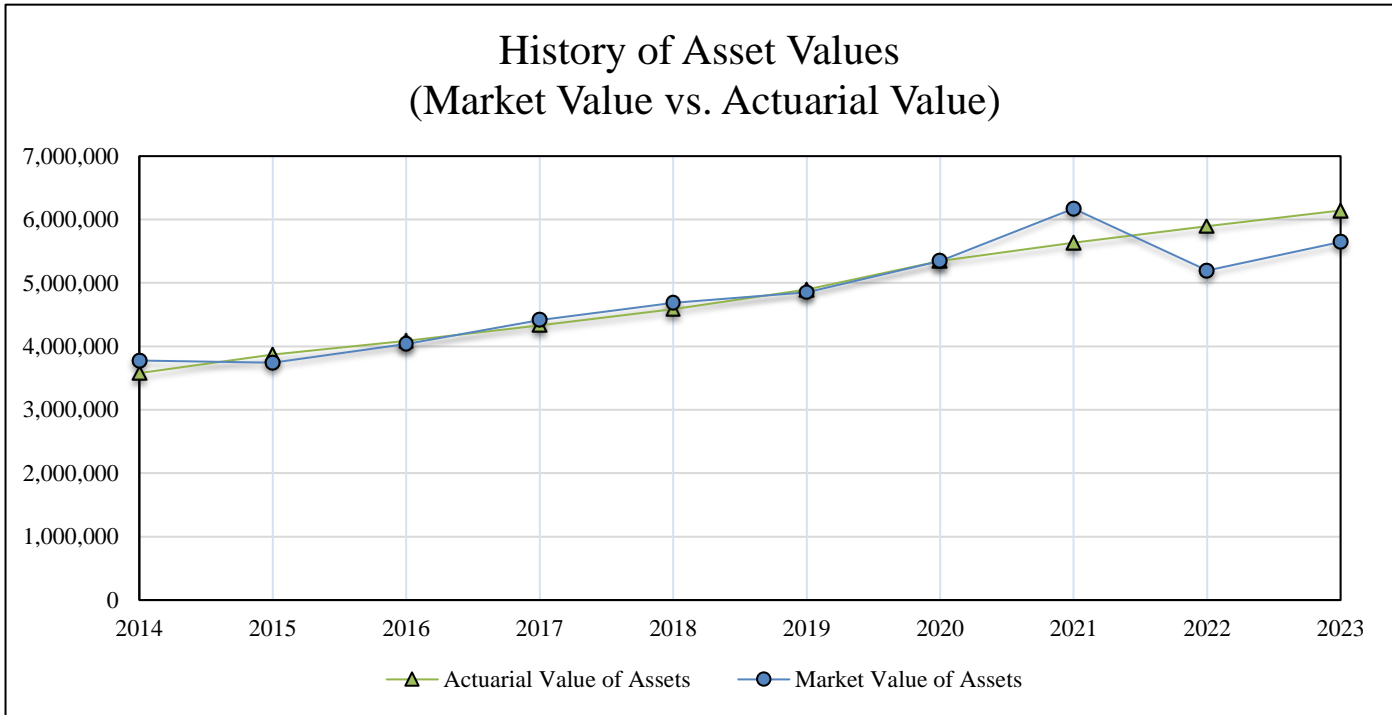
²Net Assets may be limited for actuarial consideration.

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2023

(1) City and State Required Contribution Rate	47.8%
(2) Pensionable Payroll Derived from Member Contributions	\$845,168.29
(3) City and State Required Contribution (1) x (2)	403,990.44
(4) Less Allowable State Contribution	<u>(105,789.25)</u>
(5) Equals Required City Contribution for Fiscal 2023	298,201.19
(6) Less 2022 Prepaid Contribution	(6,728.32)
(7) Less Actual City Contributions	<u>(349,898.87)</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2023	(\$58,426.00)

Attachment: Foster & Foster Actuarial Report 2023 (4407 : New Business - Frank Wan, Financial Advisor; Patrick Donlan, Actuary and Paul

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



Attachment: Foster & Foster Actuarial Report 2023 (4407 : New Business - Frank Wan, Financial Advisor; Patrick Donlan, Actuary and Paul Daragjati, Attorney)

STATISTICAL DATA

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>
<u>Actives</u>				
Number	12	13	13	12
Average Current Age	39.3	40.4	39.5	39.8
Average Age at Employment	28.5	30.8	30.6	31.2
Average Past Service	10.8	9.6	8.9	8.6
Average Annual Salary	\$69,957	\$61,462	\$55,755	\$55,936
<u>Service Retirees</u>				
Number	12	12	12	11
Average Current Age	68.4	67.4	66.4	66.5
Average Annual Benefit	\$32,930	\$32,930	\$32,930	\$31,752
<u>DROP Retirees</u>				
Number	0	0	0	1
Average Current Age	N/A	N/A	N/A	53.3
Average Annual Benefit	N/A	N/A	N/A	\$53,475
<u>Beneficiaries</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Terminated Vested</u>				
Number	2	2	2	2
Average Current Age ¹	48.7	47.7	46.7	45.7
Average Annual Benefit ¹	\$28,503	\$28,503	\$28,503	\$28,503

¹ The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24												0
25 - 29	1	1	1									3
30 - 34												0
35 - 39						1	2	1				4
40 - 44								2				2
45 - 49												0
50 - 54							1	1				2
55 - 59							1					1
60 - 64												0
65+												0
Total	1	1	1	0	0	1	4	4	0	0	0	12

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VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	13
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution	(2)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	0
g. Continuing participants	11
h. New entrants / Rehires	1
i. Total active life participants in valuation	12

2. Non-Active lives (including beneficiaries receiving benefits)

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>DROP Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested (Deferred Annuity)</u>	<u>Vested (Due Refund)</u>	<u>Total</u>
a. Number prior valuation	12	0	0	0	1	1	14
Retired							0
DROP							0
Vested (Deferred Annuity)							0
Vested (Due Refund)							0
Hired/Terminated in Same Year							0
Death, With Survivor							0
Death, No Survivor							0
Disabled							0
Refund of Contributions							0
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	12	0	0	0	1	1	14

Attachment: Foster & Foster Actuarial Report 2023 (4407 : New Business - Frank Wan, Financial Advisor; Patrick Donlan, Actuary and Paul Daragjati, Attorney)

SUMMARY OF CURRENT PLAN

<u>Latest Amendment Date</u>	September 12, 2016.
<u>Eligibility</u>	Employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a Firefighter.
<u>Earnings</u>	Total compensation reportable on Form W-2 plus tax deferred, tax sheltered or tax exempt items of income, excluding sick leave incentive, cleaning or 10-10 allowances, or any other non-regular payments. Overtime limited to 300 hours per year and lump sum sick and vacation limited to amounts accrued as of September 30, 2012.
<u>Average Monthly Earnings</u>	Average Earnings for the best 5 years during the 10 years immediately preceding termination.
<u>Member Contributions</u>	7.00% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, Florida Statutes.
<u>Normal Retirement</u>	
Date	Earlier of age 50 and 6 years of Credited Service or completion of 25 years of Credited Service, regardless of age.
Benefit	3.00% of Average Monthly Earnings <u>times</u> Credited Service
Form of Benefit	Ten Year Certain and Life Annuity (options available).
Supplement	Retirees receive \$19.00 per month per year of Credited Service payable to the date on which unreduced Social Security benefits become payable.

Early Retirement

Eligibility	Age 48 and 6 Years of Credited Service.
Benefit	Accrued benefit, actuarially reduced for each year that Early Retirement precedes Normal Retirement (determined as if employment continued).

Vesting

Schedule	100% after 6 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Benefit	Benefit accrued to date of disability, but not less than 42% of Average Monthly Earnings (Service Incurred).
Duration	Payable for life with ten years certain or until recovery, as determined by the Board (options available).

Pre-Retirement Death Benefits

Benefit if Not Vested	Designated Beneficiary shall receive a refund of the Member's Contributions.
Benefit if Vested	Monthly accrued benefit payable at the Member's Normal Retirement Date to designated beneficiary for 10 years (options available).
Minimum Benefit for Spouse, if Member dies in active service and is vested	50% of salary at time of death payable for life of the spouse, commencing on the first day of the month following the Member's death.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other four appointed by Commission.

Deferred Retirement Option Plan

Eligibility

Eligibility for Normal Retirement.

Participation

Not to exceed 60 months.

Rate of Return

6.50% per annum, credited quarterly.

Form of Distribution

Lump sum at termination of employment.

Chapter 175 Share Account

Pursuant to Chapter 2015-39, Laws of Florida, a share plan exists but is currently not funded as the City and Membership mutually consented to allow the City to use all annual State Monies to offset its funding requirements.