

CITY OF HOLLY HILL, FLORIDA
FIREFIIGHTERS PENSION FUND BOARD OF TRUSTEES
REVISED AGENDA • FEBRUARY 16, 2023

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
Vacant

CITY CLERK

Valerie Manning

1. CALL TO ORDER**2. ROLL CALL****3. APPROVAL OF MINUTES**

1. Minutes - November 17, 2022 Firefighters' Pension Board Meeting
(Requested by Valerie Manning, City Clerk)

4. PUBLIC PARTICIPATION**5. OLD BUSINESS**

1. Old Business - Letter from Paul Daragjati, Attorney
(Requested by Valerie Manning, City Clerk)

6. NEW BUSINESS

1. New Business
(Requested by Valerie Manning, City Clerk)

7. OTHER BUSINESS

- A. Meeting Dates 2023: May 18, August 17 and November 16 at 10:00 AM

8. 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.



For special accommodations, please notify the City Clerk's Office at least 72 hours in advance. (386) 248-9441



Help for the hearing impaired is available through the Assistive Listening System. Receivers can be obtained from the City Clerk's Office.

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: 02/16/23 10:00 AM
Department: City Clerk
Category: Minutes
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:

SCHEDULED

FIREFIGHTERS RETIREMENT PENSION TRUST FUND BOARD (ID # 4040) DOC ID: 4040

Minutes - November 17, 2022 Firefighters' Pension Board Meeting

DISCUSSION

Minutes from the November 17, 2022 Firefighters’ Pension Board meeting.

MOTION

Approve the minutes as submitted by staff.

Holly Hill Firefighter's Pension Meeting

November 17, 2022

Meeting called to order at: 10:01

In attendance: Tom Sejnowski (Chairman), Dave Bridger (Secretary), Laurie Taylor (Trustee), Sharon Miller (Trustee), Frank Wan (Financial adviser), Valerie Manning (City Clerk), Paul Daragjati (Attorney), Michelle Moore (Finance) and Nate Perez (Finance). Mike Moon absent

Motion to approve May 2022 minutes made by Sejnowski, Second by Taylor.

Unanimous vote to approve.

Public participation: Heidi commented Sejnowski's mustache almost looked good

Old Business: FTTPA membership has been renewed; Budget was updated and clarified receipts with Foster and Foster. We were over budget in 2020 by 3,700 due to an unplanned experience study

Auditor name was changed to James Moore and company From Brent Millikin

Rest of budget is on par with RFP

There was a bit more discussion about the budget on the audio recording.

Frank Wan (Financial Adviser): Delivered quarterly portfolio information and since 08/15/2022, things have just gone downhill. Inflation is still the driving force and even though we are out performing our goals, the plan lost 3.8% and was expected to lose 4.7%.

Frank makes a suggestion in regards to private real estate or MEPT (and for the best explanation, listen to the audio report)

He states we will do better on bonds going forward.

250K was removed from the MEPT fund and was reallocated to bonds. Frank is asking for ratification for that move. He explains the reason on audio.

Tom Sejnowski makes a motion to approve the ratification recommended by Frank

Second by Sharon Miller. Unanimous vote to approve.

Paul Daragjati (Attorney): FRS status change's but he has not heard anything nor is anything is final yet.

There is a detailed discussion about disability (best listened to on audio)

2022 Pension meeting dates were announced: All are Thursdays @ 10AM.

February 16, 2023

May 18, 2023

August 17, 2023

November 16, 2023

Sharon Miller makes motion to approve dates; Second by Laurie Taylor

Unanimous vote to approve.

Tom Sejnowski made a motion to adjourn; Second by Dave Bridger

Unanimous vote to approve.

Meeting adjourned at 10:43



Firefighters Pension Board

Meeting: 02/16/23 10:00 AM
Department: City Clerk
Category: Old Business
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:

SCHEDULED

FIREFIGHTERS RETIREMENT PENSION TRUST FUND BOARD (ID # 4044) DOC ID: 4044

Old Business - Letter from Paul Daragjati, Attorney

DISCUSSION

Attached to this agenda item is Attorney Daragjati’s correspondence letter to the board in his absence.



Tuesday, February 07, 2023

Chairman Thomas Sejnowski
Holly Hill Firefighter Pension Fund
1065 Ridgewood Ave.
Holly Hill, FL 32117

Dear Chairman Sejnowski:

Thank you for accepting this correspondence as an update on legal matters in lieu of my appearance at the Holly Hill Firefighters Pension Fund Board of Trustees meeting of February 16, 2023. Since our last meeting of November 17, 2022, there is only a single matter to update the board on:

1. Legislature – a bill has been filed related to special risk class in the FRS pension plan – it eliminates the provision for those hired after 2011 be employed for 30 years before reaching normal retirement; all special risk class members will thereafter reach normal retirement at 25 years of service, or 55 years old and vested.

That concludes my report. Thank you.

A handwritten signature in blue ink, appearing to read 'P. Daragjati', with a large flourish underneath.

Paul A. Daragjati



Firefighters Pension Board

SCHEDULED

Meeting: 02/16/23 10:00 AM
Department: City Clerk
Category: New Business
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:

FIREFIGHTERS RETIREMENT PENSION TRUST FUND BOARD (ID # 4041) DOC ID: 4041

New Business

DISCUSSION

- ✓ 4th Quarter Report - Frank Wan - Burgess Chambers & Associates, Inc. - Investment Performance Period Ending December 31, 2022
- ✓ Patrick Donlan - Foster & Foster - Actuary Services
- ✓ Foster & Foster - GASB Statements No. 67 and No. 68 measured as of September 30, 2022
- ✓ Open Firefighters' Pension Board Seat



Burgess Chambers & Associates, Inc.

Institutional Investment Advisors

www.burgesschambers.com

December 31, 2022

Holly Hill Firefighters' Retirement System

Investment Performance

Period Ending

December 31, 2022

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

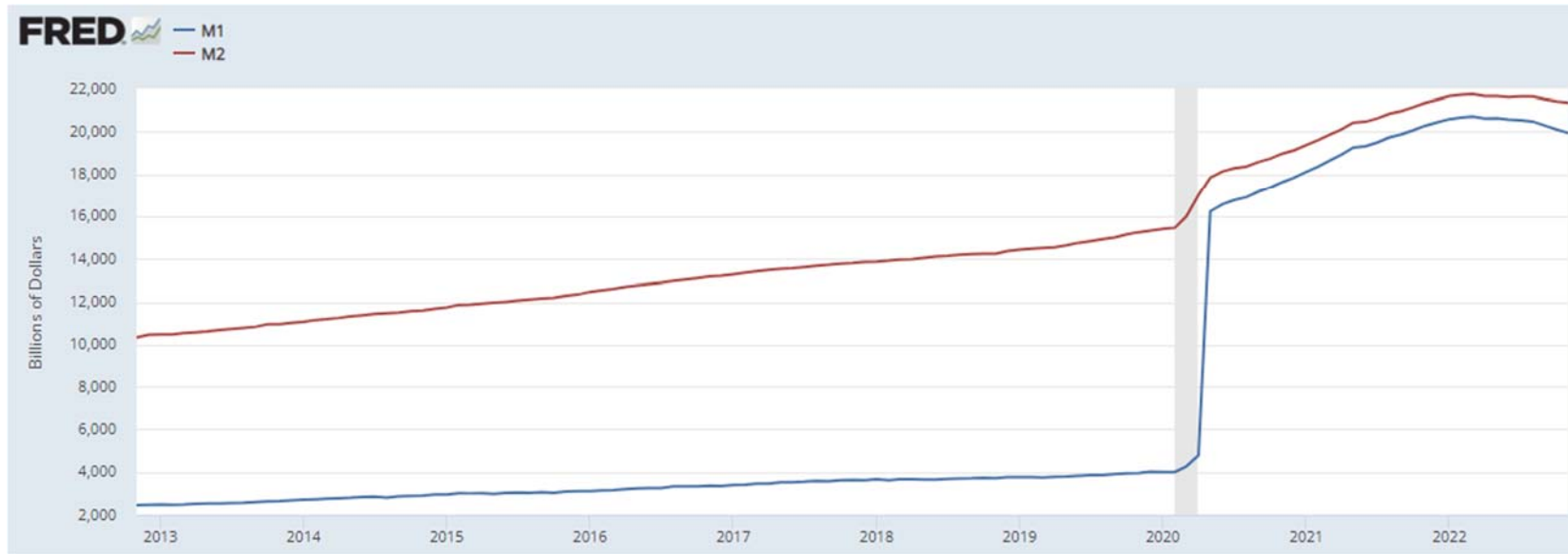
The following investment information was prepared by BCA, relying upon data from statements provided by the plan custodian and/or investment manager(s).
BCA reviews transactions provided by the custodian and uses reasonable care to ensure the accuracy of the data contained herein.
However, BCA cannot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

Holly Hill Firefighters' Retirement System BCA Market Perspective © The Bust of Stocks and Bonds in 2022 January 2023

We have to revisit 2008 to witness a similar collapse of U.S. and foreign stocks as we did this year. At that time, the trigger was exposing the pervasive mortgage market fraud that caught many investors, banks, and insurance companies by surprise. Major investment banks like Lehman Brothers and Bear Stearns collapsed. In that year, high quality bonds performed well, providing the means to rebalance pension plan portfolios.

In 2022, the S&P 500 dropped 19% and the DJIA fell by 9%. The technology heavy Nasdaq composite gave away 33%. Bitcoin, which was intended to be a stock market hedge, fell 60%. What happened to bonds was unprecedented, as the Federal Reserve led the charge by aggressively raising the Fed Funds rate to 4.5% from zero. Inflation data was now front and center and this pushed the 10-year Treasury note up from 1.5% to 3.8%. The result was a 15% collapse of the Bloomberg Aggregate Bond Index.

For some perspective, the 1970's was a disastrous decade for the stock market, following President Nixon's decision to drop the U.S. dollar-based gold standard. Inflation moved from 4.7% to 12.3% in December 1974. Several months later, the Fed Reserve reset the fed funds rate to 7% and then to 11% by December. By March 1975, the rate had reached 16% only to worsen the recession. **But a month later, the Fed (under Arthur Burns) pivoted the fed funds rate back down to 5.25% to end the recession, but inflation remained at 12.2%. In 1980, inflation averaged 13.5%.** The collapse of the dollar in 1974 was a far greater cause of inflation than the 2020 to 2022 growth in the money supply (M1 & M2).



Attachment: 2022-12-31 Quarterly Report (4041 : New Business)



Holly Hill Firefighters' Retirement System BCA Market Perspective © The Bust of Stocks and Bonds in 2022 January 2023

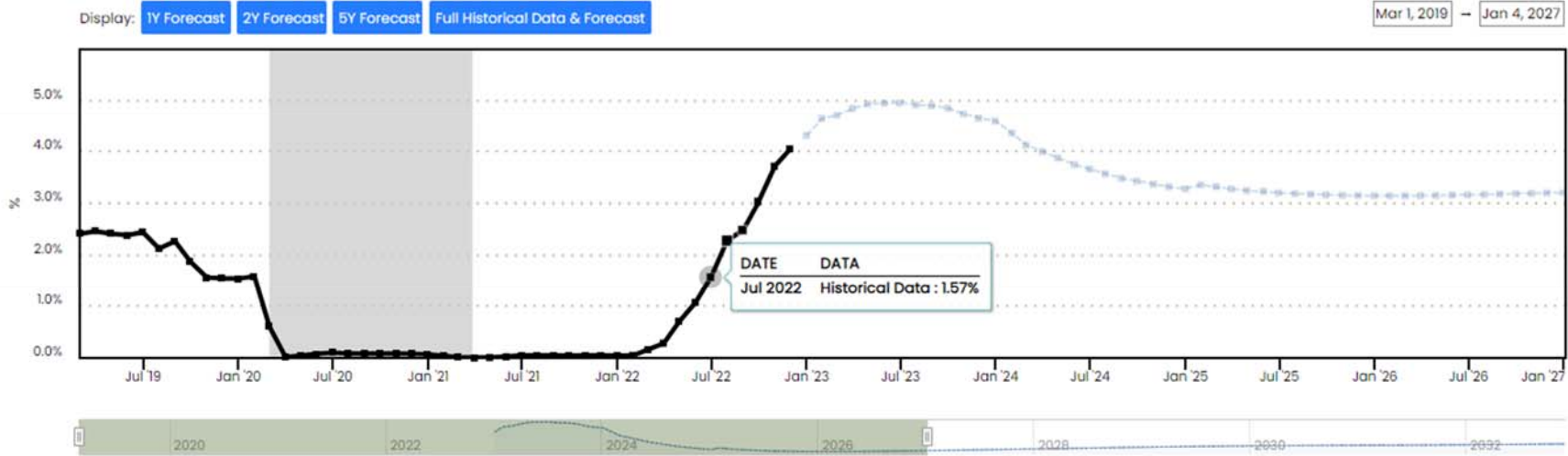
Key intentions of Federal Reserve Policies in 2022:

- Further reduce the money supply (M1 & M2)
- Strengthen the U.S. dollar against all major currencies to slow the rise in oil prices and reduce U.S. imported goods costs
- Weaken the U.S. labor market to curb the rise in labor costs and reduce consumer demand
- Soften U.S. corporate earnings to curb capital investment and hiring
- Most importantly, to force the Consumer Price Index back to a 2.0% annual rate from 7.1%

What is expected in 2023:

- 1) Hiring freezes and corporate lay offs
- 2) CPI continues a gradual decline
- 3) Consumer spending moderates as borrowing slows down
- 4) Corporate earnings growth moderates
- 5) Federal Reserve pivots to neutral – the timing being data driven

Secured Overnight Financing Rate Forecast



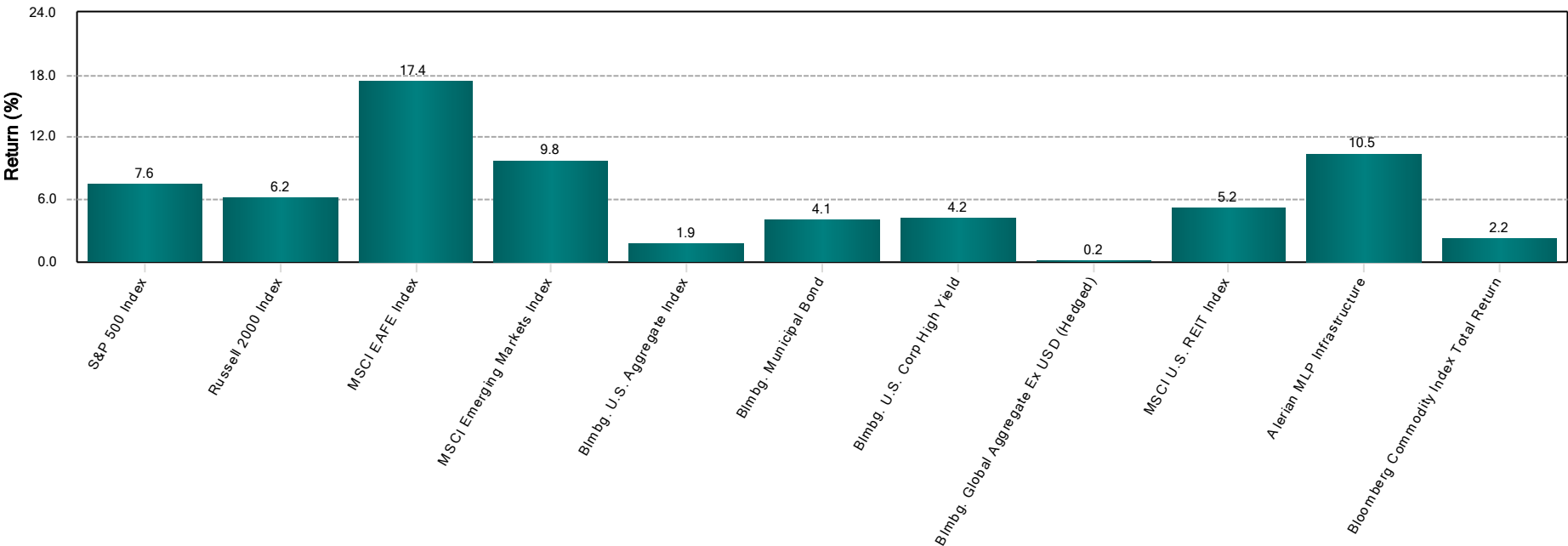
Attachment: 2022-12-31 Quarterly Report (4041 : New Business)



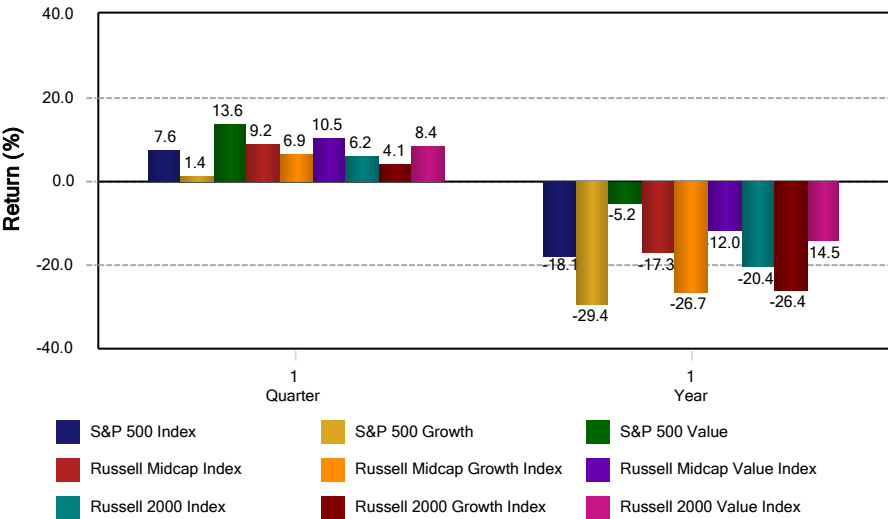
Quarterly Market Summary

December 31, 2022

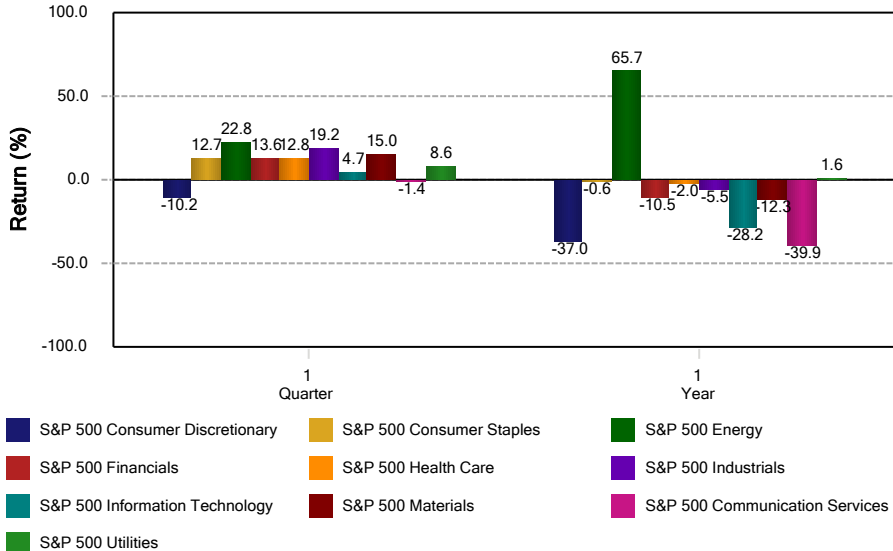
1 Quarter Performance



US Market Indices Performance



US Market Sector Performance

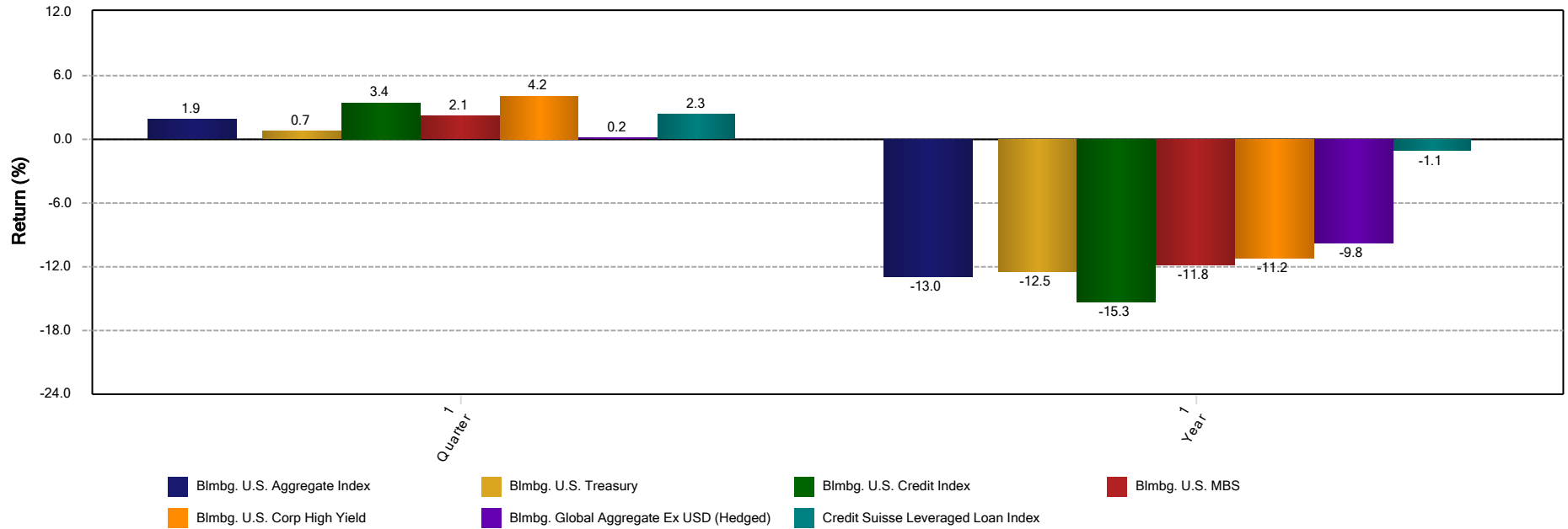


Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

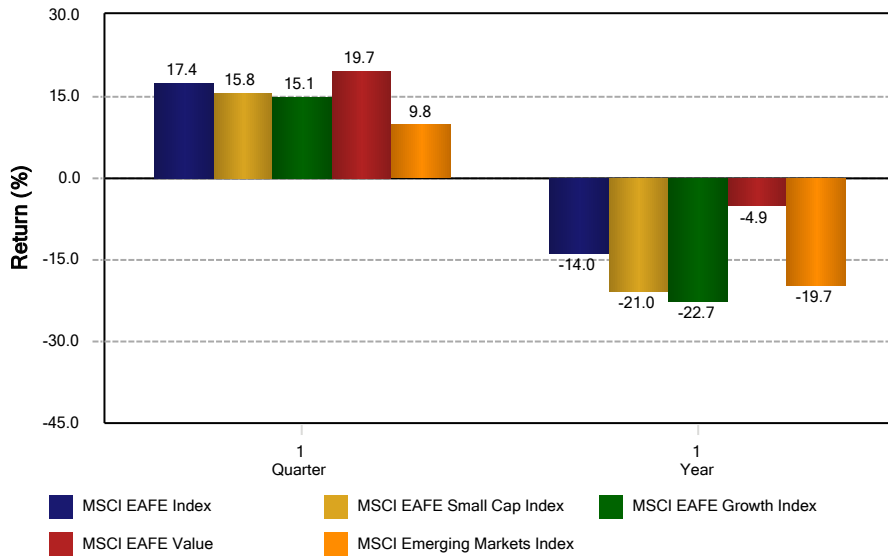
Quarterly Market Summary

December 31, 2022

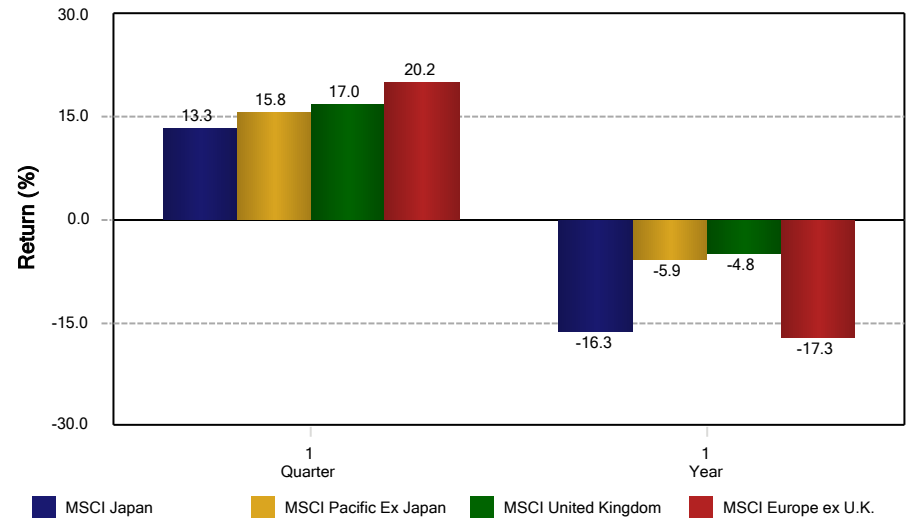
Fixed Income Market Sector Performance



Intl Equity Indices Performance



Intl Equity Region Performance



Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

**Holly Hill Firefighters' Retirement System
Total Fund
Investment Summary
December 31, 2022**

- o For the quarter, the System was up \$241K or +4.6% net, behind the strategic model (+6.3%). The best three performers were: iShares MSCI EAFE (+17.8%), EuroPacific Growth (+13.9%), and Fidelity Mid-Cap (+9.2%).
- o For the one-year period, the System was down \$942K or -14.7% net, behind the strategic model (-14.3%). The best three performers were: MEPT Fund (+8.8%), Cash (+1.6%), and Highland Fixed Income (-10.5%).
- o For the three-year period, the System earned +4.5% (+4.2% net), ahead of the Strategic Model (+4.0%) and ranked in the top 26th percentile.
- o For the five-year period, the System earned +5.7% (+5.4% net), ahead of the Strategic Model (+5.4%) and ranked in the top 25th percentile.
- o In November, the System requested a partial redemption from the MEPT Fund in the amount of \$250K.

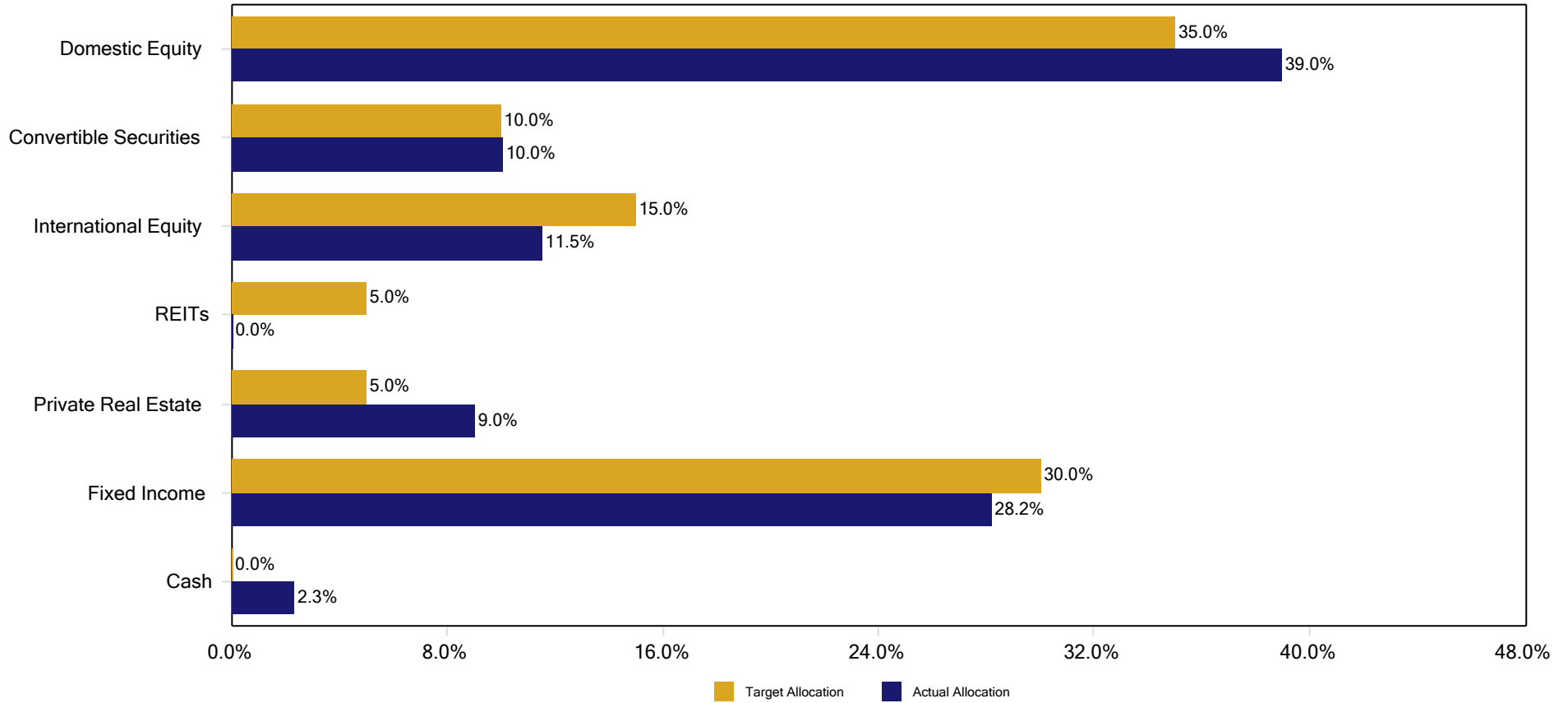


Holly Hill Firefighters' Retirement System
Investment Performance - Net
December 31, 2022

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Beginning Market Value	5,205,786	6,397,891	5,102,619	4,533,762
Contributions	-10,123	-19,047	-353,254	-456,338
Gain/Loss	240,724	-942,456	687,023	1,358,964
Ending Market Value	5,436,388	5,436,388	5,436,388	5,436,388
Total Fund (%)	4.6	-14.7	4.2	5.4
Strategic Model (%)	6.3	-14.3	4.0	5.4

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Actual vs. Target Asset Allocation December 31, 2022

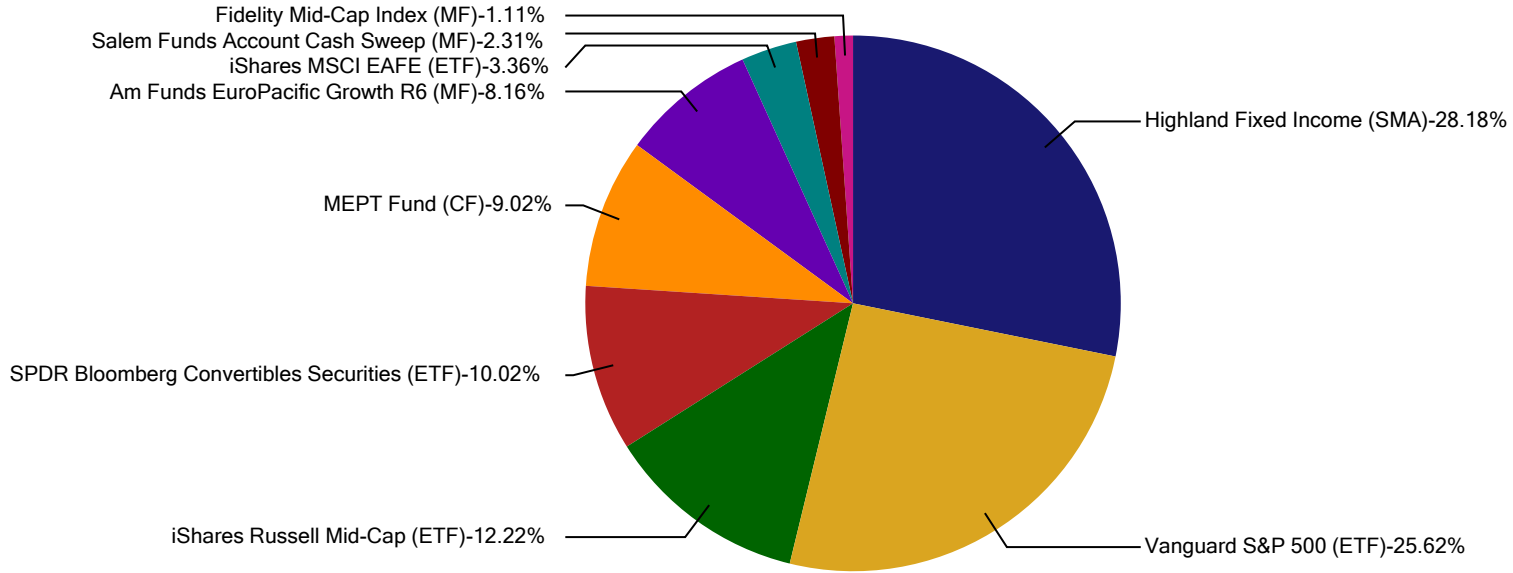


	Market Value Actual \$	Percent Actual	Percent Target	Percent Difference
Total Fund	5,436,388	100.0	100.0	0.0
Domestic Equity	2,117,750	39.0	35.0	4.0
Convertible Securities	544,831	10.0	10.0	0.0
International Equity	626,015	11.5	15.0	-3.5
REITs	0	0.0	5.0	-5.0
Private Real Estate	490,281	9.0	5.0	4.0
Fixed Income	1,532,114	28.2	30.0	-1.8
Cash	125,397	2.3	0.0	2.3

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Asset Allocation

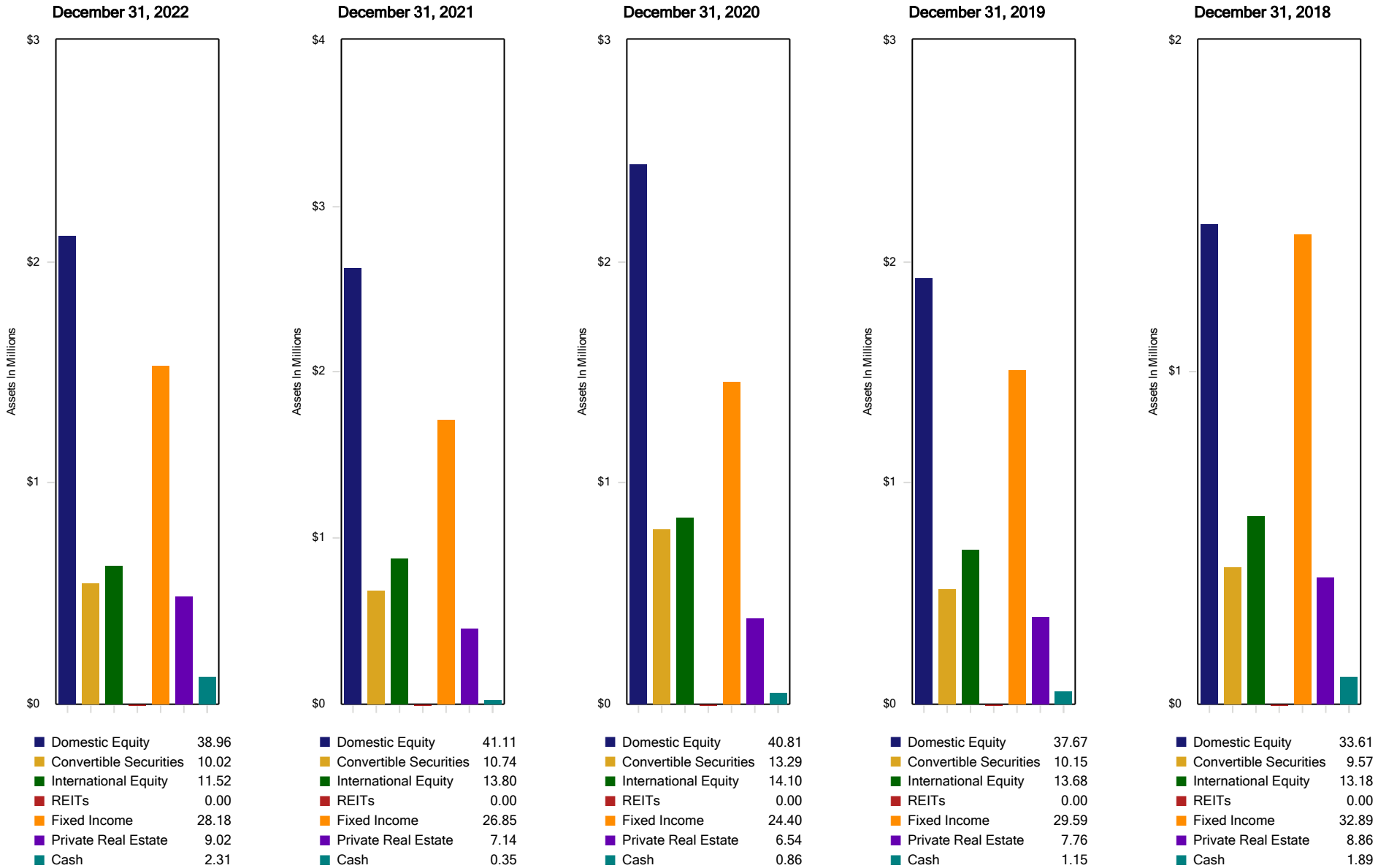
December 31, 2022 : 5,436,388



	<u>Market Value \$</u>	<u>Allocation (%)</u>
■ Highland Fixed Income (SMA)	1,532,114	28.18
■ Vanguard S&P 500 (ETF)	1,392,712	25.62
■ iShares Russell Mid-Cap (ETF)	664,450	12.22
■ SPDR Bloomberg Convertibles Securities (ETF)	544,831	10.02
■ MEPT Fund (CF)	490,281	9.02
■ Am Funds EuroPacific Growth R6 (MF)	443,470	8.16
■ iShares MSCI EAFE (ETF)	182,545	3.36
■ Salem Funds Account Cash Sweep (MF)	125,397	2.31
■ Fidelity Mid-Cap Index (MF)	60,588	1.11

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Historical Asset Allocation December 31, 2022



Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System
 Asset Allocation & Performance - Gross
 December 31, 2022

	Market Value	QTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Total Fund	5,436,388	4.7 (85)	-14.5 (73)	4.5 (26)	5.7 (25)
Strategic Model		6.3	-14.3	4.0	5.4
Equity	3,288,596	8.4	-18.8	5.8	7.2
Domestic Equity	2,117,750	8.1	-17.9	7.2	8.8
Vanguard S&P 500 (ETF)	1,392,712	7.5	-18.2	7.7	9.5
S&P 500 Index		7.6	-18.1	7.7	9.4
Fidelity Mid-Cap Index (MF)	60,588	9.2	-17.3	N/A	N/A
iShares Russell Mid-Cap (ETF)	664,450	9.1	-17.3	5.9	7.1
S&P MidCap 400 Index		10.8	-13.1	7.2	6.7
Convertible Securities	544,831	2.8	-20.5	7.9	8.7
SPDR Bloomberg Convertibles Securities (ETF)	544,831	2.8	-20.5	7.9	8.7
ML All Convertibles, All Qualities		1.6	-18.7	8.1	9.3
International Equity	626,015	15.0	-20.1	0.6	2.0
iShares MSCI EAFE (ETF)	182,545	17.8	-14.1	1.2	1.9
Am Funds EuroPacific Growth R6 (MF)	443,470	13.9	-22.3	0.3	2.0
MSCI EAFE Index		17.4	-14.0	1.3	2.0
Private Real Estate	490,281	-5.9	8.8	10.0	8.6
MEPT Fund (CF)	490,281	-5.9	8.8	10.0	8.6
NCREIF Fund Index-ODCE (VW)		-5.0	7.5	9.9	8.7
Fixed Income	1,532,114	1.2	-10.5	-1.0	1.1
Highland Fixed Income (SMA)	1,532,114	1.2 (93)	-10.5 (5)	-1.0 (7)	1.1 (8)
Fixed Income Benchmark		1.9	-13.0	-2.7	0.0
Cash	125,397	0.9	1.6	0.7	1.7
Salem Funds Account Cash Sweep (MF)	125,397	0.9	1.6	0.7	1.3
ICE BofAML 3 Month U.S. T-Bill		0.8	1.5	0.7	1.3

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System
Asset Allocation & Performance - Net
December 31, 2022

	Market Value	QTR ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Total Fund	5,436,388	4.6	-14.7	4.2	5.4
Strategic Model		6.3	-14.3	4.0	5.4
Equity	3,288,596	8.3	-19.0	5.6	6.9
Domestic Equity	2,117,750	8.0	-18.0	7.1	8.7
Vanguard S&P 500 (ETF)	1,392,712	7.5 (58)	-18.2 (47)	7.7 (29)	9.4 (31)
S&P 500 Index		7.6	-18.1	7.7	9.4
Fidelity Mid-Cap Index (MF)	60,588	9.2 (58)	-17.3 (87)	N/A	N/A
iShares Russell Mid-Cap (ETF)	664,450	9.0 (64)	-17.5 (90)	5.7 (56)	6.9 (32)
S&P MidCap 400 Index		10.8	-13.1	7.2	6.7
Convertible Securities	544,831	2.7	-20.8	7.4	8.3
SPDR Bloomberg Convertibles Securities (ETF)	544,831	2.7 (58)	-20.8 (73)	7.4 (59)	8.3 (61)
ML All Convertibles, All Qualities		1.6	-18.7	8.1	9.3
International Equity	626,015	14.9	-20.4	0.2	1.6
iShares MSCI EAFE (ETF)	182,545	17.7 (22)	-14.3 (26)	0.9 (34)	1.5 (30)
Am Funds EuroPacific Growth R6 (MF)	443,470	13.8 (54)	-22.7 (67)	-0.1 (51)	1.6 (29)
MSCI EAFE Index		17.4	-14.0	1.3	2.0
Private Real Estate	490,281	-6.1	7.8	9.1	7.6
MEPT Fund (CF)	490,281	-6.1	7.8	9.1	7.6
NCREIF Fund Index-ODCE (VW)		-5.0	7.5	9.9	8.7
Fixed Income	1,532,114	1.1	-10.8	-1.2	1.0
Highland Fixed Income (SMA)	1,532,114	1.1	-10.8	-1.2	1.0
Fixed Income Benchmark		1.9	-13.0	-2.7	0.0

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System
 Asset Allocation & Performance - Net
 December 31, 2022

	Market Value	QTR ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Cash	125,397	0.9	1.6	0.7	1.7
Salem Funds Account Cash Sweep (MF)	125,397	0.9	1.6	0.7	1.3
ICE BofAML 3 Month U.S. T-Bill		0.8	1.5	0.7	1.3

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.

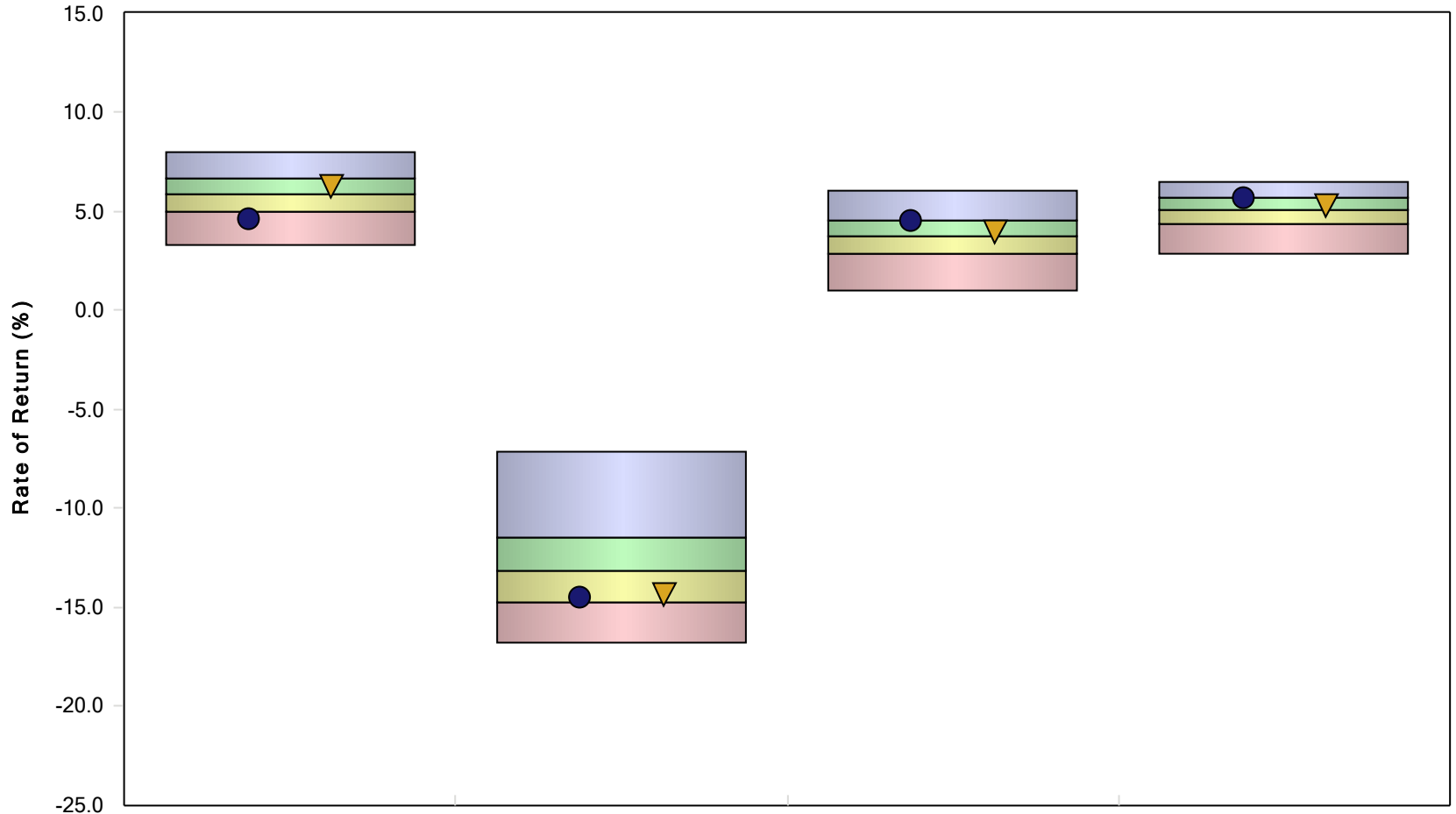
2 FI Benchmark: eff 10/09 100% BC Agg. eff 6/05 100% BC Int Agg. eff 6/01 100% BC Agg.

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: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Peer Universe Quartile Ranking December 31, 2022



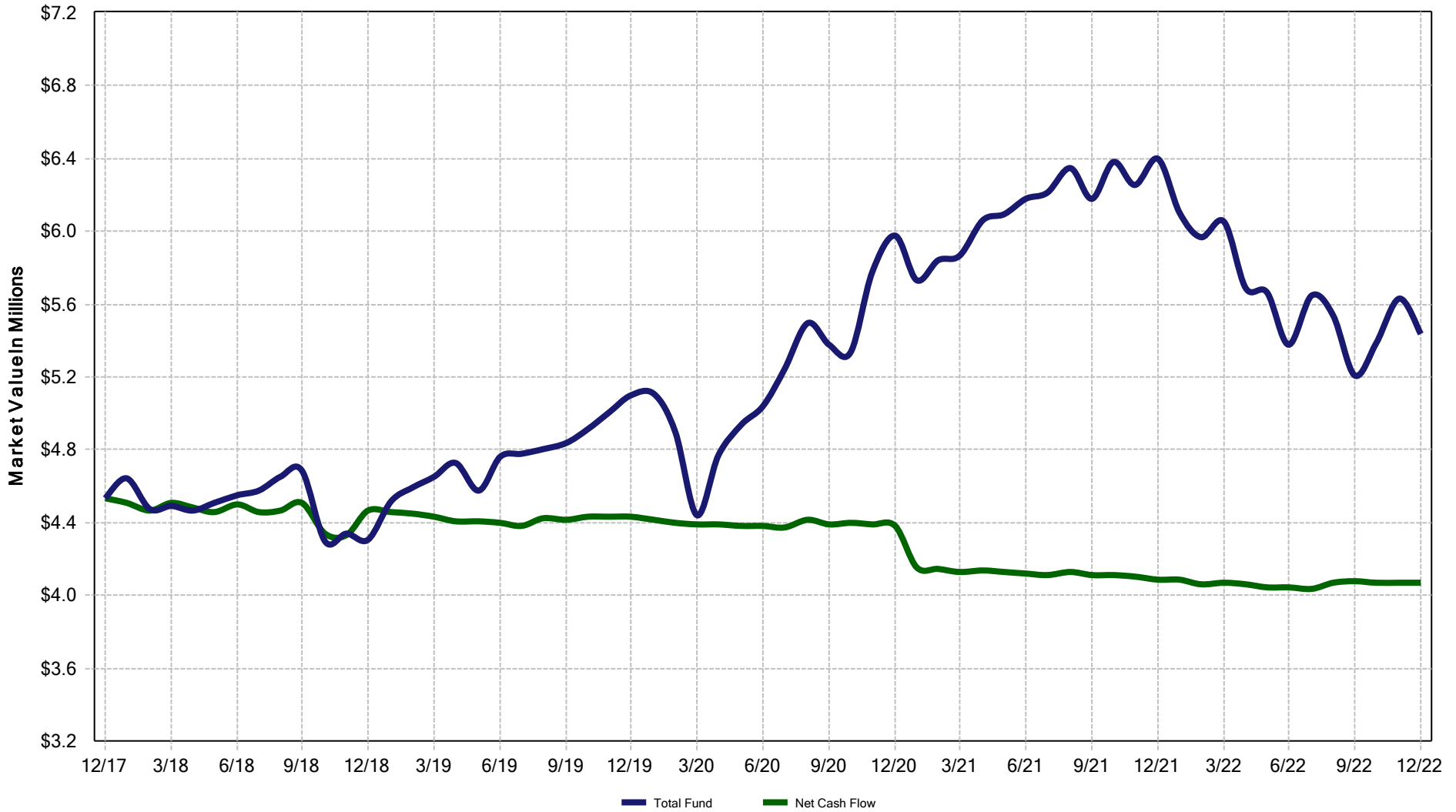
● Total Fund
▼ Strategic Model

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Total Fund	4.7 (85)	-14.5 (73)	4.5 (26)	5.7 (25)
Strategic Model	6.3 (41)	-14.3 (71)	4.0 (40)	5.4 (36)
5th Percentile	8.0	-7.1	6.1	6.5
1st Quartile	6.7	-11.4	4.6	5.7
Median	5.9	-13.2	3.7	5.1
3rd Quartile	5.0	-14.7	2.8	4.4
95th Percentile	3.3	-16.8	1.0	2.9

Parentheses contain percentile rankings.

Calculation based on quarterly data.

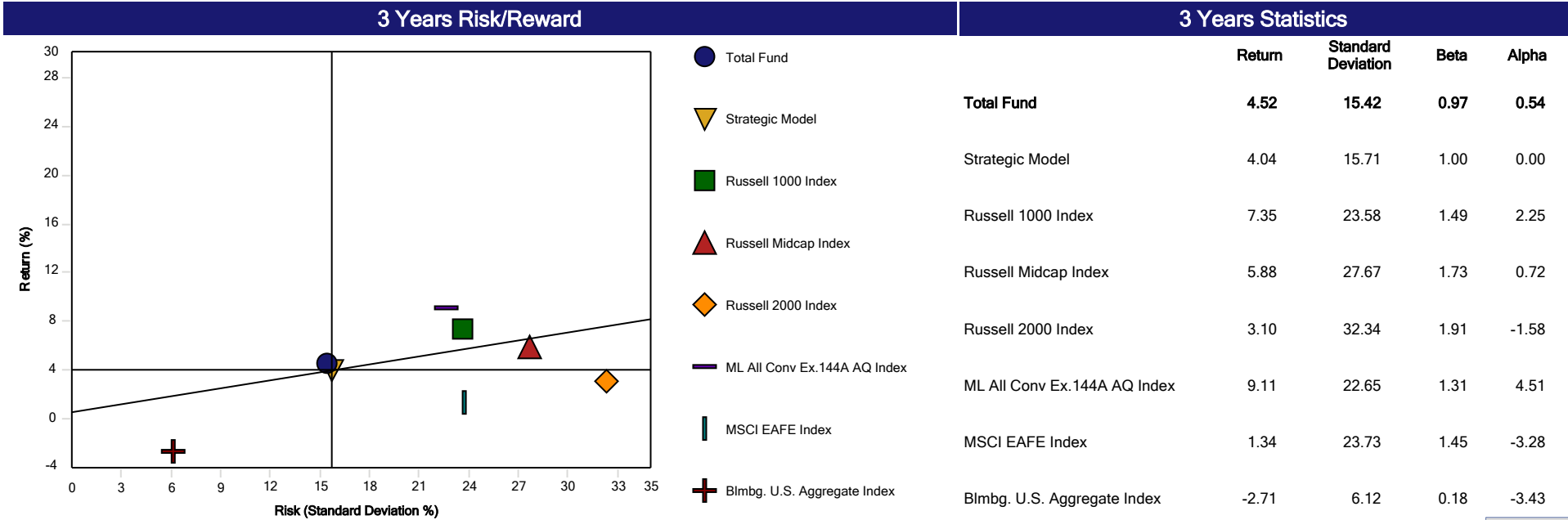
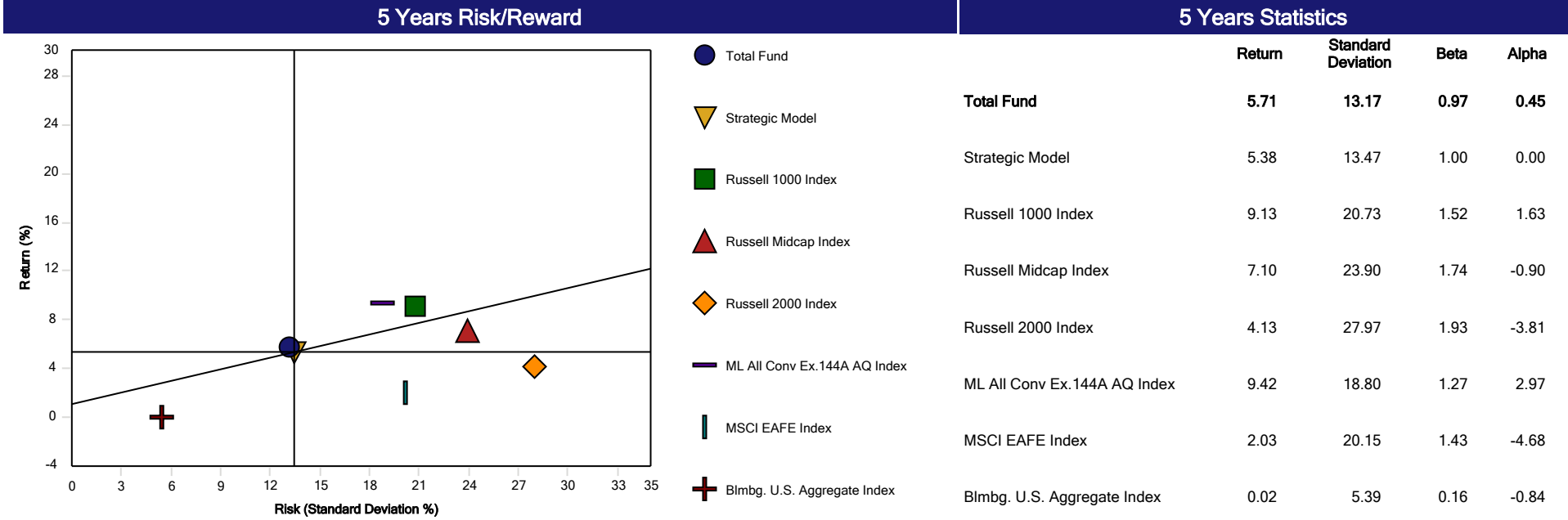
Holly Hill Firefighters' Retirement System
 Growth of Investments
 January 1, 2018 Through December 31, 2022



Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

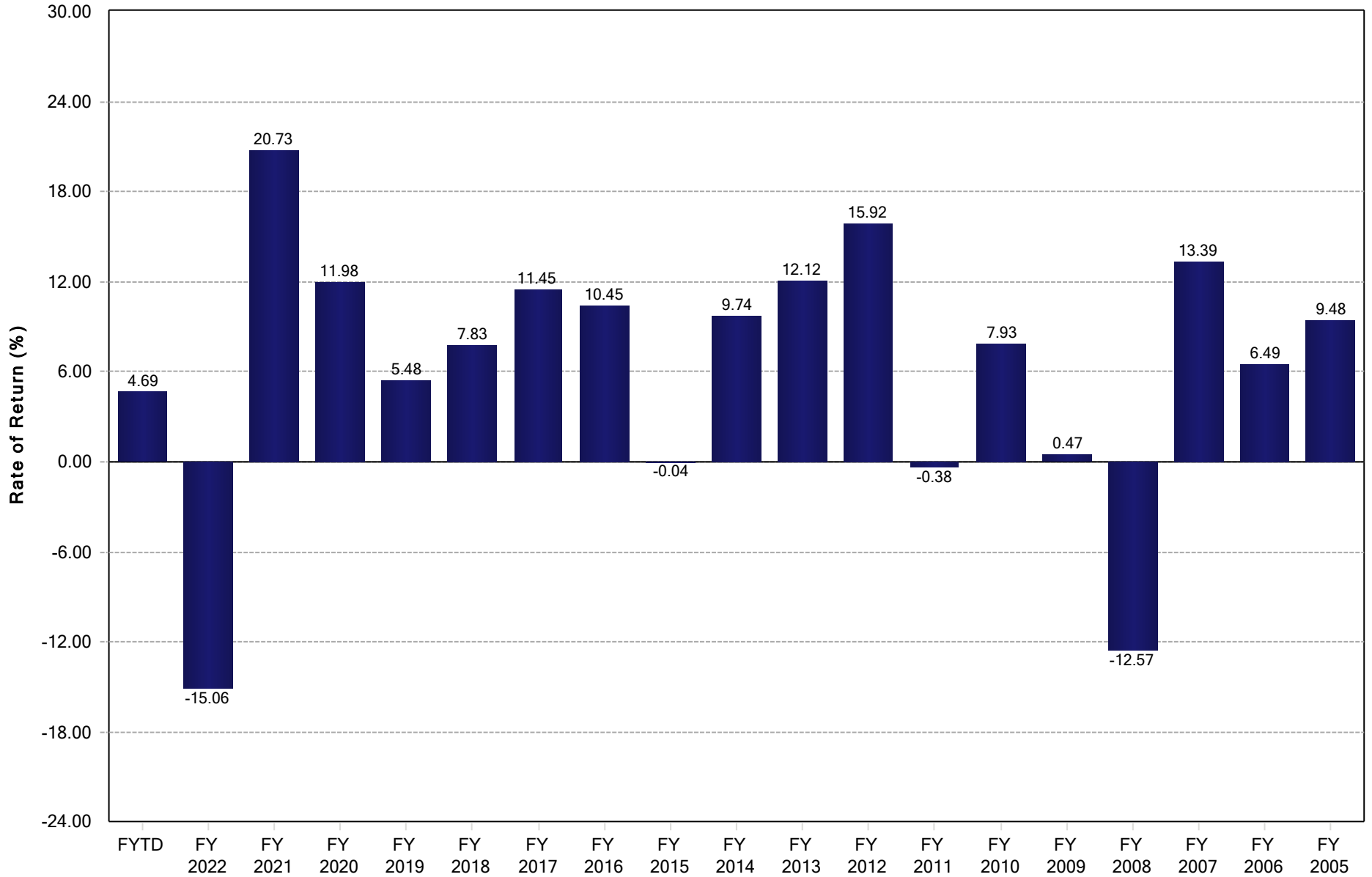
<u>Beginning MV</u>	<u>Ending MV</u>	<u>Annualized ROR</u>
\$4,533,762	\$5,436,388	5.7

Holly Hill Firefighters' Retirement System Capital Market Line Period Ending December 31, 2022



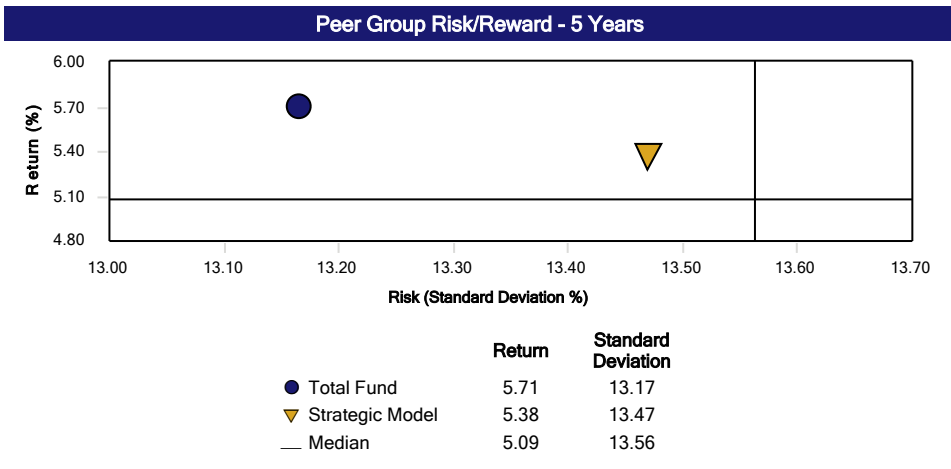
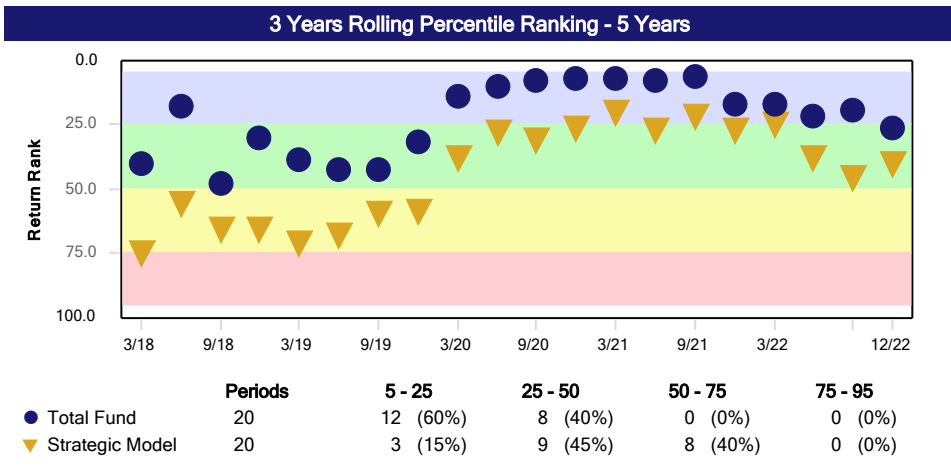
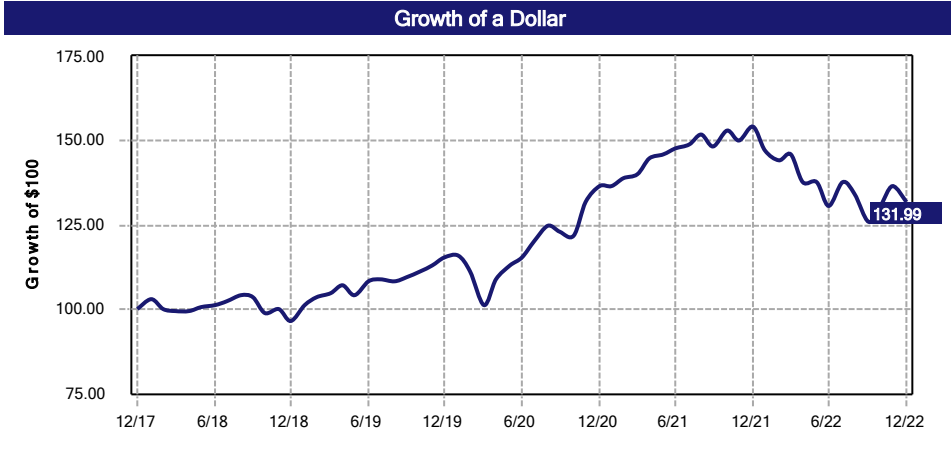
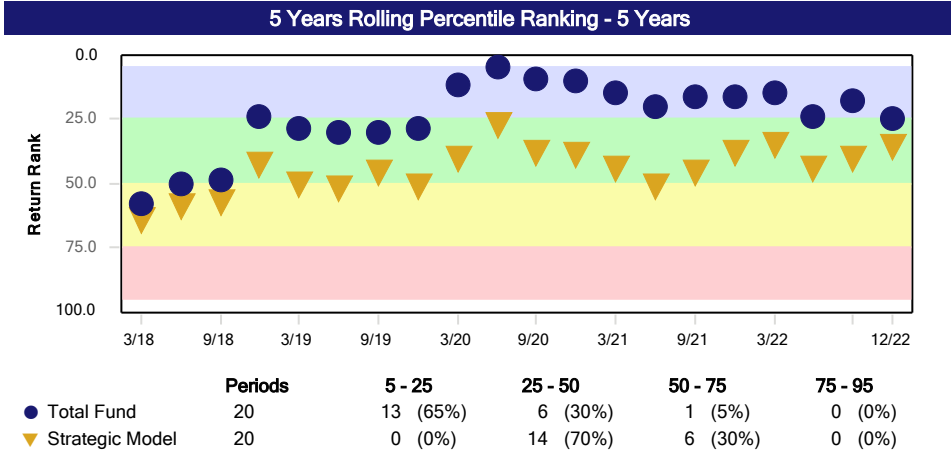
Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Fiscal Year Rates of Return December 31, 2022



Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Total Fund December 31, 2022



Historical Statistics - 5 Years

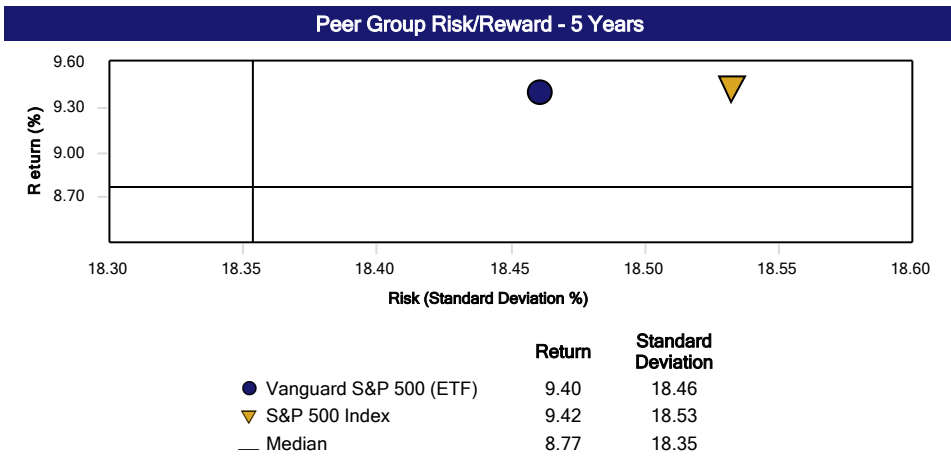
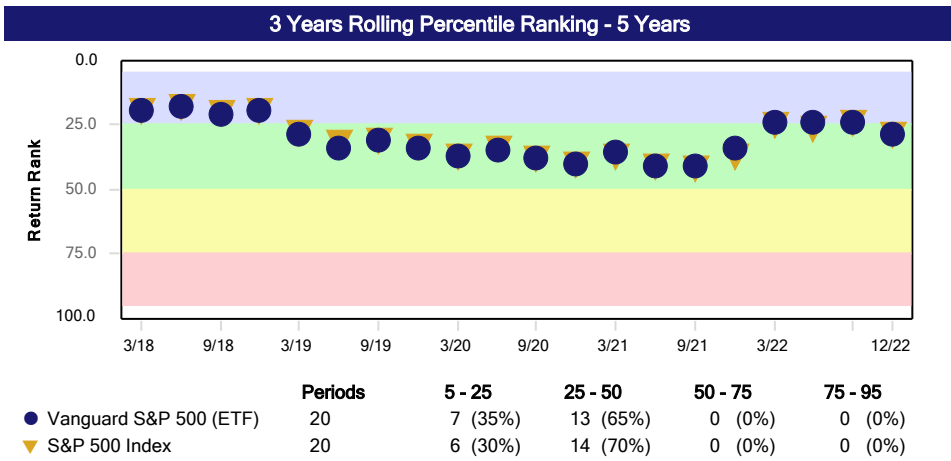
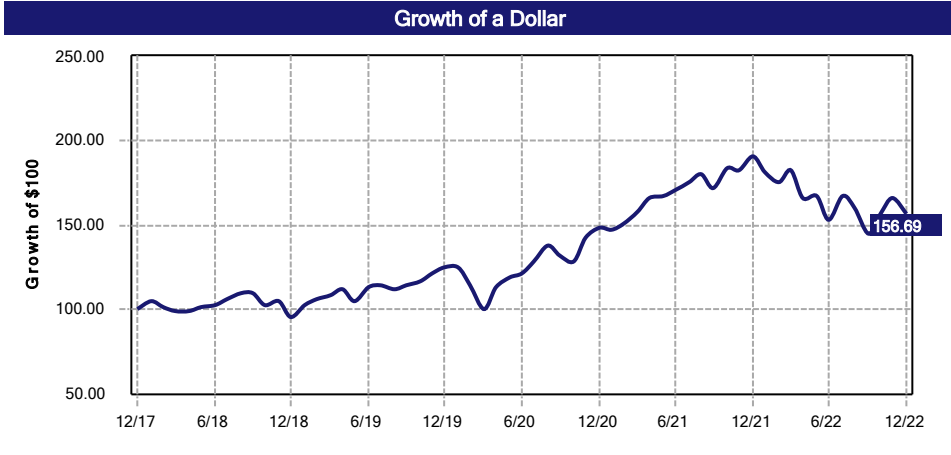
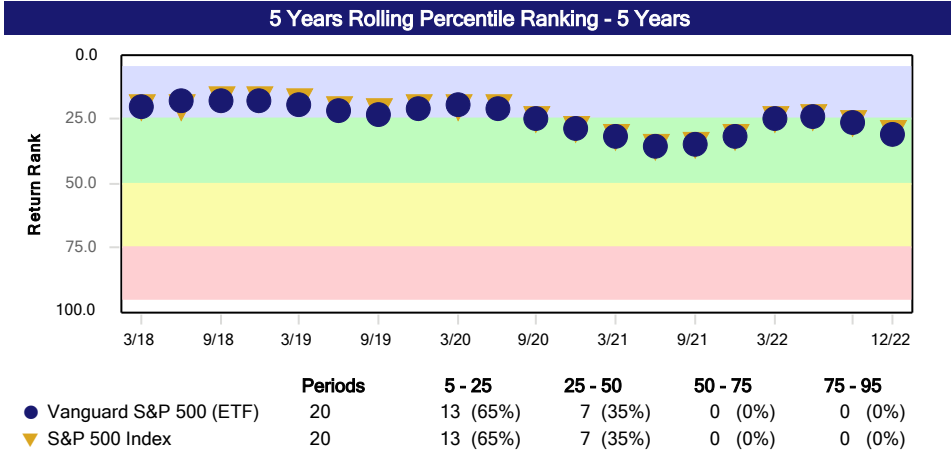
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	5.71	13.17	0.45	0.97	0.39	92.97	97.79
Strategic Model	5.38	13.47	0.00	1.00	0.36	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	4.52	15.42	0.54	0.97	0.32	94.22	98.54
Strategic Model	4.04	15.71	0.00	1.00	0.28	100.00	100.00

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Vanguard S&P 500 (ETF) December 31, 2022



Historical Statistics - 5 Years

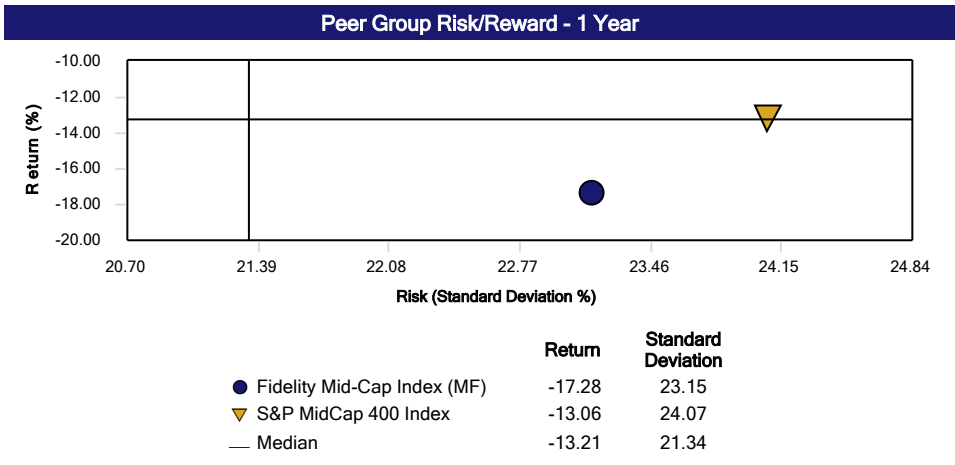
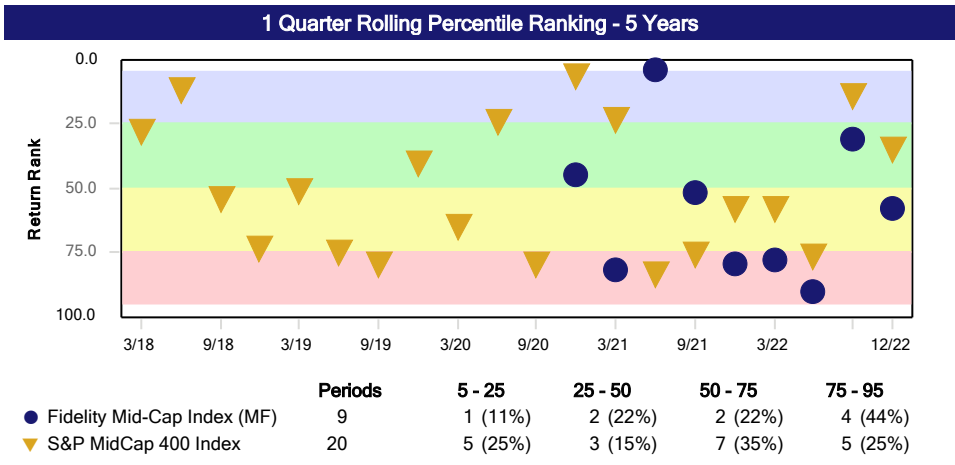
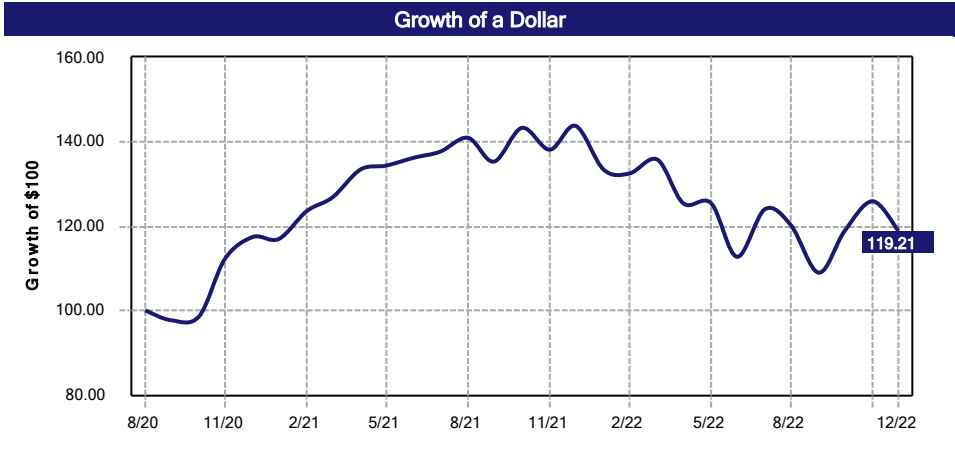
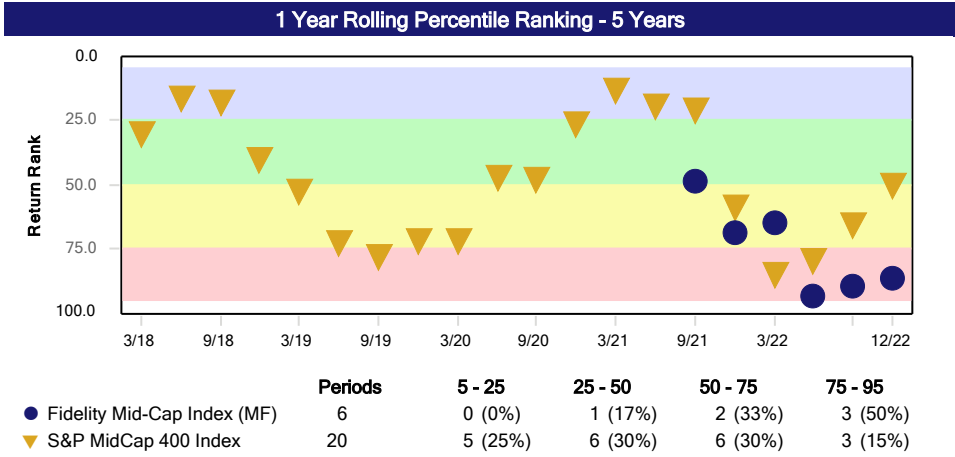
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Vanguard S&P 500 (ETF)	9.40	18.46	0.00	1.00	0.51	99.67	99.66
S&P 500 Index	9.42	18.53	0.00	1.00	0.51	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Vanguard S&P 500 (ETF)	7.68	20.83	0.03	1.00	0.42	99.78	99.86
S&P 500 Index	7.66	20.87	0.00	1.00	0.42	100.00	100.00

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Fidelity Mid-Cap Index (MF) December 31, 2022



Historical Statistics - 1 Year

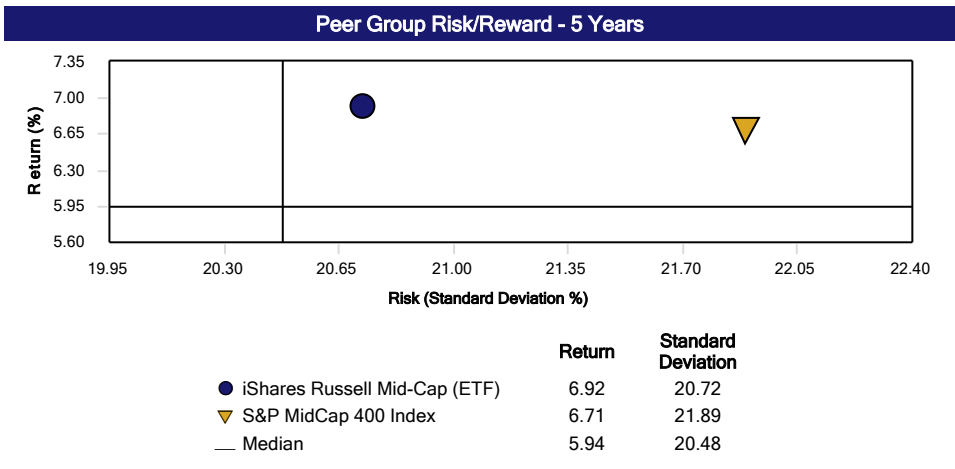
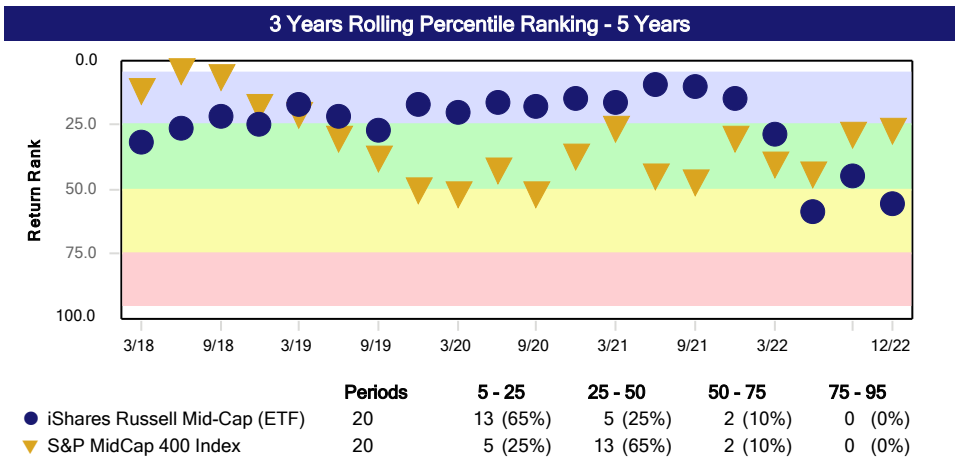
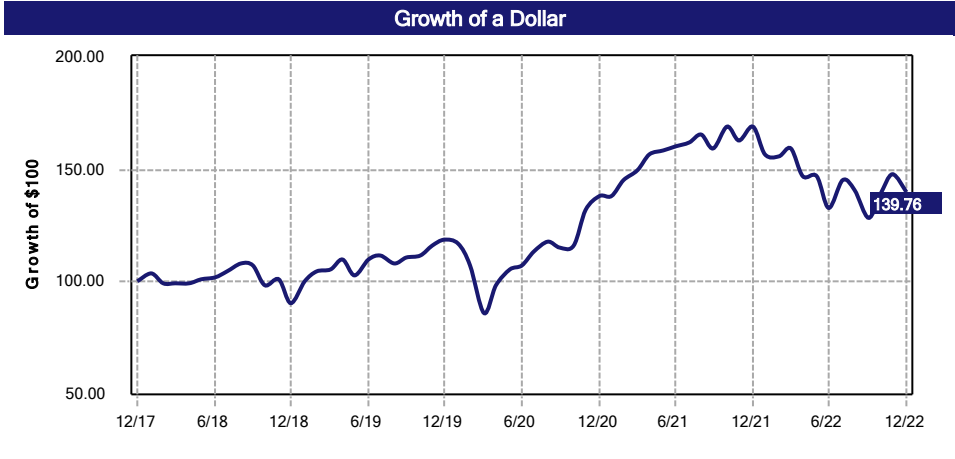
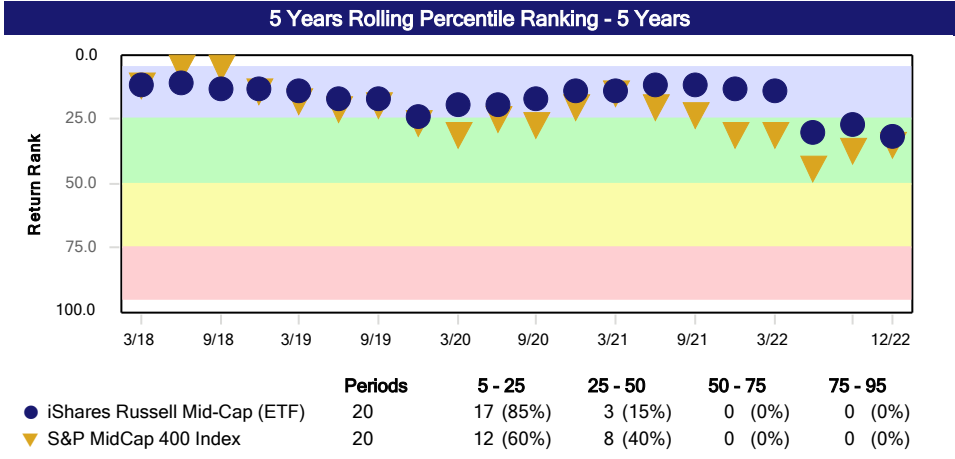
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Fidelity Mid-Cap Index (MF)	-17.28	23.15	-5.44	0.96	-0.76	102.55	86.86
S&P MidCap 400 Index	-13.06	24.07	0.00	1.00	-0.52	100.00	100.00

Historical Statistics - 1 Quarter

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Fidelity Mid-Cap Index (MF)	9.21	6.17	-0.19	0.91	0.46	97.30	89.55
S&P MidCap 400 Index	10.78	6.78	0.00	1.00	0.50	100.00	100.00

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System iShares Russell Mid-Cap (ETF) December 31, 2022



Historical Statistics - 5 Years

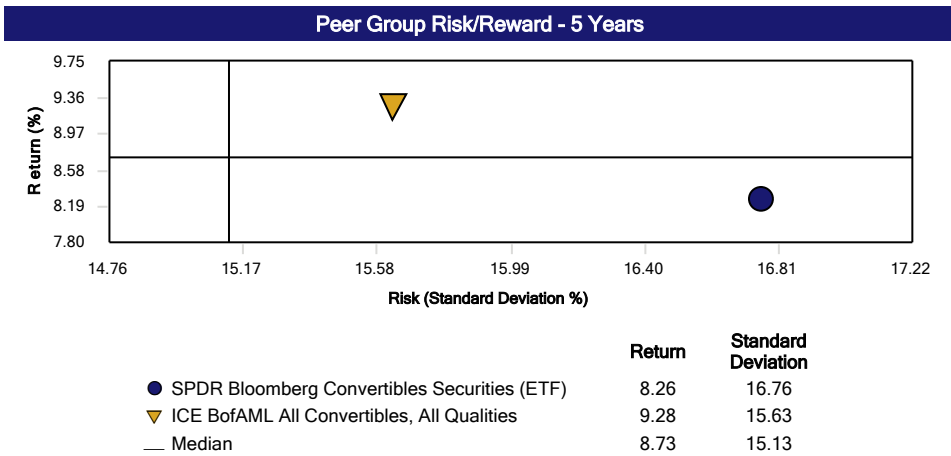
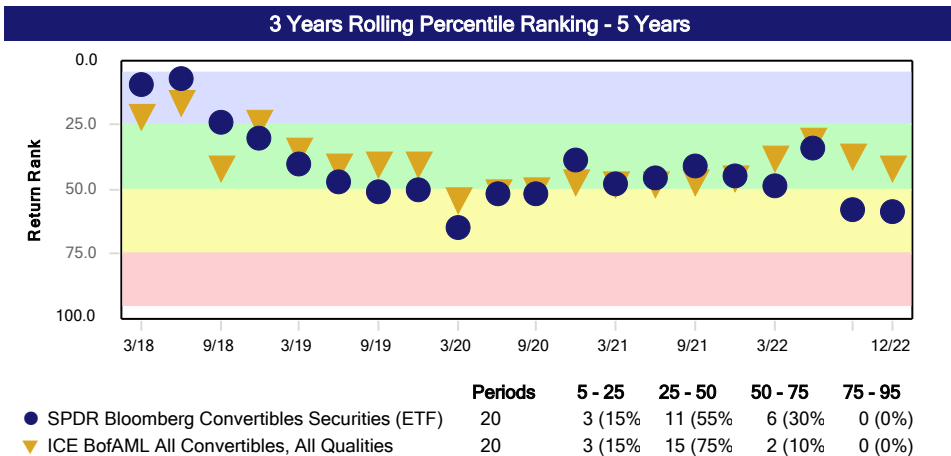
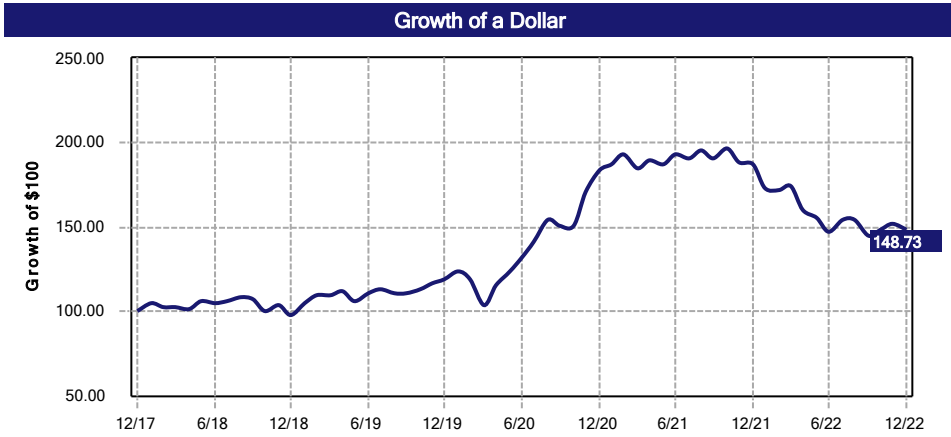
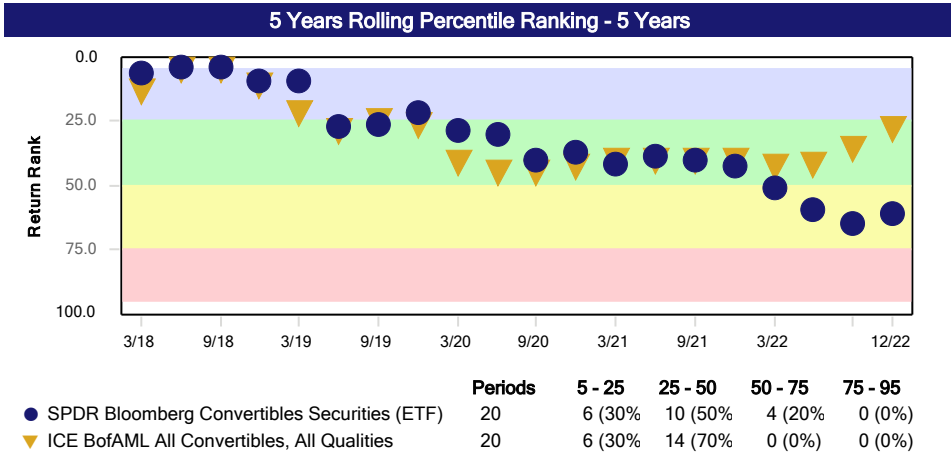
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares Russell Mid-Cap (ETF)	6.92	20.72	0.53	0.94	0.37	89.25	91.95
S&P MidCap 400 Index	6.71	21.89	0.00	1.00	0.35	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares Russell Mid-Cap (ETF)	5.68	23.64	-1.20	0.95	0.32	94.01	91.23
S&P MidCap 400 Index	7.23	24.51	0.00	1.00	0.38	100.00	100.00

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System SPDR Bloomberg Convertibles Securities (ETF) December 31, 2022



Historical Statistics - 5 Years

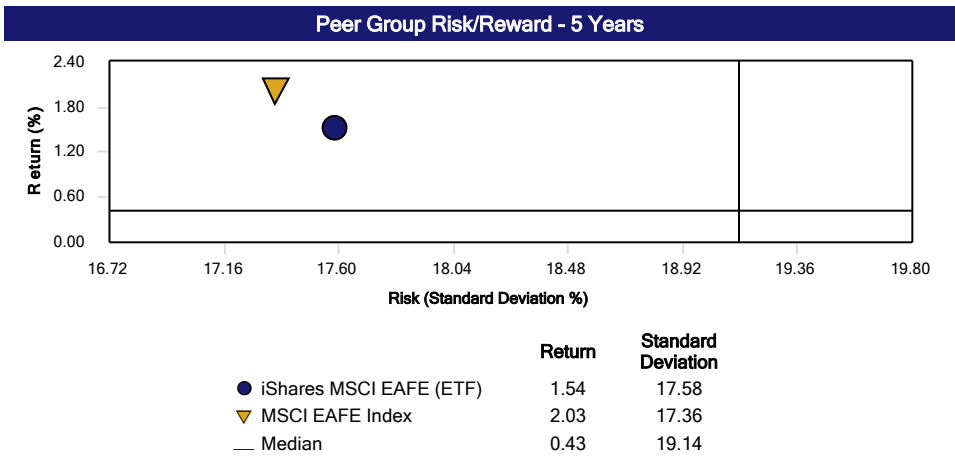
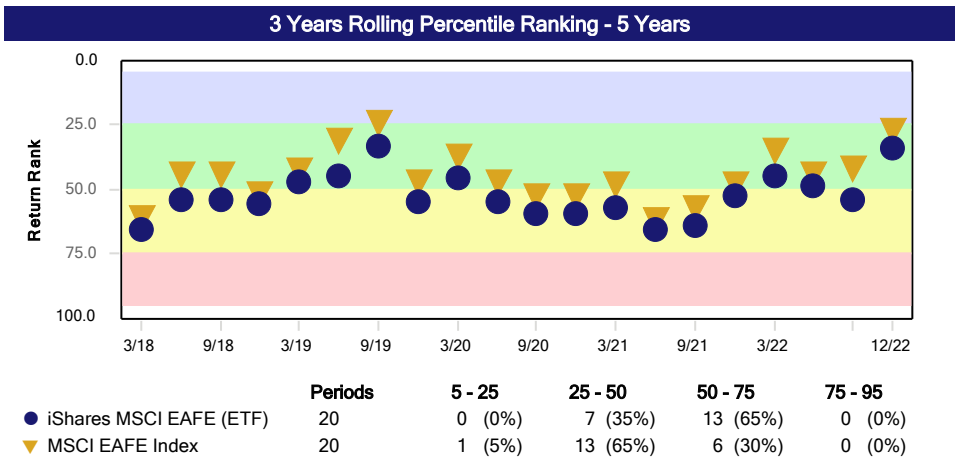
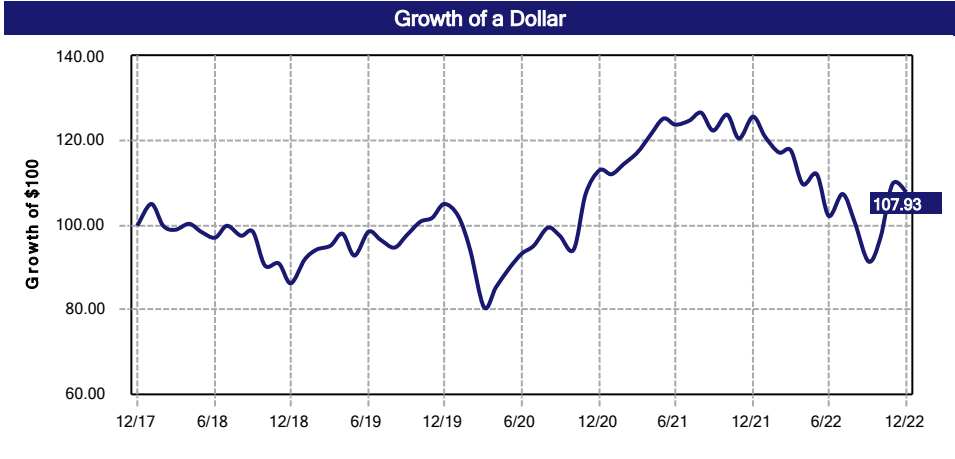
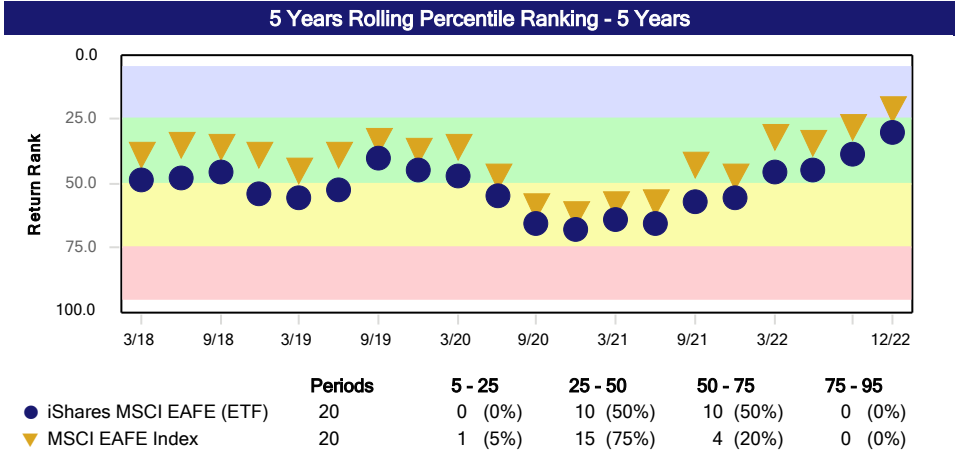
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
SPDR Bloomberg Convertibles Securities (ETF)	8.26	16.76	-1.38	1.06	0.48	110.64	103.58
ICE BofAML All Convertibles, All Qualities	9.28	15.63	0.00	1.00	0.56	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
SPDR Bloomberg Convertibles Securities (ETF)	7.42	19.38	-0.89	1.04	0.43	105.16	101.92
ICE BofAML All Convertibles, All Qualities	8.12	18.48	0.00	1.00	0.47	100.00	100.00

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System iShares MSCI EAFE (ETF) December 31, 2022



Historical Statistics - 5 Years

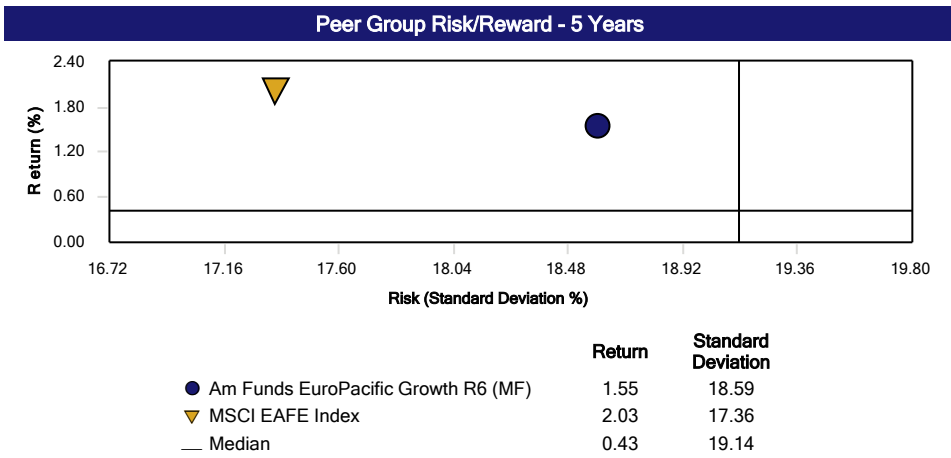
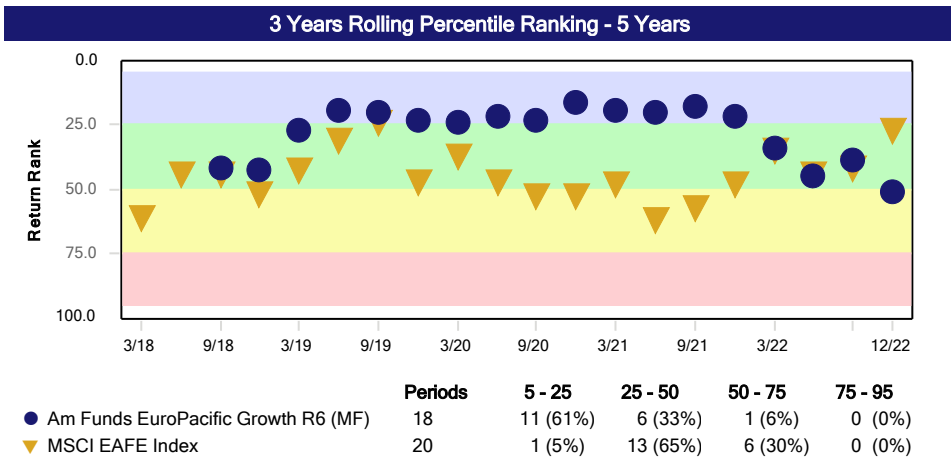
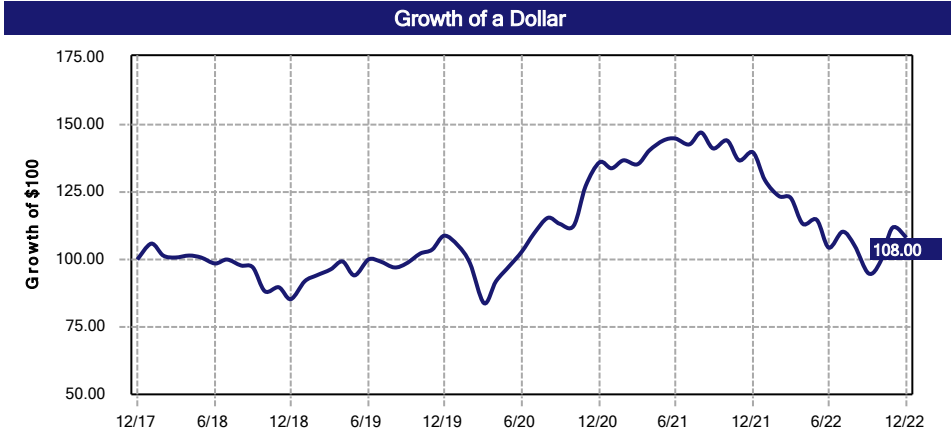
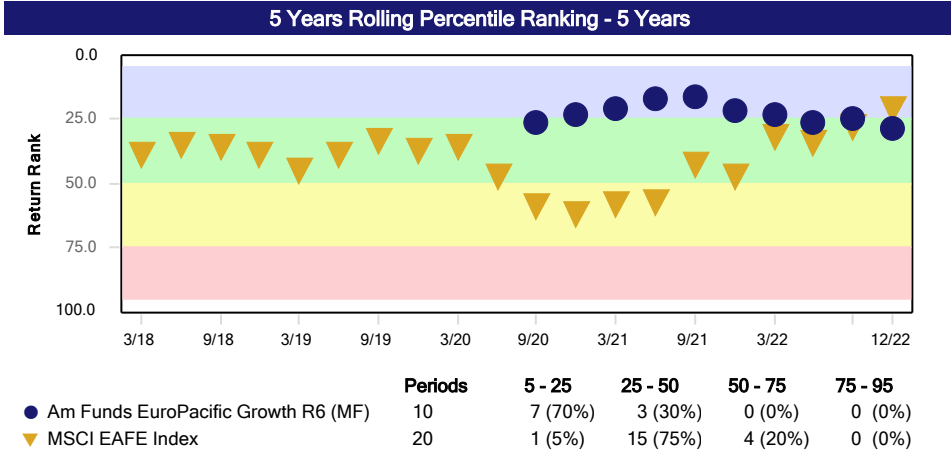
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares MSCI EAFE (ETF)	1.54	17.58	-0.46	1.00	0.10	101.42	99.47
<i>MSCI EAFE Index</i>	<i>2.03</i>	<i>17.36</i>	<i>0.00</i>	<i>1.00</i>	<i>0.13</i>	<i>100.00</i>	<i>100.00</i>

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares MSCI EAFE (ETF)	0.88	20.19	-0.41	1.00	0.11	101.44	99.88
<i>MSCI EAFE Index</i>	<i>1.34</i>	<i>19.95</i>	<i>0.00</i>	<i>1.00</i>	<i>0.13</i>	<i>100.00</i>	<i>100.00</i>

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Am Funds EuroPacific Growth R6 (MF) December 31, 2022



Historical Statistics - 5 Years

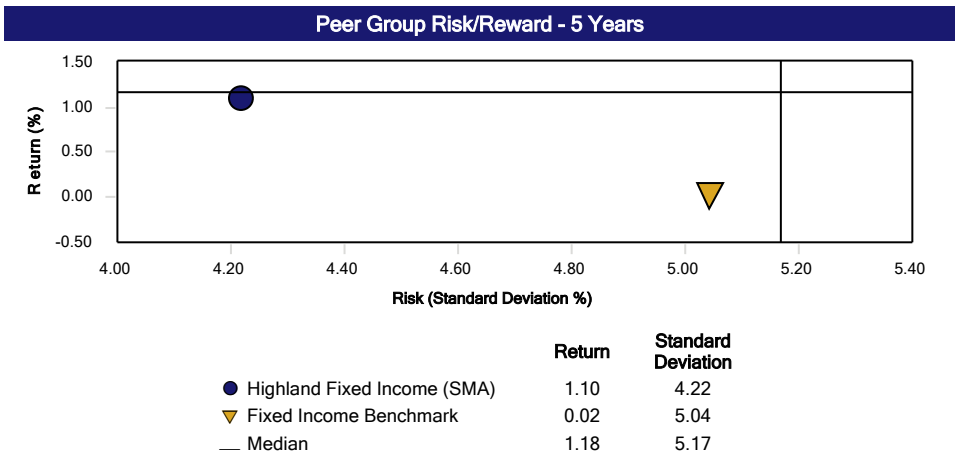
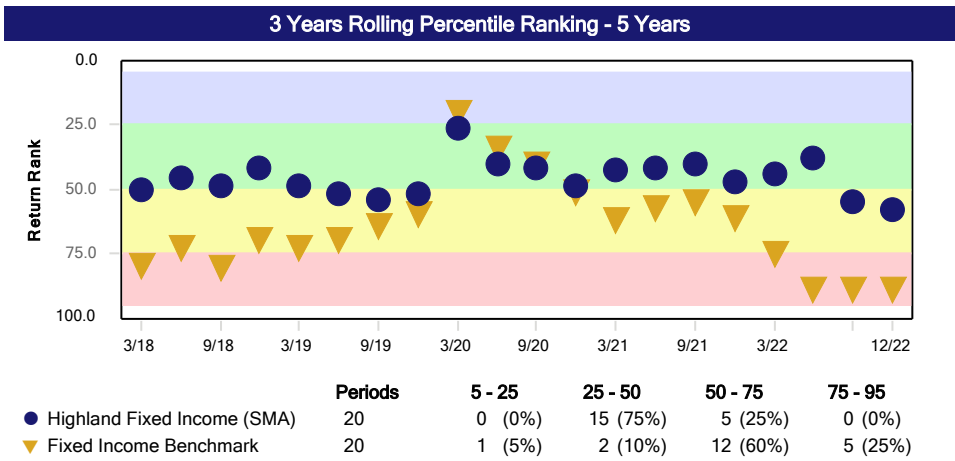
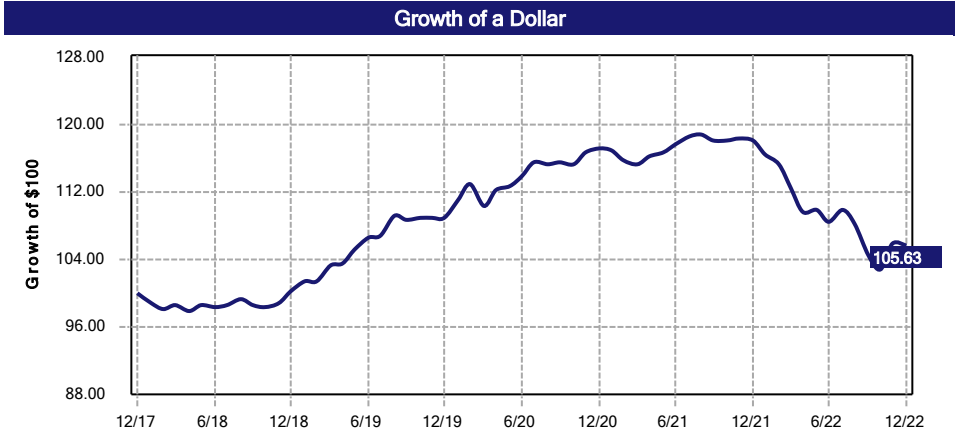
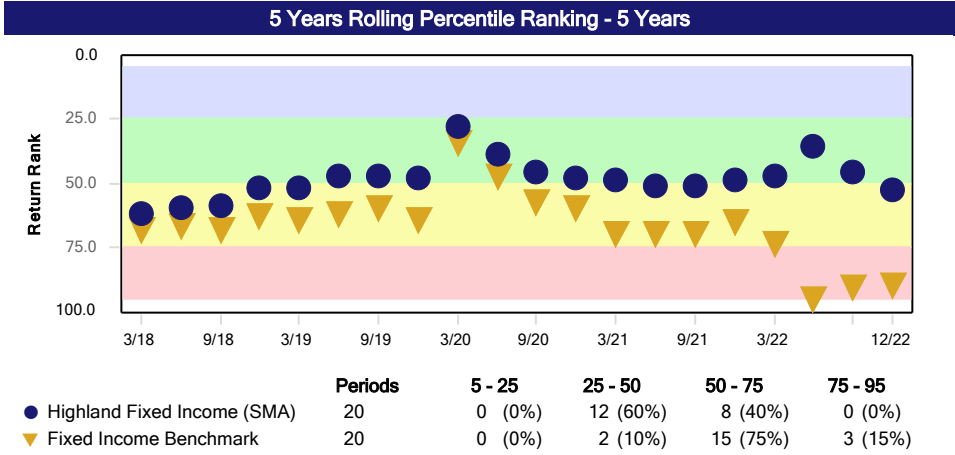
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Am Funds EuroPacific Growth R6 (MF)	1.55	18.59	-0.34	1.02	0.11	101.37	100.20
MSCI EAFE Index	2.03	17.36	0.00	1.00	0.13	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Am Funds EuroPacific Growth R6 (MF)	-0.15	21.15	-1.25	1.01	0.06	103.14	98.55
MSCI EAFE Index	1.34	19.95	0.00	1.00	0.13	100.00	100.00

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

Holly Hill Firefighters' Retirement System Highland Fixed Income (SMA) December 31, 2022



Historical Statistics - 5 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Highland Fixed Income (SMA)	1.10	4.22	1.07	0.80	-0.02	76.28	92.60
Fixed Income Benchmark	0.02	5.04	0.00	1.00	-0.22	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)	-1.04	4.73	1.09	0.78	-0.35	75.38	91.21
Fixed Income Benchmark	-2.71	5.77	0.00	1.00	-0.57	100.00	100.00

Attachment: 2022-12-31 Quarterly Report (4041 : New Business)

**Holly Hill Firefighters' Retirement System
Glossary
December 31, 2022**

- 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, 2022**

- 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, 2022**

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. 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.
3. Individual client returns may vary due to a variety of factors, including differences in investment objectives, asset allocating and timing of investment decisions.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. BCA has not reviewed the risks of individual security holdings.
10. BCA investment reports are not indicative of future results.
11. Performance rankings are time sensitive and subject to change.
12. Mutual Fund (MF), Collective Investment Trusts (CIT) and Exchange Traded Funds (ETF) are ranked in net of fee universes.
13. Separately Managed Account (SMA) and Commingled Fund (CF) returns are ranked in gross of fees universes.
14. Composite returns are ranked in universes that encompass both gross and net of fee returns.
15. Total Fund returns are ranked in a gross of fee universe.
16. 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.
17. 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.

Burgess Chambers & Associates, Inc.
Institutional Investment Advisors
www.burgesschambers.com

315 East Robinson Street, Suite 690, Orlando, Florida 32801
P: 407-644-0111 F: 407-644-0694



January 17, 2023

VIA EMAIL

Board of Trustees
City of Holly Hill
Firefighters' Pension Board

RE: GASB Statements No.67 and No.68 – City of Holly Hill Firefighters' Pension Plan

Dear Board:

We are pleased to present to the Board GASB Statements No.67 and No.68 measured as of September 30, 2022, for the City of Holly Hill Firefighters' Pension Plan.

The calculation of the liability associated with the benefits referenced in this report was performed for satisfying the requirements of GASB No.67 and No.68 and is not applicable for other purposes, such as determining the plan's funding requirements. A calculation of the plan's liability for other purposes may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2022, using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No.67 and No.68.

Certain schedules should include a 10-year history of information. As provided for in GASB No.67 and No.68, this historical information is only presented for the last 2 years in which the information was measured in conformity with the requirements of GASB No.67 and No.68.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. 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 performing the analysis, 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 to generate the costs. All internally developed models are reviewed as part of the 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.

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

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

Respectfully submitted,

Foster & Foster, Inc.

By: 

Patrick T. Donlan, ASA, MAAA
Enrolled Actuary #20-6595

Enclosures

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

GASB 67

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	127,352
Cash	3,117
Total Cash and Equivalents	130,469
Receivables:	
State Contributions	1,247
Investment Income	10,800
Total Receivable	12,047
Investments:	
U. S. Bonds and Bills	223,534
Federal Agency Guaranteed Securities	282,953
Corporate Bonds	896,444
Municipal Obligations	93,315
Mutual Funds:	
Fixed Income	533,745
Equity	2,506,435
Pooled/Common/Commingled Funds:	
Real Estate	521,979
Total Investments	5,058,405
Total Assets	5,200,921
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	5,200,921

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

GASB 67

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022
Market Value Basis

ADDITIONS

Contributions:

Member	53,906	
City	321,298	
State	49,209	
Total Contributions		424,413
 Investment Income:		
Net Increase in Fair Value of Investments	(1,075,566)	
Interest & Dividends	140,659	
Less Investment Expense ¹	(23,515)	
Net Investment Income		(958,422)
Total Additions		(534,009)

DEDUCTIONS

Distributions to Members:

Benefit Payments	402,751	
Lump Sum DROP Distributions	0	
Refunds of Member Contributions	11,760	
Total Distributions		414,511
 Administrative Expense		29,930
Total Deductions		444,441
Net Increase in Net Position		(978,450)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		6,179,371
 End of the Year		5,200,921

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

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2022)

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- 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.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	12
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	13
	27
	27

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the City of Holly Hill Firefighters' Pension Plan prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 7.00% of Salary.

City and State Contributions: 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.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2022:

Asset Class	Target Allocation
Domestic Equity	35.00%
International Equity	15.00%
Bonds	30.00%
Convertibles	10.00%
Private Real Estate	5.00%
REITS	5.00%
Total	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -15.60 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility for Normal Retirement.

Participation: Not to exceed 60 months.

Rate of Return: 6.50% per annum, credited quarterly.

The DROP balance as September 30, 2022 is \$0.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2022 were as follows:

Total Pension Liability	\$ 6,863,538
Plan Fiduciary Net Position	\$ (5,200,921)
Sponsor's Net Pension Liability	<u>\$ 1,662,617</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>75.78%</u>

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.70%
Salary Increases	Service based
Discount Rate	6.90%
Investment Rate of Return	6.90%

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate 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.

Mortality Rate Beneficiary Lives:

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

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

Mortality Rate Disabled Lives:

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

All rates 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.

90% of active deaths are assumed to be service-incurred.

The most recent actuarial experience study used to review the other significant assumptions was dated October 14, 2021.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2022 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return ¹
Domestic Equity	7.1%
International Equity	3.1%
Bonds	2.0%
Convertibles	6.4%
Private Real Estate	6.4%
REITS	6.9%

¹ Source: Burgess Chambers

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.90 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Sponsor's Net Pension Liability	\$ 2,477,213	\$ 1,662,617	\$ 982,504

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 2 Fiscal Years

	09/30/2022	09/30/2021
Total Pension Liability		
Service Cost	168,690	153,174
Interest	453,612	455,339
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	43,094	33,341
Changes of assumptions	-	274,362
Benefit Payments, including Refunds of Employee Contributions	(414,511)	(607,245)
Net Change in Total Pension Liability	250,885	308,971
Total Pension Liability - Beginning	6,612,653	6,303,682
Total Pension Liability - Ending (a)	<u>\$ 6,863,538</u>	<u>\$ 6,612,653</u>
Plan Fiduciary Net Position		
Contributions - Employer	321,298	285,570
Contributions - State	49,209	46,520
Contributions - Employee	53,906	49,295
Net Investment Income	(958,422)	1,061,514
Benefit Payments, including Refunds of Employee Contributions	(414,511)	(607,245)
Administrative Expense	(29,930)	(27,416)
Net Change in Plan Fiduciary Net Position	(978,450)	808,238
Plan Fiduciary Net Position - Beginning	6,179,371	5,371,133
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,200,921</u>	<u>\$ 6,179,371</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,662,617</u>	<u>\$ 433,282</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.78%	93.45%
Covered Payroll	\$ 770,090	\$ 704,212
Net Pension Liability as a percentage of Covered Payroll	215.90%	61.53%

Notes to Schedule:*Changes of assumptions*

For measurement date 09/30/2021, the Board approved the following assumption changes based on the October 14, 2021 actuarial experience study:

1. Assumed investment return reduced from 7.40% to 6.90%, net of investment related expenses.
2. Assumed individual salary increase rates reduced for service more than one year of Credited Service.
3. Assumed rates of termination increased for members with more than 10 years of Credited Service while decreased for members with less than 10 years of Credited Service.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	\$ 371,183	\$ 370,507	\$ 676	\$ 770,090	48.11%
09/30/2021	\$ 347,177	\$ 332,090	\$ 15,087	\$ 704,212	47.16%

Notes to Schedule

Valuation Date: 10/01/2020

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2020 Actuarial Valuation for the City of Holly Hill Firefighters' Pension Plan prepared by Foster & Foster Actuaries and Consultants.

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SCHEDULE OF INVESTMENT RETURNS
Last 2 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2022	-15.60%
09/30/2021	20.39%

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2023)

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- 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.

Employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	12
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	13
	27
	27

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the City of Holly Hill Firefighters' Pension Plan prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 7.00% of Salary.

City and State Contributions: 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.

Net Pension Liability

The measurement date is September 30, 2022.

The measurement period for the pension expense was October 1, 2021 to September 30, 2022.

The reporting period is October 1, 2022 through September 30, 2023.

The Sponsor's Net Pension Liability was measured as of September 30, 2022.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.70%
Salary Increases	Service based
Discount Rate	6.90%
Investment Rate of Return	6.90%

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Mortality Rate Healthy Active Lives:

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

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

Mortality Rate 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.

Mortality Rate Beneficiary Lives:

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

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

Mortality Rate Disabled Lives:

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

All rates 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.

90% of active deaths are assumed to be service-incurred.

The most recent actuarial experience study used to review the other significant assumptions was dated October 14, 2021.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2022 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return¹</u>
Domestic Equity	35.0%	7.1%
International Equity	15.0%	3.1%
Bonds	30.0%	2.0%
Convertibles	10.0%	6.4%
Private Real Estate	5.0%	6.4%
REITS	5.0%	6.9%
<u>Total</u>	<u>100.0%</u>	

¹ Source: Burgess Chambers

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.90 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2022	\$ 6,612,653	\$ 6,179,371	\$ 433,282
Changes for a Year:			
Service Cost	168,690	-	168,690
Interest	453,612	-	453,612
Differences between Expected and Actual Experience	43,094	-	43,094
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	321,298	(321,298)
Contributions - State	-	49,209	(49,209)
Contributions - Employee	-	53,906	(53,906)
Net Investment Income	-	(958,422)	958,422
Benefit Payments, including Refunds of Employee Contributions	(414,511)	(414,511)	-
Administrative Expense	-	(29,930)	29,930
Net Changes	250,885	(978,450)	1,229,335
Reporting Period Ending September 30, 2023	\$ 6,863,538	\$ 5,200,921	\$ 1,662,617

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Sponsor's Net Pension Liability	\$ 2,477,213	\$ 1,662,617	\$ 982,504

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

GASB 68

**FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2022**

For the year ended September 30, 2022, the Sponsor has recognized a Pension Expense of \$86,643.

On September 30, 2022, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	37,857	38,519
Changes of assumptions	205,773	78,255
Net difference between Projected and Actual Earnings on Pension Plan investments	-	593,050
Employer and State contributions subsequent to the measurement date	370,507	-
Total	\$ 614,137	\$ 709,824

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2022. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2023	\$ (101,109)
2024	\$ (99,502)
2025	\$ (130,899)
2026	\$ (134,684)
2027	\$ -
Thereafter	\$ -

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

GASB 68

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2023**

For the year ended September 30, 2023, the Sponsor will recognize a Pension Expense of \$359,123.

On September 30, 2023, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	55,418	21,864
Changes of assumptions	137,182	52,170
Net difference between Projected and Actual Earnings on Pension Plan investments	655,959	-
Employer and State contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 74,034

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2023.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2024	\$ 188,094
2025	\$ 156,697
2026	\$ 152,912
2027	\$ 276,822
2028	\$ -
Thereafter	\$ -

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

GASB 68

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 2 Fiscal Years

Reporting Period Ending Measurement Date ¹	09/30/2023 09/30/2022	09/30/2022 09/30/2021
Total Pension Liability		
Service Cost	168,690	153,174
Interest	453,612	455,339
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	43,094	33,341
Changes of assumptions	-	274,362
Benefit Payments, including Refunds of Employee Contributions	(414,511)	(607,245)
Net Change in Total Pension Liability	250,885	308,971
Total Pension Liability - Beginning	6,612,653	6,303,682
Total Pension Liability - Ending (a)	<u>\$ 6,863,538</u>	<u>\$ 6,612,653</u>
Plan Fiduciary Net Position		
Contributions - Employer	321,298	285,570
Contributions - State	49,209	46,520
Contributions - Employee	53,906	49,295
Net Investment Income	(958,422)	1,061,514
Benefit Payments, including Refunds of Employee Contributions	(414,511)	(607,245)
Administrative Expense	(29,930)	(27,416)
Net Change in Plan Fiduciary Net Position	(978,450)	808,238
Plan Fiduciary Net Position - Beginning	6,179,371	5,371,133
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,200,921</u>	<u>\$ 6,179,371</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,662,617</u>	<u>\$ 433,282</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.78%	93.45%
Covered Payroll	\$ 770,090	\$ 704,212
Net Pension Liability as a percentage of Covered Payroll	215.90%	61.53%

Notes to Schedule:

¹ Effective 09/30/2022 the GASB 68 method was changed to a rollforward calculation with 1 year time lag.

Changes of assumptions

For measurement date 09/30/2021, the Board approved the following assumption changes based on the October 14, 2021 actuarial experience study:

1. Assumed investment return reduced from 7.40% to 6.90%, net of investment related expenses.
2. Assumed individual salary increase rates reduced for service more than one year of Credited Service.
3. Assumed rates of termination increased for members with more than 10 years of Credited Service while decreased for members with less than 10 years of Credited Service.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	\$ 371,183	\$ 370,507	\$ 676	\$ 770,090	48.11%
09/30/2021	\$ 347,177	\$ 332,090	\$ 15,087	\$ 704,212	47.16%

Notes to Schedule

Valuation Date: 10/01/2020

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2020 Actuarial Valuation for the City of Holly Hill Firefighters' Pension Plan prepared by Foster & Foster Actuaries and Consultants.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

The following information is not required to be disclosed but is provided for informational purposes.

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2022

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 932,549	\$ 328,620	\$ 448,336	\$ -
Employer and State contributions made after 09/30/2021	-	-	370,507	-
Total Pension Liability Factors:				
Service Cost	153,174	-	-	153,174
Interest	455,339	-	-	455,339
Share Plan Allocation	-	-	-	-
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	33,341	-	33,341	-
Current year amortization of experience difference	-	(16,655)	(28,585)	11,930
Change in assumptions about future economic or demographic factors or other inputs	274,362	-	274,362	-
Current year amortization of change in assumptions	-	(26,085)	(68,589)	42,504
Benefit Payments, including Refunds of Employee Contributions	(607,245)	-	-	-
Net change	<u>308,971</u>	<u>(42,740)</u>	<u>581,036</u>	<u>662,947</u>
Plan Fiduciary Net Position:				
Contributions - Employer	285,570	-	(285,570)	-
Contributions - State	46,520	-	(46,520)	-
Contributions - Employee	49,295	-	-	(49,295)
Projected Net Investment Income	388,093	-	-	(388,093)
Difference between projected and actual earnings on Pension Plan investments	673,421	673,421	-	-
Current year amortization	-	(195,419)	(29,087)	(166,332)
Benefit Payments, including Refunds of Employee Contributions	(607,245)	-	-	-
Administrative Expenses	(27,416)	-	-	27,416
Net change	<u>808,238</u>	<u>478,002</u>	<u>(361,177)</u>	<u>(576,304)</u>
Ending Balance	<u>\$ 433,282</u>	<u>\$ 763,882</u>	<u>\$ 668,195</u>	<u>\$ 86,643</u>

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2023

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 433,282	\$ 763,882	\$ 668,195	\$ -
Employer and State Contributions made after 09/30/2022	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	168,690	-	-	168,690
Interest	453,612	-	-	453,612
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	43,094	-	43,094	-
Current year amortization of experience difference	-	(16,655)	(25,533)	8,878
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	(26,085)	(68,591)	42,506
Benefit Payments, including Refunds of Employee Contributions	(414,511)	-	-	-
Net change	<u>250,885</u>	<u>(42,740)</u>	<u>(51,030)</u>	<u>673,686</u>
Plan Fiduciary Net Position:				
Contributions - Employer	321,298	-	(321,298)	-
Contributions - State	49,209	-	(49,209)	-
Contributions - Employee	53,906	-	-	(53,906)
Projected Net Investment Income	425,686	-	-	(425,686)
Difference between projected and actual earnings on Pension Plan investments	(1,384,108)	-	1,384,108	-
Current year amortization	-	(170,808)	(305,907)	135,099
Benefit Payments, including Refunds of Employee Contributions	(414,511)	-	-	-
Administrative Expenses	(29,930)	-	-	29,930
Net change	<u>(978,450)</u>	<u>(170,808)</u>	<u>707,694</u>	<u>(314,563)</u>
Ending Balance	<u>\$ 1,662,617</u>	<u>\$ 550,334</u>	<u>TBD</u>	<u>\$ 359,123</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2022 but made on or before September 30, 2023 need to be added.

AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030
2022	\$ 1,384,108	5	\$ -	\$ 276,820	\$ 276,822	\$ 276,822	\$ 276,822	\$ 276,822	\$ -	\$ -	\$ -
2021	\$ (673,421)	5	\$ (134,685)	\$ (134,684)	\$ (134,684)	\$ (134,684)	\$ (134,684)	\$ -	\$ -	\$ -	\$ -
2020	\$ (180,621)	5	\$ (36,124)	\$ (36,124)	\$ (36,124)	\$ (36,124)	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 124,855	5	\$ 24,971	\$ 24,971	\$ 24,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 20,581	5	\$ 4,116	\$ 4,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (123,052)	5	\$ (24,610)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (166,332)	\$ 135,099	\$ 130,985	\$ 106,014	\$ 142,138	\$ 276,822	\$ -	\$ -	\$ -

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)

AMORTIZATION SCHEUDLE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	\$ 274,362	4	\$ 68,589	\$ 68,591	\$ 68,591	\$ 68,591	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (130,423)	5	\$ (26,085)	\$ (26,085)	\$ (26,085)	\$ (26,085)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 42,504	\$ 42,506	\$ 42,506	\$ 42,506	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030
2022	\$ 43,094	4	\$ -	\$ 10,772	\$ 10,774	\$ 10,774	\$ 10,774	\$ -	\$ -	\$ -	\$ -
2021	\$ 33,341	4	\$ 8,336	\$ 8,335	\$ 8,335	\$ 8,335	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (54,661)	5	\$ (10,932)	\$ (10,932)	\$ (10,932)	\$ (10,932)	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 32,132	5	\$ 6,426	\$ 6,426	\$ 6,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (28,615)	5	\$ (5,723)	\$ (5,723)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 69,117	5	\$ 13,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 11,930	\$ 8,878	\$ 14,603	\$ 8,177	\$ 10,774	\$ -	\$ -	\$ -	\$ -

Attachment: GASB No.67 and No.68 Statements - Measurement Date 2022-09-30 (4041 : New Business)