

CITY OF HOLLY HILL, FLORIDA
FIREFIGHTERS PENSION FUND BOARD OF TRUSTEES
AGENDA • AUGUST 12, 2021

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
Damon Sansom
Sharon Miller
Laurie Taylor

CITY CLERK

Valerie Manning

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

1. Minutes - May 13, 2021 Firefighters Pension Board Meeting
(Requested by Valerie Manning, City Clerk)

3. OLD BUSINESS

- A. FORM 1 - STATEMENT OF FINANCIAL INTEREST 2020
- B. FPPTA MEMBERSHIP RENEWED

4. NEW BUSINESS

- A. Patrick Donlan - Actuary - (Teleconference for meeting today)
 1. Patrick Donlan - Foster & Foster
(Requested by Valerie Manning, City Clerk)
- B. VOTE ON PREPARATION OF EXPERIENCE STUDY
- C. Frank Wan - Financial Advisor
 1. Frank Wan - Financial Advisor - Burgess Chambers & Associates June 30, 2021
(Requested by Valerie Manning, City Clerk)
- D. Paul Daragjati - Attorney
- E. Mindy Johnson - Salem Trust
- F. VOTE ON ANNUAL 2022 BUDGET FOR FD PENSION
 1. Annual Budget FY2022
(Requested by Valerie Manning, City Clerk)

5. 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****SCHEDULED**

Meeting: 08/12/21 10:00 AM
Department: City Clerk
Category: Minutes
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:

FIREFIGHTERS RETIREMENT PENSION TRUST FUND BOARD (ID # 3407) DOC ID: 3407**Minutes - May 13, 2021 Firefighters Pension Board Meeting****DISCUSSION:**

Minutes from May 13, 2021 Firefighters Retirement Pension board meeting.

MOTION:

Approve minutes as submitted by staff.

Holly Hill Firefighter's Pension Meeting

May 13, 2021

Meeting called to order at 10:01

In attendance: Tom Sejnowski (Chairman), Dave Bridger (Secretary), Sharon Miller (Trustee), Laurie Taylor (Trustee), Frank Wan (Financial adviser), Valerie Manning (City Clerk), Steve Bays (Finance), and Paul Daragjati and daughter Rose (Attorney). Damon Samson (Trustee) out sick.

Motion to approve February 2021 minutes made by Tom Sejnowski, second by Laurie Taylor.

Unanimous vote to approve.

Public participation: None

Old Business: None

Frank Wan (Financial Adviser) Delivered the quarterly financial report. First quarter has been crazy. He went on to talk about and explain crypto currency. All central banks understand we are moving towards a cashless society.

Optimism over COVID vaccines prompted steeper yield curve, pointing to higher inflation expectations.

- For the quarter, the system earned 150K or +2.6% net, behind the strategic model (+3.3%). The top three performing asset classes were: Mid-cap, large-cap and private real estate.
- For the one year period, the system earned 1.7M or +38.2% net, ahead of the strategic model (36.1%) and ranked in the top 24th percentile. Top three performers were Convertibles, mid-cap, and international.
- For the 3 year period, the system earned +12.2% and ranked in top 6th percentile.
- For the 5 year period, the system earned +11.4% and ranked in 14th percentile.
- In February, the plan was rebalanced by transferring 250K from Vanguard S&P 500 ETF to the Highland Capital Fixed income account.
- In April, 30K was liquidated from SPDR Barclays Convertible ETF for upcoming pension payments.

Across the board, no recommendations at this time.

Paul Daragjati (Attorney): Paul introduced his daughter, Rose, who recently passed her board and will be working with him.

Legislature ended at end of April. Senate Bill 84 died at the end of the session.

Attorney General packet is going into the mail and we should have an answer by next meeting.

Nothing further.

Tom Sejnowski made a motion to adjourn at 10:23, second by Sharon Miller.

Unanimous vote to approve



Firefighters Pension Board

SCHEDULED

Meeting: 08/12/21 10:00 AM
Department: City Clerk
Category: New Business
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:

4.A.1

FIREFIGHTERS RETIREMENT PENSION TRUST FUND BOARD (ID # 3408) DOC ID: 3408

Patrick Donlan - Foster & Foster

July 7, 2021

VIA EMAIL

Mr. Thomas Sejnowski, Chairman
City of Holly Hill Firefighters' Pension Board

Re: Actuarial Experience Study

Dear Tom:

It has been five years since the last time we prepared an experience study for the Board (August 10, 2016). Therefore, I am writing to provide a proposal to perform an actuarial experience study for the Board, as well as to include some important surrounding detail. Perhaps the most important responsibility of the Board is to review and approve the annual valuation report to determine an appropriate funding requirement for the City to ensure that the Fund will be able to pay all promised benefits to the retirees when they come due. This annual valuation utilizes a number of actuarial assumptions and methods that are determined by the Board, with the help of their actuary. These assumptions include the expected rate of return on the investments, the expected rate of individual salary increases, the expected rate of non-retirement terminations, the expected rates of retirement at various age and service combinations, etc.

What is an actuarial experience study?

An experience study consists of two parts. The first part is that we compile the plan's actual experience over the last several years and disclose it in a format that compares the actual experience relative to the current assumption for each of the primary assumptions. The second part is to then determine the impact, if any, on the funding requirements surrounding any proposed changes to the respective actuarial assumption. Attached is the last experience study we prepared for the Board August 10, 2016.

Why do an actuarial experience study now?

- 1.) **To determine appropriate funding requirements** - As stated above, one of the Board's primary responsibilities is to review and approve the annual valuation report to determine appropriate Sponsor funding requirements. The Board needs to be utilizing assumptions that are their best estimate of future experience. In order to properly determine the best estimate of future experience, a periodic review of the actual historical experience is essential. After the last Experience Study, the Board reduced the investment return assumption from 7.5% to 7.4% per year. FRS is now at 7.0% per year. I do know that the Board authorized us to reduce the investment return assumption with the October 1, 2021 valuation report by using any investment gains this year, but this updated study would disclose the impact of different reductions in the assumed returns.
- 2.) **Governmental Accounting Standards Requirement** - When the City reports the information about the Pension Plan in their financial statements, they must adhere to the standards outlined by the Governmental Accounting Standards Board (GASB). Effective September 30, 2015, the City must adhere to GASB Statement Number 68. Paragraph 41 of GASB 68 states that "...The dates of experience studies on which significant assumptions are based also should be disclosed." At this point, the date being disclosed is August 10, 2016.
- 3.) **Best Practice** - In 2009, the Government Finance Officers Association (GFOA) published a Best Practice called "Sustainable Funding Practices of Defined Benefit Pension Plans" that included the recommendation to "Have an actuarial experience study performed at least once every five years, and update actuarial assumptions as needed."

- 4.) **Actuarial Standards of Practice** – As the Actuary for the Plan, we are bound by the Actuarial Standards of Practice (ASOP's). ASOP 27 provides the standard on Selection of Economic Assumptions for Measuring Pension Obligations. The economic assumptions are primarily investment return and salary increases. Section 3.6 of this ASOP states that each economic assumption should be reasonable. For this purpose, an assumption is reasonable if it has the following characteristics:
- It is appropriate for the purpose of the measurement;
 - It reflects the actuary's professional judgement;
 - It takes into account historical and current economic data that is relevant as of the measurement date;
 - It reflects the actuary's estimate of future experience, the actuary's observation of the estimates inherent in market data, or a combination thereof...

ASOP 35 covers Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations. As you can imagine, these assumptions (like turnover and retirement rates) are even more dependent on the Plan experience. The overview of the Standard states: "The actuary should use professional judgement to estimate possible future outcomes based on past experience and future expectations and select assumptions based upon application of that professional judgement. A new requirement in ASOP 35 (Section 4.1.2) is that the Actuary/Board "should disclose the information and analysis used in selecting each demographic assumption that has a significant effect on the measurement." An updated experience study would be an excellent source to site when justifying your assumptions.

- 5.) **Florida Division of Retirement** – As you are aware, each year, when the actuarial valuation report is prepared, it is sent to the Division of Retirement. The actuaries at the Division then periodically review the reports to make sure they are complete, accurate and based on reasonable assumptions. If they determine the reports are not complete, or accurate, or based upon reasonable assumptions, then they can withhold State Monies that would otherwise go to the Plan or the Plan Sponsor. Based on our Firm's extensive experience of providing actuarial services in the State of Florida, the Division's rejections of reports have almost always been because they were concerned that the assumptions were not reasonable. It will be much easier to defend your assumptions to the Division of Retirement if you have hard data to back them up in the form of an up to date experience study.

Cost of the Experience Study

Due to the extensive nature of performing any actuarial experience study which requires a significant amount of time involved in compiling the historical information and in performing valuation analyses using differing sets of assumptions, our minimum fee for performing experience studies is \$7,500 and that is what we would charge you. Please note that because an experience study only needs to be done approximately once every 5 years, this works out to be \$1,500 per year on average.

Please discuss this topic at the next Board meeting so that the Board can decide if they would like us to prepare this study before we complete the October 1, 2021 actuarial valuation report.

If you have any questions or would like to discuss the contents of this letter in greater detail, please let me know.

Sincerely,



Patrick T. Donlan, EA, ASA, MAAA
PTD/mw

CITY OF HOLLY HILL
FIREFIGHTERS' PENSION PLAN
ACTUARIAL EXPERIENCE STUDY
August 10, 2016





August 10, 2016

Board of Trustees
City of Holly Hill
Firefighters' Pension Board
1020 Daytona Avenue
Holly Hill, FL 32117

Re: Actuarial Experience Study

Dear Board:

As requested, we have performed an experience study determined as of October 1, 2015. In the course of the analysis, we compiled plan experience from October 1, 1989 through September 30, 2015. While we cannot verify the accuracy of all of the information provided, the supplied information utilized for performance of the annual actuarial valuations 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 it has produced appropriate results.

The purpose of this study is to review the current actuarial assumptions and methods to determine which changes, if any, are necessary in order to achieve the objective of developing costs that are stable, predictable, and represent our best estimate of anticipated experience.

It is important to remember that the ultimate cost of your retirement plan is independent of any actuarial assumptions or methods utilized throughout the valuation process. This cost will be the sum of the benefits paid from the fund and the administrative expenses incurred, less any net investment gains received.

The specific assumptions and methods investigated throughout the remainder of this study are as follows:

- Investment Return
- Salary Increases
- Mortality Rates
- Retirement Rates
- Withdrawal Rates
- Disability Rates

The balance of this Report presents details of the experience analysis. In addition, the report also contains the corresponding actuarial impact on the City's funding requirements and Unfunded Actuarial Accrued Liability (UAAL) for any proposed changes.

To the best of our knowledge, this report is complete and accurate in all aspects.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets 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.

Attachment: 2016-08-10 Experience Study - Foster & Foster (3408 : Patrick Donlan - Foster & Foster)

Respectfully submitted,

FOSTER & FOSTER INC.

By: Patrick T. Donlan
Patrick T. Donlan, ASA, EA, MAAA

By: Christine M. O'Neal
Christine M. O'Neal, ASA, EA, MAAA

Attachment: 2016-08-10 Experience Study - Foster & Foster (3408 : Patrick Donlan - Foster & Foster)

ACTUARIAL STANDARDS OF PRACTICE

Background

The Actuarial Standards Board has provided coordinated guidance through a series of Actuarial Standards of Practice (ASOP) for measuring pension obligations and determining pension plan costs or contributions. The ASOPs that apply specifically to valuing pensions are as follows:

- ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, which ties together the standards shown below, provides guidance on actuarial cost methods, and addresses overall considerations for measuring pension obligations and determining plan costs or contributions
- ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*
- ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*
- ASOP No. 44, *Selection and Use of Asset Valuation Methods for Pension Valuations*

Please note that the contents displayed throughout the remainder of this report are in compliance and consistent with the above mentioned Actuarial Standards of Practice. When applicable, further details of the ASOP associated with the reviewed actuarial assumption will be provided in the experience analysis, which is the basis for the remainder of the report.

Additional Required Communications

Please keep in mind that future actuarial measurements may differ significantly from current measurements due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Changes in demographic assumptions
- Increases or decreases expected as part of the natural operation of the methodology used
- Changes in plan provisions or applicable law

The data used for purposes of this report was compiled from previous actuarial valuations, unless otherwise indicated.

EXPERIENCE REVIEW SUMMARY

Economic Assumptions

ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, provides guidance to actuaries in selecting (including giving advice on selecting) economic assumptions – primarily investment return, discount rate, and salary scale – for measuring obligations under defined benefit pension plans.

Throughout the remainder of this section, we have used the standards set forth in ASOP No. 27 as a guideline for reviewing and if applicable, selecting proposed changes to the following economic actuarial assumptions:

- Investment Return
- Salary Increases

Please keep in mind that ASOP No. 27 states that “the best an actuary can do is to use professional judgment to estimate possible future economic outcomes based on past experience and future expectations, and to select assumptions based upon that application of professional judgment.”

Investment Return

The assumed rate of investment return is currently 7.50% per year compounded annually, net of investment related expenses. We believe that the decision to modify the investment return assumption shall be made based upon input from your investment consultant, reflecting any significant changes to the asset allocation, and their judgment of capital market returns. Keep in mind, however, that this assumption should reflect the best estimate of investment returns expected to be realized until the last participant in the plan dies, which could be 70-80 years from now.

In determining the investment return assumption, one determines the average rate of return the Fund expects to achieve based on the target allocation along with the corresponding capital market assumptions. Foster & Foster is an actuarial firm, and we do not have the required expertise to produce our own capital market assumptions. For purposes of illustrating this concept, we have included information disclosed in the GASB 67 report provided by your investment consultant, shown on the following page. Please keep in mind this return is net of investment related expenses, as well as the 3.00% inflation assumption, suggesting an expected return of approximately 8.72%. Therefore, the 7.50% assumption currently utilized seems in line with long-term expectations.

Target Asset Allocation vs. Capital Market Assumptions
September 30, 2015

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>	<u>Expected Investment Return</u>
Domestic Equity	35.0%	8.0%	2.80%
International Equity	15.0%	3.0%	0.45%
Bonds	30.0%	4.4%	1.32%
Convertibles	10.0%	6.4%	0.64%
REITS	5.0%	7.0%	0.35%
TIPS	5.0%	3.1%	0.16%
Total	100.00%		5.72%

Actual plan returns over the past 26 years have averaged 6.32% per year, less than the current 7.50% assumption. The actual plan returns since October 1, 1989 are illustrated on the following page.

As previously mentioned, we believe that the decision to modify the investment return assumption shall be made based upon input from your investment consultant. However, for informational purposes, we have determined the impact on the City and State funding requirements if the investment return assumption was decreased from the current 7.50% assumption to 7.40%, 7.25%, or 7.00% per year.

The impact of decreasing the investment return assumption by 10, 25, or 50 basis points is illustrated below.

<u>Investment Rate</u>	<u>City + State Requirement</u>	<u>Increase</u>	<u>UAAL</u>
7.50% (Current)	250,506	n/a	1,225,231
7.40%	257,297	6,791	1,277,958
7.25%	267,718	17,212	1,359,386
7.00%	289,788	39,282	1,498,669

Investment Return History (Net-of-Fees)

October 1, 1989 through September 30, 2015

Year Ending	Market Investment Return	Investment Return Assumption
9/30/2015	-0.54%	7.50%
9/30/2014	9.06%	7.50%
9/30/2013	11.44%	7.50%
9/30/2012	14.90%	7.50%
9/30/2011	-0.98%	7.50%
9/30/2010	6.99%	7.50%
9/30/2009	0.24%	7.50%
9/30/2008	-13.12%	7.50%
9/30/2007	12.22%	7.50%
9/30/2006	5.47%	7.50%
9/30/2005	8.06%	7.50%
9/30/2004	4.64%	7.50%
9/30/2003	12.61%	7.50%
9/30/2002	-6.42%	7.50%
9/30/2001	-4.84%	7.50%
9/30/2000	7.02%	7.50%
9/30/1999	8.52%	7.50%
9/30/1998	5.83%	7.50%
9/30/1997	25.50%	7.50%
9/30/1996	11.00%	7.50%
9/30/1995	16.50%	7.50%
9/30/1994	15.60%	7.50%
9/30/1993	0.20%	7.50%
9/30/1992	9.60%	8.00%
9/30/1991	5.20%	8.00%
9/30/1990	7.50%	8.00%

Averages	
5 Years	6.58%
10 Years	4.25%
20 Years	5.55%
All Years	6.32%

Salary Increases

The salary increase assumption is used to project a participant's salary from the valuation date until the assumed retirement age and plays an important role in measuring individual pension costs and obligations. Salary increase assumptions are typically represented as a flat salary scale assumption or a service-based assumption. A flat salary scale assumption assumes that a participant will get the same rate of salary increase for all years of service, whereas a service-based table may assume different rates based on the participant's longevity with the plan.

Salary growth is comprised of three basic components:

- Merit increases
- Longevity increases
- Inflation increases

Currently, the valuation utilizes a flat salary scale assumption of 6% per year, which includes the 3.0% annual inflation assumption. During the course of our analysis, we compiled the actual average annual increase since October 1, 1989. As the summary below shows, the average increase over the past ten years has been 4.47% per year, which is less than the 6% assumption. The average over the last five years has been 3.01%.

Salary Increases

October 1, 1989 through September 30, 2015

Averages	
5 Years	3.01%
10 Years	4.47%
All Years	6.15%

Further, we analyzed the actual plan experience since October 1, 2005 utilizing actual salary increases based on completed service at the time of each annual valuation. As shown below, it appears that members receive their largest salary increases during their first year of employment. Therefore, we propose using a 10% increase rate in the first year of employment and a flat 5.5% increase rate for all years after the first year. If salary experience continues to be less than expected, a change can be made at a later time.

Salary Increase Experience

October 1, 2005 through September 30, 2015

Service	Exposures	Prior Year Salaries	Expected Salaries	Actual Salaries	Actual Salary Increase	Proposed Salary Increase
<1	17	629,163	666,912	714,954	13.6%	10.0%
1+	96	4,853,144	5,144,333	5,048,436	4.0%	5.5%
Total	113	8,819,348	5,811,245	5,763,390	5.1%	6.0%

Amending the salary increase assumption will have the effect of lowering the projected retirement benefits. The proposed assumption would result in a decrease of 8,716 to the City and State annual funding requirements. The UAAL would decrease by 20,285.

Demographic Assumptions

ASOP No. 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, provides guidance to actuaries in selecting (including giving advice on selecting) demographic and other noneconomic assumptions for measuring obligations under defined benefit pension plans.

Over the following pages, the following applicable assumptions will be reviewed:

- Mortality Rates
- Retirement Rates
- Withdrawal Rates
- Disability Rates

Generally, demographic assumptions are based on actual plan experience with additional considerations for current trends. ASOP No. 35 states “the actuary should use professional judgment to estimate possible future outcomes based on past experience and future expectations, and select assumptions based upon application of that professional judgment.” ASOP No. 35 also states that “a reasonable assumption is one that is expected to approximately model the contingency being measured and is not anticipated to produce significant cumulative actuarial gains or losses...the actuary should not give undue weight to past experience when selecting demographic assumptions.”

Demographic assumptions generally remain consistent over time, absent significant changes in plan provisions. Therefore, the best true indicator of future experience is past experience. For each assumption, this analysis compares actual experience for the studied time period to the current assumptions utilized for purpose of the annual valuation.

Note that actuarial assumptions reflect average experience over long periods of time. A change in actuarial assumptions generally results when experience over a period of years indicates a consistent pattern. Proposed changes to the demographic assumptions better reflect actual plan experience over the studied time period. The proposed changes also meet the objective of developing costs that are stable, predictable, and represent our best estimate of anticipated future experience.

Mortality Rates

The rate of mortality is the probability of death at a given age. As mortality rates have continued to decline over time, concern has increased about the impact of potential future mortality improvement on the magnitude of pension obligations. ASOP No. 35 discusses the importance of actuaries considering mortality improvements when measuring pension obligations. Specifically, an actuary should adjust mortality rates to reflect mortality improvement prior to the measurement date and include an assumption regarding the expected mortality improvement after the measurement date, if reasonable.

The plan currently assumes rates of mortality based on the RP-2000 Combined Healthy Mortality Table (sex distinct) with no adjustment for future mortality improvements for healthy lives and a 5-year set

forward for disabled lives. As stated in our actuarial valuation report, we believe that this table sufficiently accommodates expected future mortality improvements.

However, as you are probably aware, Governor Scott signed HB 1309 (codified as Chapter 2015-157, Laws of Florida) which will require mandatory revisions to the mortality table used in the actuarial valuation to incorporate generational mortality improvements. Specifically, Chapter 2015-157 requires that beginning with the October 1, 2016 valuation, all public plans must utilize the mortality table used by the Florida Retirement System actuary in one of their previous two actuarial valuations. Generational mortality improvements means that the assumed life expectancy will improve indefinitely. Therefore, someone born today is not expected to live as many years as someone who is born one year from today, who is not expected to live as many years as someone born two years from today, and so on.

To illustrate the impact of Chapter 2015-157, we employed the special risk mortality tables reflected in the Florida Retirement System Actuarial Valuation as of July 1, 2015.

The impact of changing the mortality assumption to utilize this table would be an increase to the City and State funding requirements of \$11,310 and an increase in the UAAL of 108,694.

Retirement Rates

A retirement rate is the associated probability at a specific point in time that a participant will retire, given that they have attained the eligibility requirements for retirement. The associated cost due to retirement experience is determined by the age at which participants actually retire.

The current provisions for Normal Retirement are the earlier of (1) Attainment of age 50 and the completion of 6 years of service and (2) the completion of 25 years of service regardless of age. Members who have attained age 48 with 6 years of service are eligible for Early Retirement.

The valuation currently uses age- and service-based retirement rates as shown in the table below. During the course of our analysis, it became clear that members are working beyond their first Normal Retirement eligibility if they have less than 25 years of service. Note, however, that the number of participants eligible to retire during the study period is not very large. Based on the experience illustrated below, we propose amending the assumed rates of retirement as shown below.

Retirement Experience October 1, 2005 through September 30, 2015

Service	Age	Exposures	Expected Retirements	Actual Retirements	Actual Retirement Rates	Proposed Retirement Rates
<25	48-49	5	0.25	0	0.0%	5.0%
	50	2	0	1	50.0%	50.0%
	51-54	4	0	1	25.0%	20.0%
	55-59	5	0	1	20.0%	20.0%
	60+	1	0	1	100.0%	100.0%
25+	All	1	1	1	100.0%	100.0%

Adopting the proposed retirement rates will have the impact of decreasing the City and State funding requirements, a decrease of \$14,006. The corresponding UAAL impact would be a decrease of 56,157.

Withdrawal Rates

The withdrawal rate, or termination rate, is the probability that a participant will separate employment from a cause other than disability, death, or retirement. Currently, the valuation utilizes age-based rates that vary from 12.4% at the younger ages and decrease to 1.5% at the older ages. This assumption was adopted in conjunction with the prior experience study completed June 21, 2006 (looking at withdrawal experience from October 1, 1997 through October 1, 2005).

Since October 1, 2007, the actual rate of withdrawal has been similar to the expectation based on the current assumptions in place. During that time period, there have been 8 non-retirement terminations, while approximately 7.8 were expected. A closer examination of the experience shows that the termination rates tend to be higher in the early years of employment and lower in the later years of employment.

Given this trend, on service we are proposing using a table that is service based. The actual plan experience, along with the proposed withdrawal rates, are summarized below.

Withdrawal Experience

October 1, 2005 through September 30, 2015

Service	Exposures	Expected Terminations	Actual Terminations	Actual Withdrawal Rates	Proposed Withdrawal Rates
<1	6	0.5	1	16.7%	15.0%
1-4	44	3.7	5	11.4%	10.0%
5-9	29	2.1	2	6.9%	6.0%
10-14	6	0.4	0	0.0%	2.0%
15-19	14	0.7	0	0.0%	2.0%
20+	9	0.3	0	0.0%	2.0%
Total	108	7.8	8	7.4%	7.1%

The proposed changes to the withdrawal rates, if adopted, will increase the City and State funding requirements \$21,679. This increase is due to increasing the chance that a Member will make it to retirement after they complete 10 years of service. The Plan's UAAL would increase by \$65,099.

Disability Rates

The disability rate assumption is the probability that a member will become disabled while an active member in the plan. Currently, the valuation utilizes a very low age-based assumption for predicting the occurrence of future disabilities. Additionally, it is assumed that 75% of disablements are service related.

Because there have been no disability retirements, we are not proposing a change to the assumption at this time.

Conclusion

As stated throughout the content of this report, we have recommended a number of changes to the actuarial assumptions utilized for purposes of completing the annual valuations. It is our belief that these changes reflect sound actuarial principles, are our best estimate of anticipated future experience, and will assist in achieving the objective of developing costs that are stable and predictable.

On the following page we have provided a summary of the impact on the City and State funding requirements for each of the proposed changes, if made independently of one another. Additionally, if all of the proposed changes were adopted (keeping the 7.50% interest rate assumption), the impact would be an increase to the City and State annual funding requirements of approximately \$14,063.

Summary of Results

<u>Proposed Change</u>	<u>City and State Funding Increase/Decrease</u>	<u>UAAL</u>
Current Assumptions	n/a	1,225,231
7.40% Interest Rate	6,791	1,277,958
7.25% Interest Rate	17,212	1,359,386
7.00% Interest Rate	39,282	1,498,669
Salary Increases	(8,716)	1,204,946
Mortality Rates	11,310	1,333,925
Retirement Rates	(14,006)	1,169,074
Withdrawal Rates	21,679	1,290,330
Combination (7.50% Interest)	14,063	1,331,692
Combination (7.40% Interest)	21,479	1,388,044
Combination (7.25% Interest)	32,778	1,474,541



Firefighters Pension Board

SCHEDULED

4.C.1

Meeting: 08/12/21 10:00 AM
Department: City Clerk
Category: New Business
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:

FIREFIGHTERS RETIREMENT PENSION TRUST FUND BOARD (ID # 3409) DOC ID: 3409

**Frank Wan - Financial Advisor - Burgess Chambers &
Associates June 30, 2021**



Burgess Chambers & Associates, Inc.

Institutional Investment Advisors

www.burgesschambers.com

June 30, 2021

Holly Hill Firefighters' Retirement System

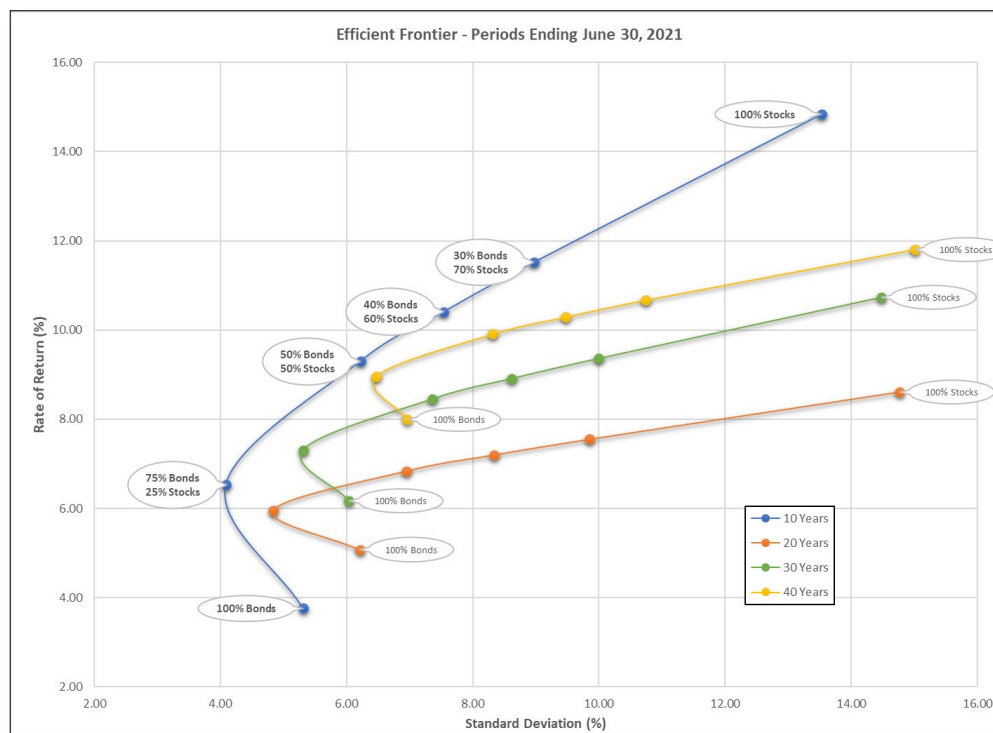
Investment Performance Period Ending June 30, 2021

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BCA reviews transactions provided by the custodian and uses reasonable care to ensure the accuracy of the data contained herein.
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Holly Hill Firefighters' Retirement System
BCA Market Perspective ©
The Impact of Low Interest Rates
Larry Cole and Mitchel Brennan
July 2021

Interest rates continue to remain near historically low levels despite the improving economy and the recent signs of inflation increasing at an alarming rate. As of the date of this writing, the 10-year Treasury has dipped below 1.4% and the Federal Reserve has signaled that they intend to keep short term rates low into late 2022 and possibly 2023. With this backdrop, is there a place for bonds in your portfolio?

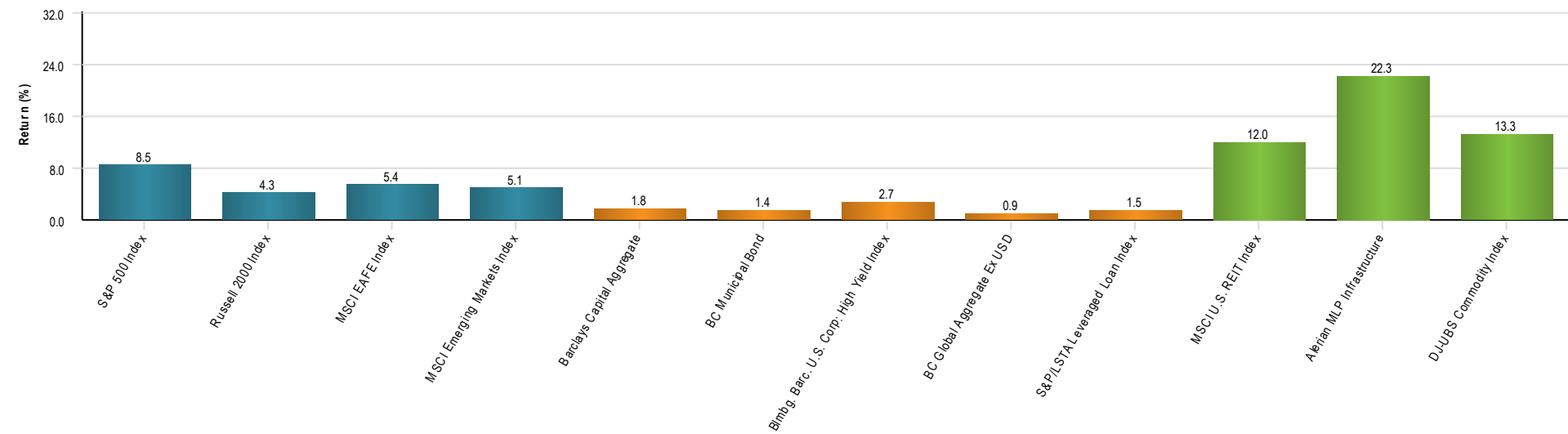
The chart to the right shows the returns and risk levels (standard deviation) associated with various asset allocation targets over the past 10, 20, 30 and 40-year periods. The yellow line shows data for the past 40 years (June 30, 1981 – June 30, 2021). During this period, stocks (S&P 500) returned 11.81% per year with a standard deviation of 15.01% (higher standard deviation = more volatility). A mix of 70% stocks and 30% bonds for the same period produced an annual return of 10.67% (90% of the stock market return) with 28% less volatility (standard deviation of 10.74%).



The blue line in the chart looks at the most recent 10-year period (June 30, 2011 – June 30, 2021) which has been dominated by historically low interest rates. A 100% stock portfolio returned 14.84% per year with a standard deviation of 13.53%. A 70% stock/30% bond portfolio returned 11.52% (78% of the stock market return) with a standard deviation of only 8.97% (approximately 34% less volatility than stocks).

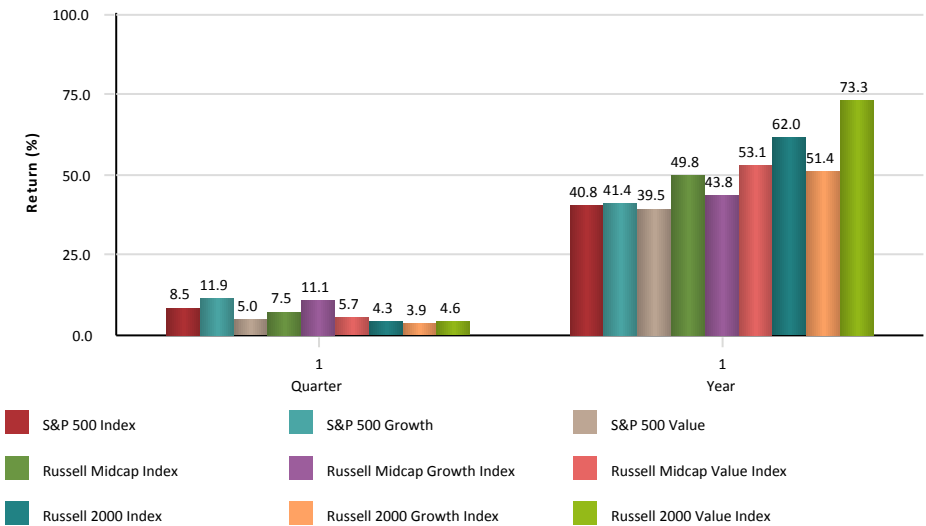
The low interest rate environment of the past several years has pushed a significant amount of money into stocks that might otherwise be in bonds or CDs. But even with this “distortion” or “risk-on” trade, the data indicates that some bond exposure, even in this low rate environment, can significantly reduce the overall volatility of your portfolio while still allowing most investors to reach their investment objectives. The reason for this is the negative correlation between stocks and most bonds. Put another way, bonds act as a “shock absorber” when the stock market declines, smoothing the ride over the long term. While the data would indicate it might be appropriate to lower bond exposure in order to make more aggressive return objectives, bonds can still play a significant role in lowering the overall volatility of your portfolio.

1 Quarter Performance



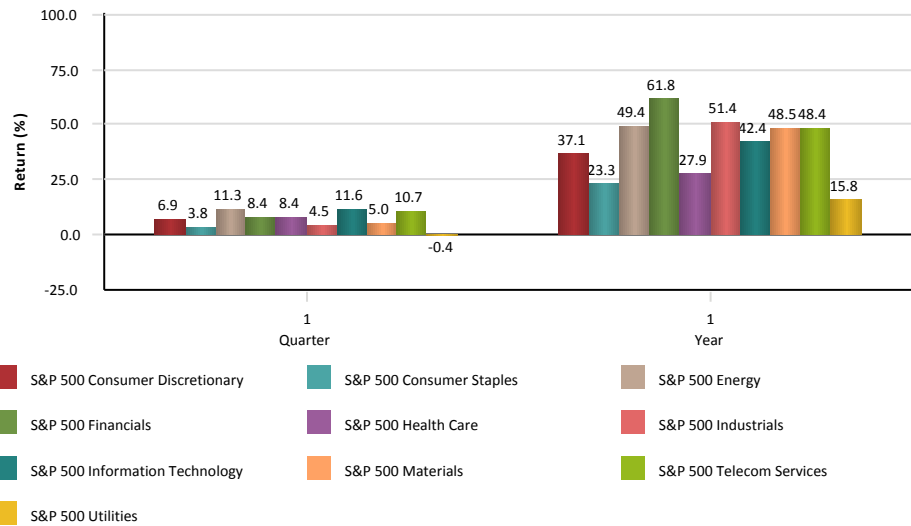
Source: Investment Metrics, LLC

US Market Indices Performance



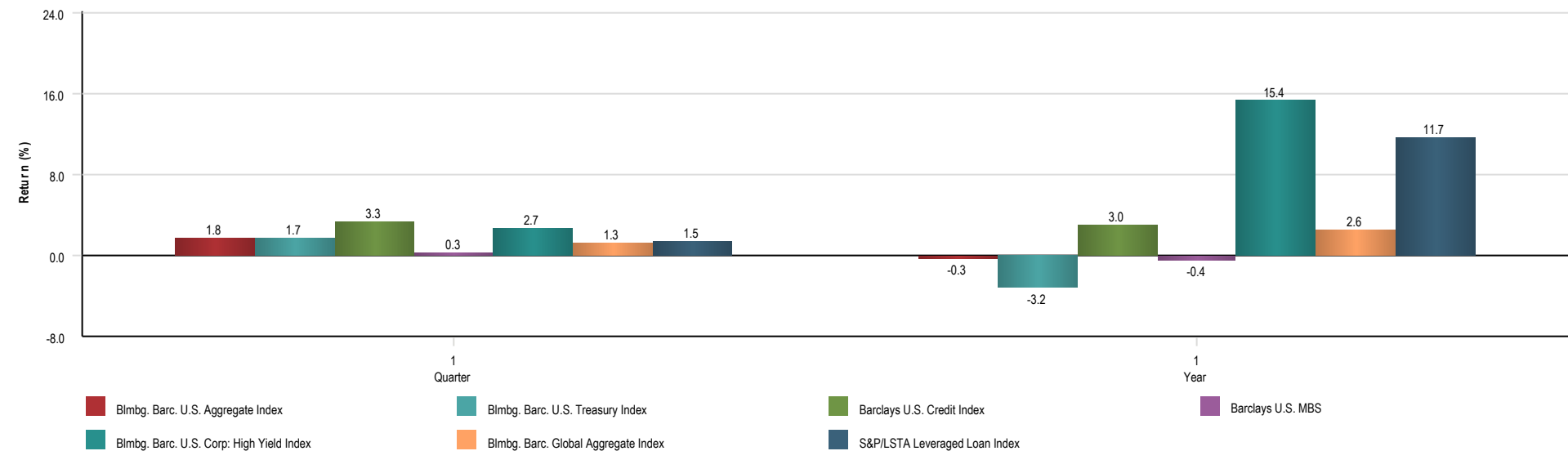
Source: Investment Metrics, LLC

US Market Sector Performance



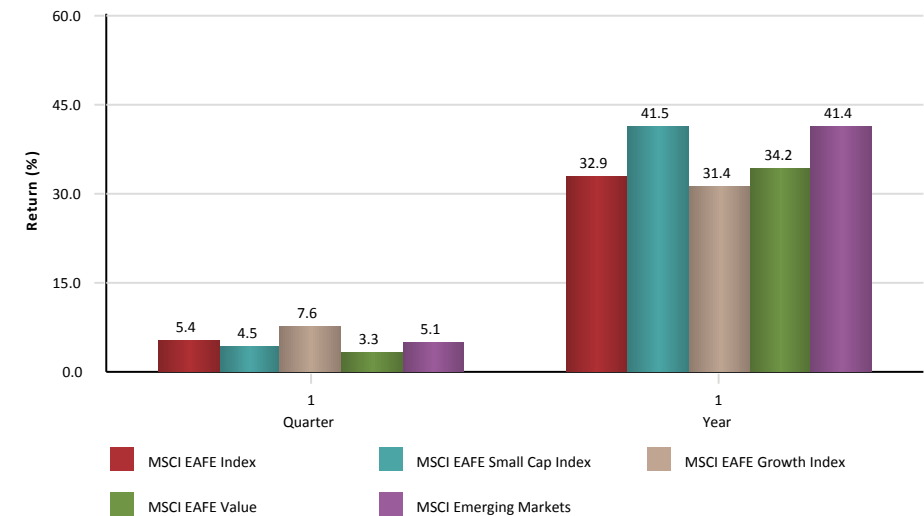
Source: Investment Metrics, LLC

Fixed Income Market Sector Performance



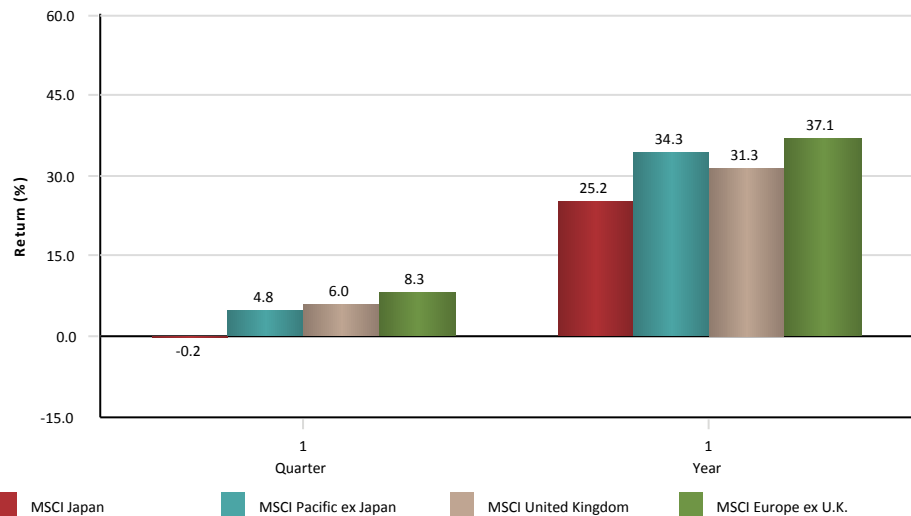
Source: Investment Metrics, LLC

Intl Equity Indices Performance



Source: Investment Metrics, LLC

Intl Equity Region Performance



Source: Investment Metrics, LLC

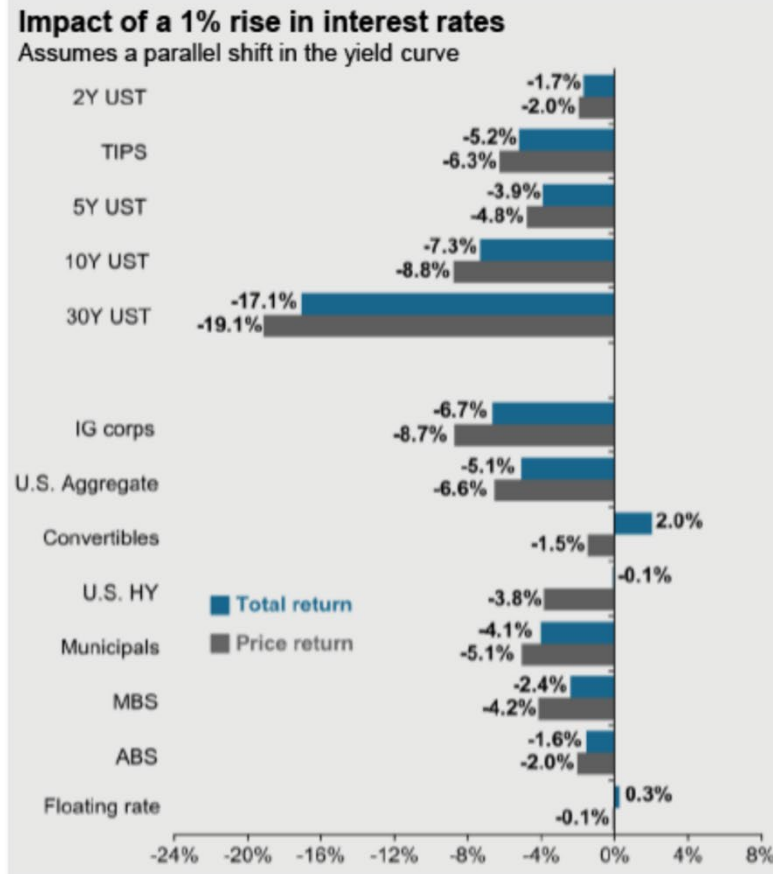
Holly Hill Firefighters' Retirement System
Total Fund
Investment Summary
June 30, 2021

During the first four months of 2021, investors focused their attention on inflation and interest rates. However, when Janet Yellen stated that inflation is expected to be transitory, the 10-Year U.S. Treasury retreated to 1.37% from a recent high of 1.74%.

While most fixed income instruments suffered a loss during the first half of 2021, it should be noted that convertible securities gained 7.16% along with a healthy number of new issuances that totaled \$51 billion through 5/31/21.

U.S. Treasuries	Yield		Return		Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
	6/30/2021	12/31/2020	2021 YTD				
2-Year	0.25%	0.13%	-0.13%	2 years	0.67	-0.40	
5-Year	0.87%	0.36%	-1.78%	5	0.92	-0.36	
TIPS	-0.87%	-1.06%	1.73%	10	0.57	0.19	
10-Year	1.45%	0.93%	-4.17%	10	1.00	-0.33	
30-Year	2.06%	1.65%	-9.25%	30	0.93	-0.32	
Sector							
IG corps	2.04%	1.74%	-1.27%	12.2	0.42	0.39	
U.S. Aggregate	1.50%	1.12%	-1.60%	8.5	0.85	0.02	
Convertibles	4.44%	4.91%	7.16%	-	-0.28	0.88	
U.S. HY	3.75%	4.18%	3.62%	6.6	-0.25	0.73	
Municipals	1.00%	1.07%	1.06%	13.0	0.37	0.10	
MBS	1.77%	1.25%	-0.77%	5.5	0.81	-0.15	
ABS	1.88%	2.87%	1.18%	2.1	-0.08	0.08	
Floating rate	0.35%	0.54%	0.45%	2.0	-0.21	0.44	

Source: JPMorgan Asset Management



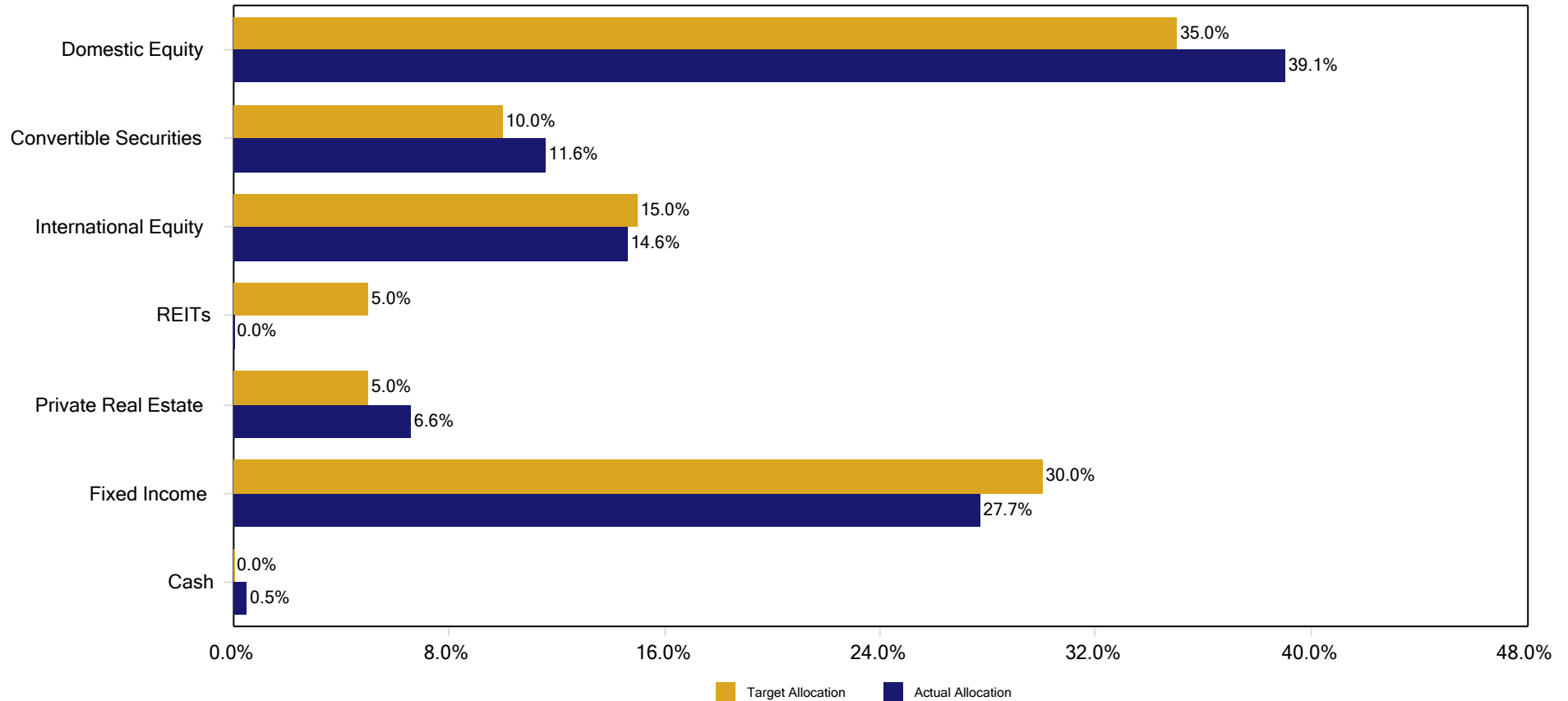
**Holly Hill Firefighters' Retirement System
Total Fund
Investment Summary
June 30, 2021**

- For the quarter, the System earned \$316K or +5.4% net, ahead of the strategic model (+5.0%) and ranked in the top 37th percentile. The best three performers were: Vanguard S&P 500 (+8.4%), Fidelity Mid-Cap (+7.5%), and Russell Mid-Cap (+7.4%).
- For the one-year period, the System earned \$1.4M or +28.1% net, ahead of the strategic model (+26.1%) and ranked in the top 28th percentile. The best three performers were: Russell Mid-Cap (+49.8%), SPDR Barclays Convertibles (+47.4%) and Vanguard S&P 500 (+41.1%).
- For the three-year period, the System earned +13.6% (+13.3% net) and ranked in the top 10th percentile.
- For the five-year period, the System earned +12.1% (+11.8% net) and ranked in the top 19th percentile.
- In April, \$30K was liquidated from the SPDR Barclays Convertible ETF for upcoming pension payments.

Holly Hill Firefighters' Retirement System
Investment Performance - Net
June 30, 2021

	<u>Quarter</u>	<u>FYTD</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Beginning Market Value	5,865,570	5,374,072	5,036,300	4,546,084	3,904,987
Contributions	-1,706	-268,102	-255,084	-370,076	-506,086
Gain/Loss	315,902	1,073,796	1,398,550	2,003,759	2,780,865
Ending Market Value	6,179,766	6,179,766	6,179,766	6,179,766	6,179,766
Total Fund (%)	5.4	20.3	28.1	13.3	11.8
Strategic Model (%)	5.0	20.0	26.1	12.4	11.1

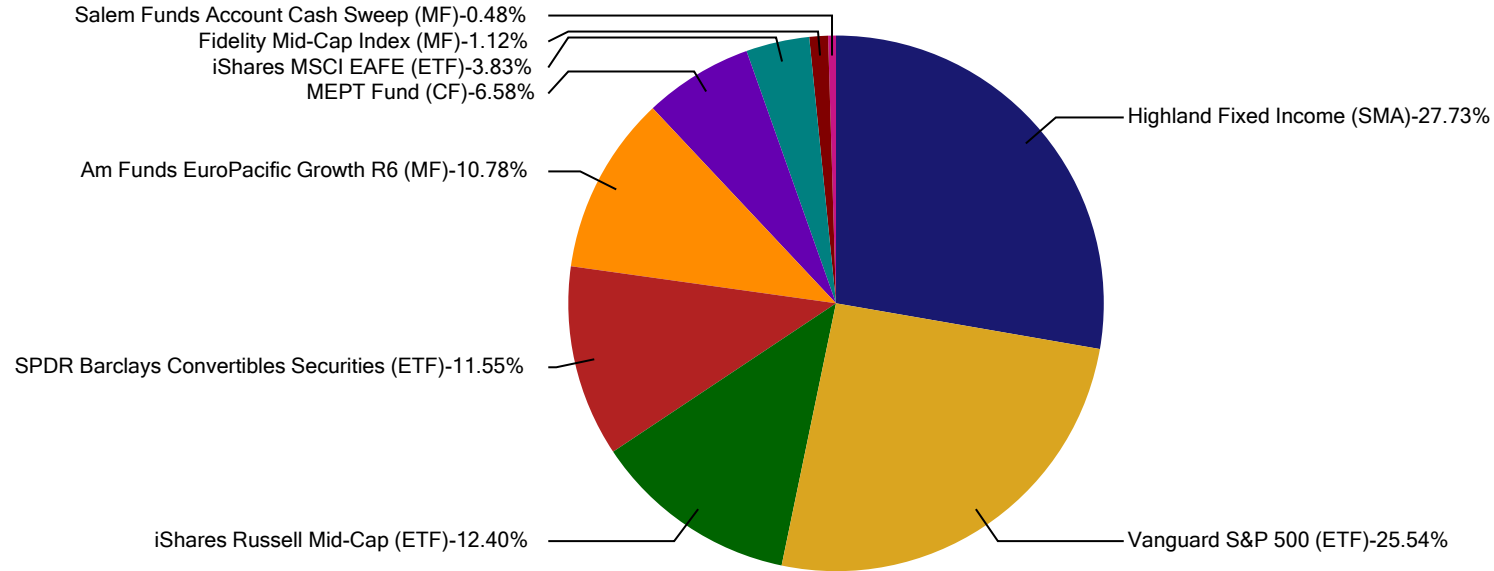
Holly Hill Firefighters' Retirement System
Actual vs. Target Asset Allocation
June 30, 2021



	Market Value Actual \$	Percent Actual	Percent Target	Percent Difference
Total Fund	6,179,766	100.0	100.0	0.0
Domestic Equity	2,413,703	39.1	35.0	4.1
Convertible Securities	713,875	11.6	10.0	1.6
International Equity	902,882	14.6	15.0	-0.4
REITs	0	0.0	5.0	-5.0
Private Real Estate	406,454	6.6	5.0	1.6
Fixed Income	1,713,498	27.7	30.0	-2.3
Cash	29,355	0.5	0.0	0.5

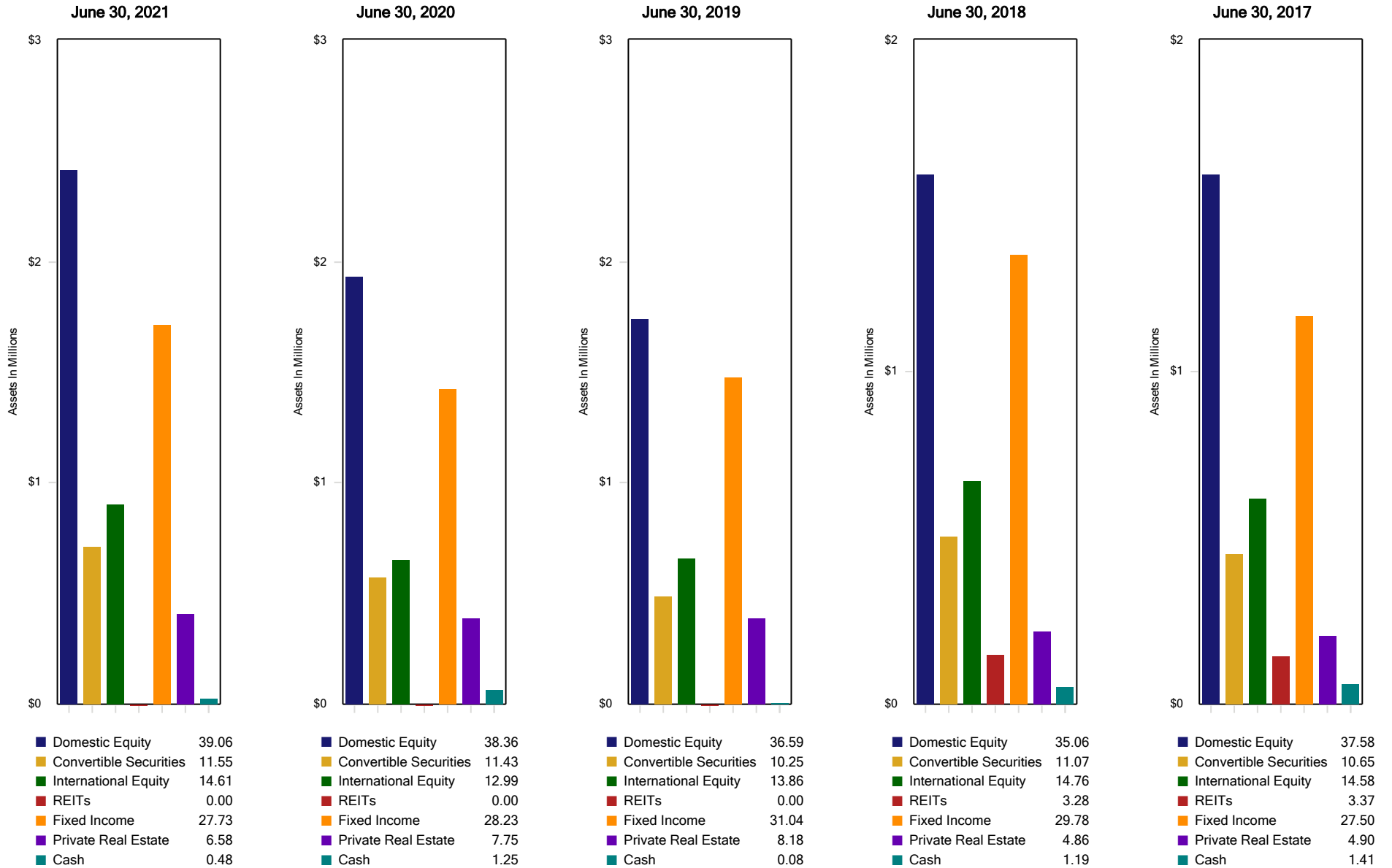
Holly Hill Firefighters' Retirement System Asset Allocation

June 30, 2021 : 6,179,766



	<u>Market Value \$</u>	<u>Allocation (%)</u>
■ Highland Fixed Income (SMA)	1,713,498	27.73
■ Vanguard S&P 500 (ETF)	1,578,227	25.54
■ iShares Russell Mid-Cap (ETF)	766,013	12.40
■ SPDR Barclays Convertibles Securities (ETF)	713,875	11.55
■ Am Funds EuroPacific Growth R6 (MF)	666,084	10.78
■ MEPT Fund (CF)	406,454	6.58
■ iShares MSCI EAFE (ETF)	236,798	3.83
■ Fidelity Mid-Cap Index (MF)	69,463	1.12
■ Salem Funds Account Cash Sweep (MF)	29,355	0.48

Holly Hill Firefighters' Retirement System Historical Asset Allocation June 30, 2021



Holly Hill Firefighters' Retirement System
Asset Allocation & Performance - Gross
June 30, 2021

	Market Value	QTD ROR - Rank	FYTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Total Fund	6,179,766	5.4 (37)	20.5 (41)	28.4 (28)	13.6 (10)	12.1 (19)
Strategic Model		5.0	20.0	26.1	12.4	11.1
Equity	4,030,459	7.1	30.8	43.4	17.6	16.5
Domestic Equity	2,413,703	8.1	32.6	44.0	18.2	17.2
Vanguard S&P 500 (ETF)	1,578,227	8.4	29.4	41.1	18.8	17.8
S&P 500 Index		8.5	29.3	40.8	18.7	17.6
Fidelity Mid-Cap Index (MF)	69,463	7.5	39.4	N/A	N/A	N/A
iShares Russell Mid-Cap (ETF)	766,013	7.4	39.3	49.8	16.5	15.6
S&P MidCap 400 Index		3.6	46.3	53.2	13.2	14.3
Convertible Securities	713,875	4.5	28.8	47.4	22.8	19.7
SPDR Barclays Convertibles Securities (ETF)	713,875	4.5	28.8	47.4	22.8	19.7
ML All Convertibles, All Qualities		3.9	27.9	45.7	21.9	18.9
International Equity	902,882	6.7	27.9	38.6	12.8	13.8
iShares MSCI EAFE (ETF)	236,798	5.5	27.1	33.0	8.8	10.5
Am Funds EuroPacific Growth R6 (MF)	666,084	7.1	28.2	40.7	14.4	15.1
MSCI EAFE Index		5.4	26.7	32.9	8.8	10.8
Private Real Estate	406,454	4.1	7.1	8.6	5.5	N/A
MEPT Fund (CF)	406,454	4.1	7.1	8.6	5.5	N/A
NCREIF Fund Index-ODCE (VW)		3.9	7.5	8.0	5.5	6.6
Fixed Income	1,713,498	2.1	1.9	3.2	6.1	3.8
Highland Fixed Income (SMA)	1,713,498	2.1 (36)	1.9 (11)	3.2 (13)	6.1 (45)	3.8 (42)
Fixed Income Benchmark		1.8	-0.9	-0.3	5.3	3.0
Cash	29,355	0.0	0.0	0.0	2.1	1.6
Salem Funds Account Cash Sweep (MF)	29,355	0.0	0.0	0.0	1.4	1.1
ICE BofAML 3 Month U.S. T-Bill		0.0	0.1	0.1	1.3	1.2

Attachment: 2021-06-30 Quarterly Report - Burgess Chambers & Assoc. - June 30, 2021 (3409 : Frank

Holly Hill Firefighters' Retirement System
Asset Allocation & Performance - Net
June 30, 2021

	Market Value	QTD ROR - Rank	FYTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Total Fund	6,179,766	5.4	20.3	28.1	13.3	11.8
Strategic Model		5.0	20.0	26.1	12.4	11.1
Equity	4,030,459	7.0	30.6	43.1	17.3	16.2
Domestic Equity	2,413,703	8.0	32.5	43.9	18.1	17.1
Vanguard S&P 500 (ETF)	1,578,227	8.4 (38)	29.4 (46)	41.0 (43)	18.7 (32)	17.7 (27)
S&P 500 Index		8.5	29.3	40.8	18.7	17.6
Fidelity Mid-Cap Index (MF)	69,463	7.5 (11)	39.3 (50)	N/A	N/A	N/A
iShares Russell Mid-Cap (ETF)	766,013	7.4 (13)	39.1 (52)	49.5 (45)	16.2 (14)	15.4 (21)
S&P MidCap 400 Index		3.6	46.3	53.2	13.2	14.3
Convertible Securities	713,875	4.4	28.4	46.8	22.3	19.2
SPDR Barclays Convertibles Securities (ETF)	713,875	4.4 (10)	28.4 (10)	46.8 (4)	22.3 (44)	19.2 (37)
ML All Convertibles, All Qualities		3.9	27.9	45.7	21.9	18.9
International Equity	902,882	6.6	27.5	38.0	12.3	13.3
iShares MSCI EAFE (ETF)	236,798	5.4 (48)	26.8 (53)	32.6 (73)	8.4 (66)	10.1 (66)
Am Funds EuroPacific Growth R6 (MF)	666,084	7.0 (24)	27.8 (47)	40.1 (37)	13.8 (20)	14.5 (17)
MSCI EAFE Index		5.4	26.7	32.9	8.8	10.8
Private Real Estate	406,454	3.9	6.4	7.6	4.5	N/A
MEPT Fund (CF)	406,454	3.9	6.4	7.6	4.5	N/A
NCREIF Fund Index-ODCE (VW)		3.9	7.5	8.0	5.5	6.6
Fixed Income	1,713,498	2.0	1.8	3.1	6.0	3.7
Highland Fixed Income (SMA)	1,713,498	2.0	1.8	3.1	6.0	3.7
Fixed Income Benchmark		1.8	-0.9	-0.3	5.3	3.0

Attachment: 2021-06-30 Quarterly Report - Burgess Chambers & Assoc. - June 30, 2021 (3409 : Frank

Holly Hill Firefighters' Retirement System
Asset Allocation & Performance - Net
June 30, 2021

	Market Value	QTD ROR - Rank	FYTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Cash	29,355	0.0	0.0	0.0	2.1	1.6
Salem Funds Account Cash Sweep (MF)	29,355	0.0	0.0	0.0	1.4	1.1
ICE BofAML 3 Month U.S. T-Bill		0.0	0.1	0.1	1.3	1.2

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.

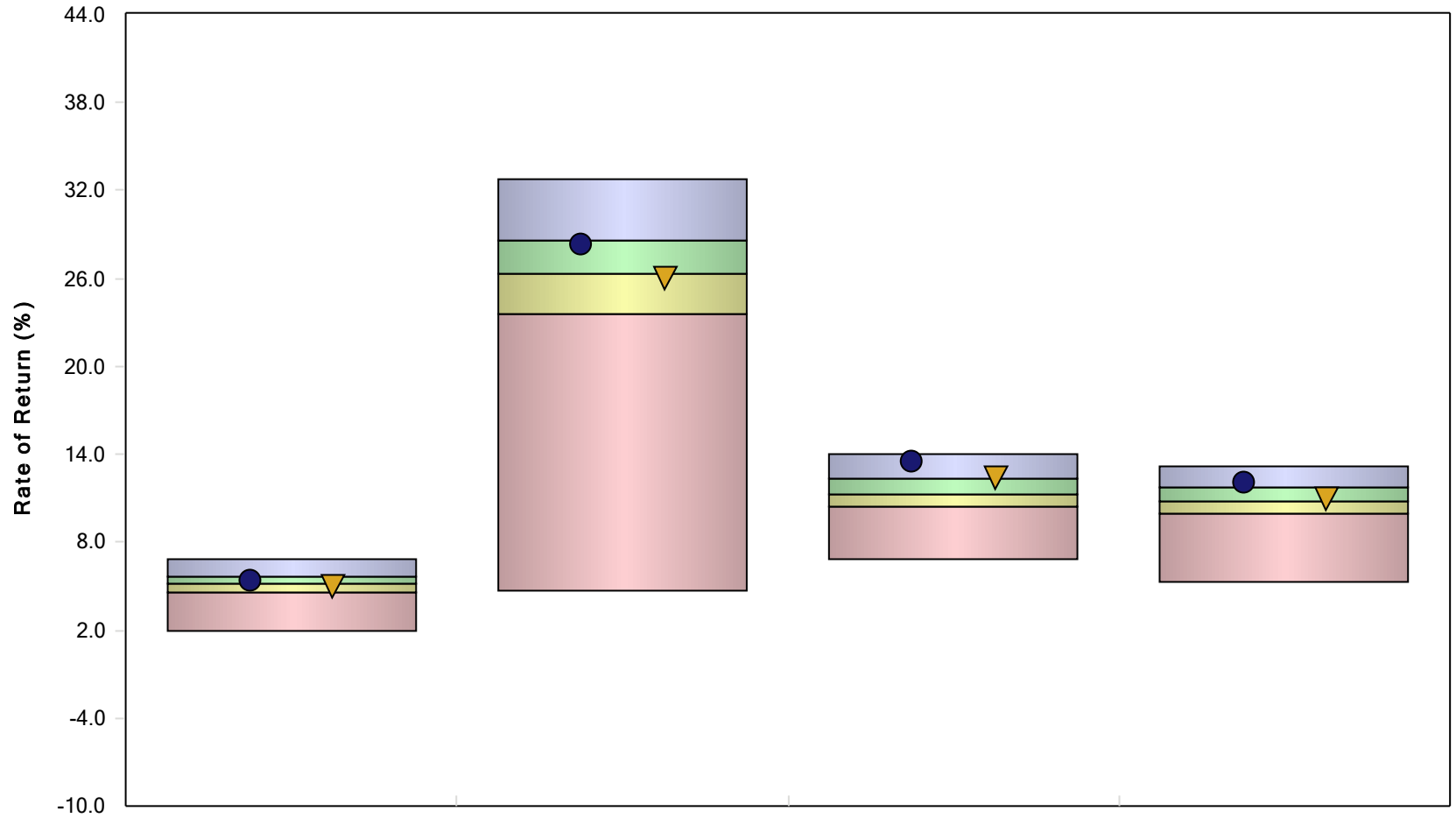
2 FI Benchmark: eff 10/09 100% BC Agg. eff 6/05 100% BC Int Agg. eff 6/01 100% BC Agg.

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

5 6/30/2021 market values for Vanguard S&P 500 (cusip: 922908363) include a 7/02/2021 dividend accrual.

Holly Hill Firefighters' Retirement System
Peer Universe Quartile Ranking
June 30, 2021



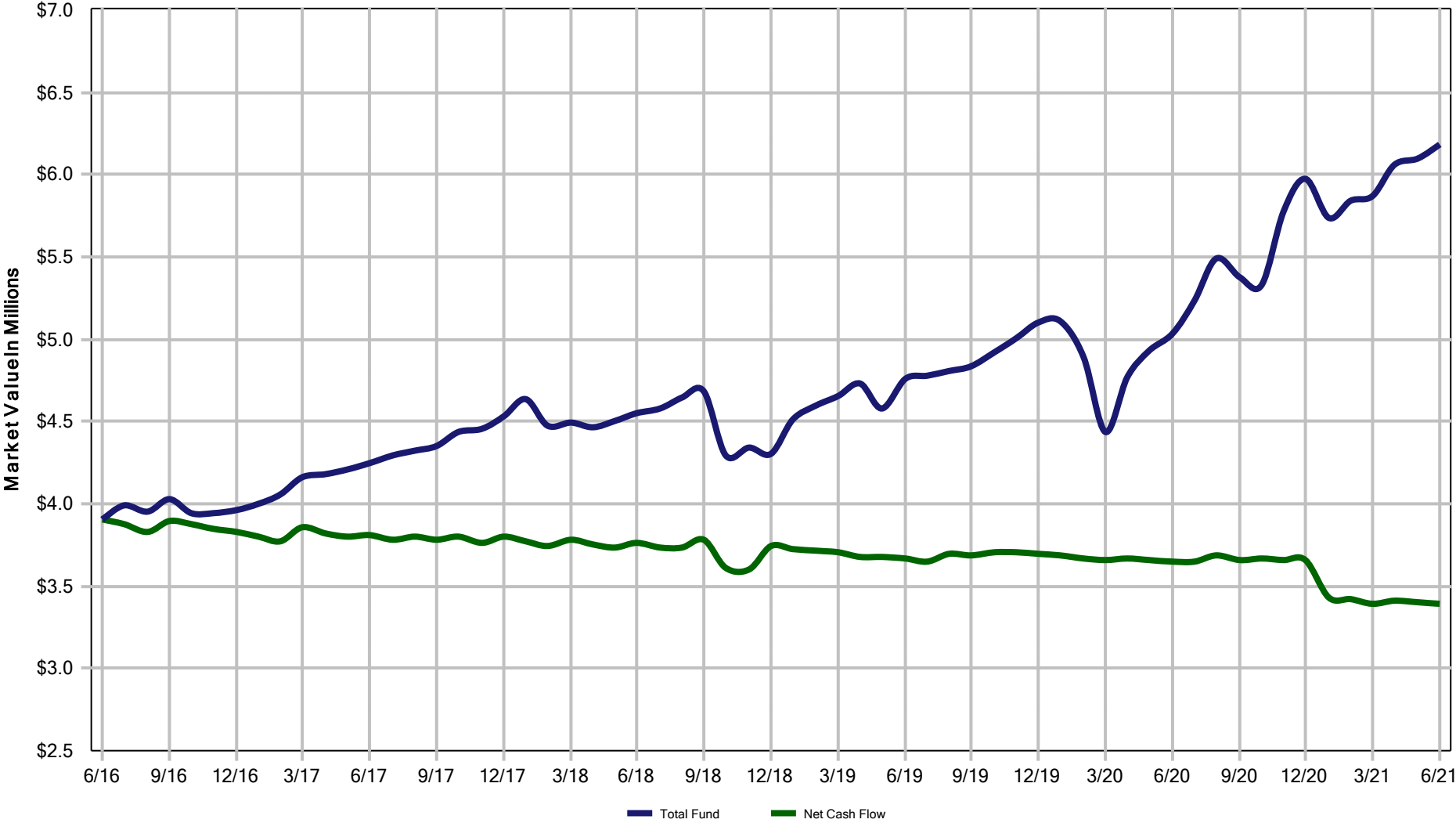
● Total Fund
 ▼ Strategic Model

5th Percentile	6.8	32.8	14.0	13.1
1st Quartile	5.7	28.6	12.3	11.8
Median	5.1	26.3	11.2	10.8
3rd Quartile	4.5	23.5	10.4	10.0
95th Percentile	1.9	4.7	6.8	5.2

Parentheses contain percentile rankings.

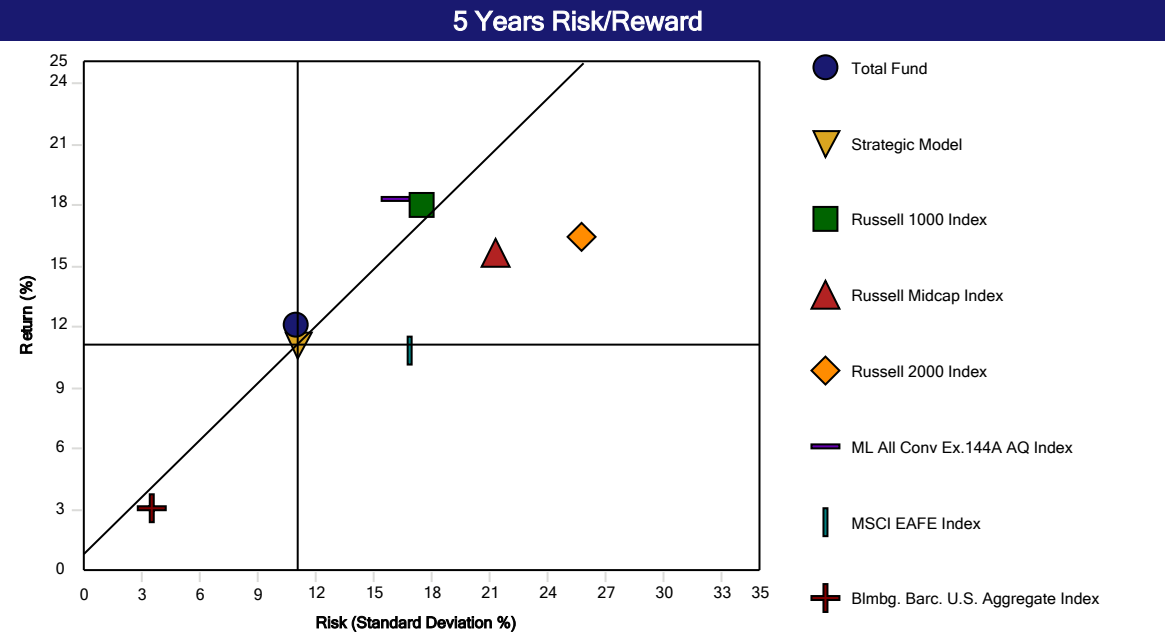
Calculation based on quarterly data.

Holly Hill Firefighters' Retirement System
Growth of Investments
July 1, 2016 Through June 30, 2021

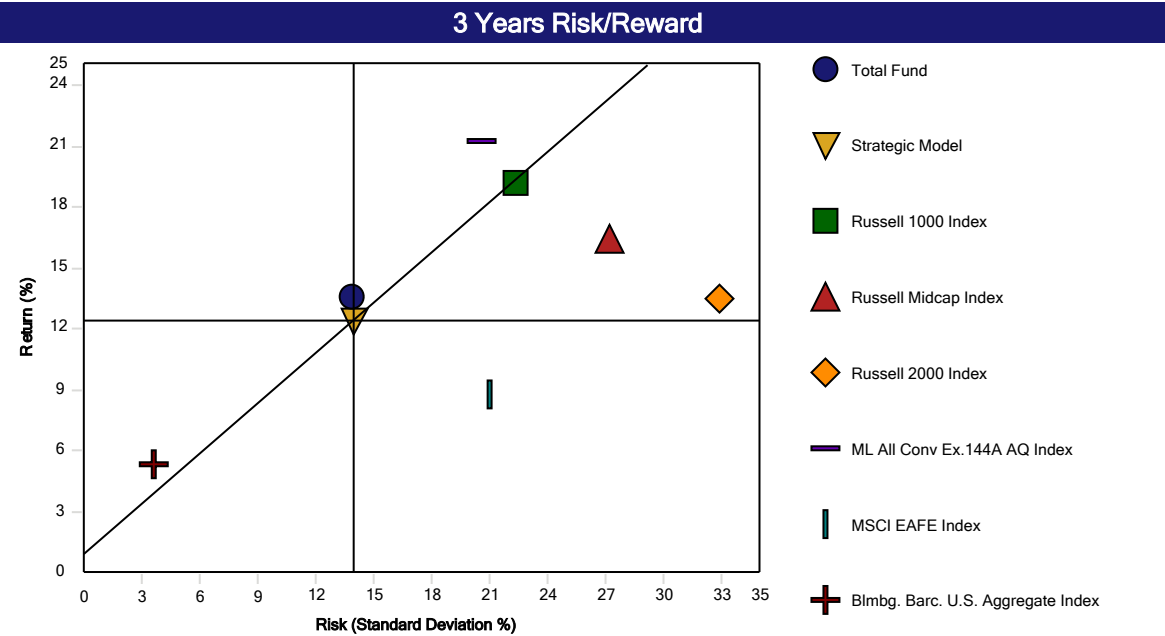


<u>Beginning MV</u>	<u>Ending MV</u>	<u>Annualized ROR</u>
\$3,904,987	\$6,179,766	12.1

Holly Hill Firefighters' Retirement System
Capital Market Line
Period Ending June 30, 2021

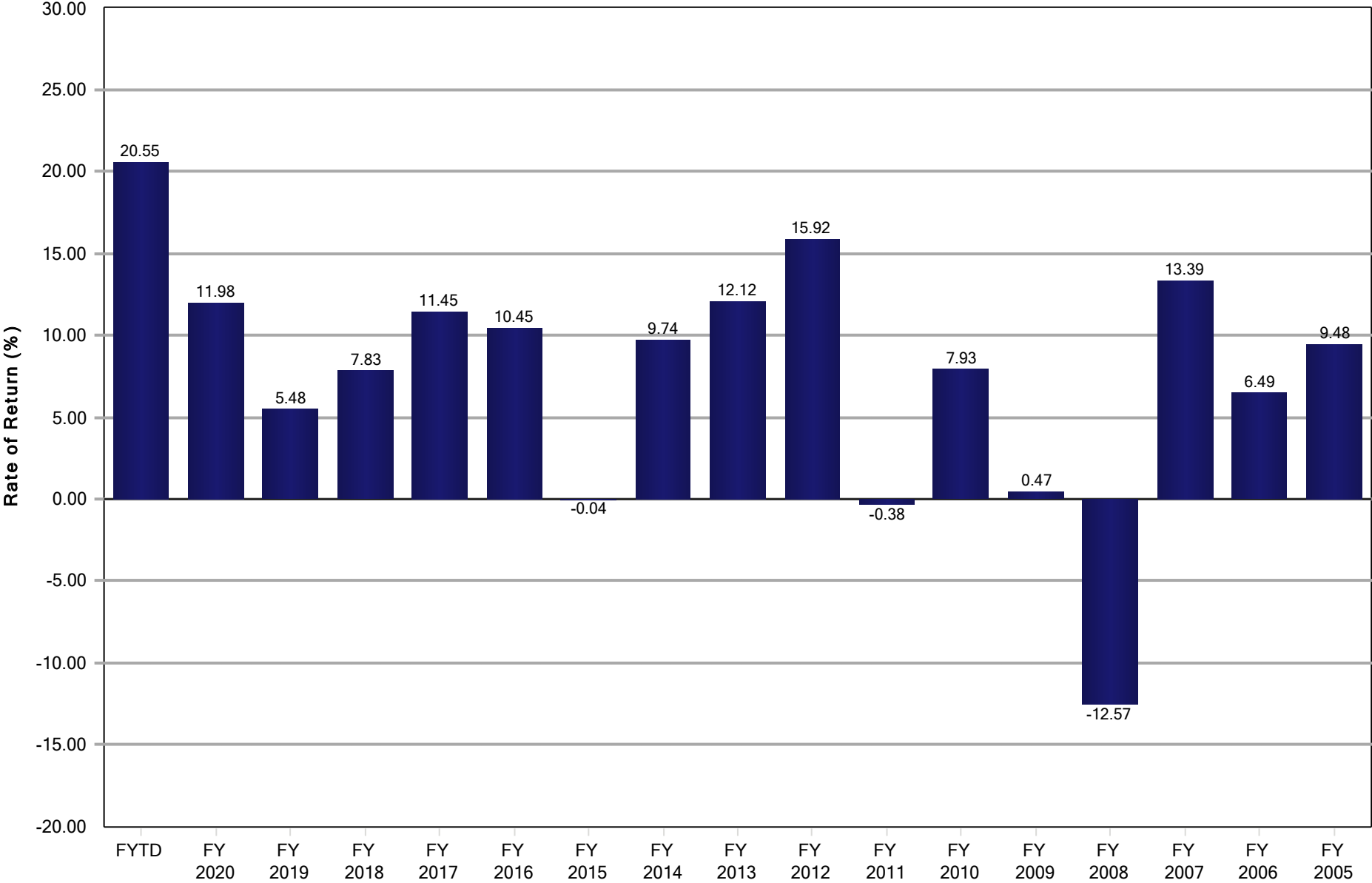


	Return	Standard Deviation	Beta	Alpha
Total Fund	12.09	11.02	0.99	0.99
Strategic Model	11.08	11.04	1.00	0.00
Russell 1000 Index	17.99	17.55	1.57	0.81
Russell Midcap Index	15.62	21.30	1.91	-4.30
Russell 2000 Index	16.47	25.83	2.19	-5.54
ML All Conv Ex. 144A AQ Index	18.35	16.20	1.36	3.20
MSCI EAFE Index	10.79	16.88	1.48	-4.74
Blmbg. Barc. U.S. Aggregate Index	3.03	3.55	0.01	3.03



	Return	Standard Deviation	Beta	Alpha
Total Fund	13.55	13.92	0.99	1.11
Strategic Model	12.43	13.98	1.00	0.00
Russell 1000 Index	19.16	22.35	1.58	0.10
Russell Midcap Index	16.45	27.27	1.94	-5.45
Russell 2000 Index	13.52	32.94	2.27	-10.27
ML All Conv Ex. 144A AQ Index	21.29	20.59	1.38	4.10
MSCI EAFE Index	8.77	21.01	1.49	-8.05
Blmbg. Barc. U.S. Aggregate Index	5.34	3.59	-0.03	5.79

Holly Hill Firefighters' Retirement System
Fiscal Year Rates of Return
June 30, 2021

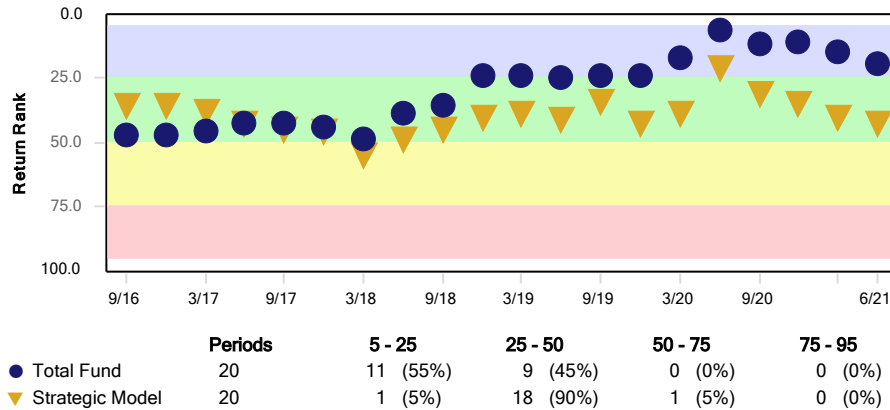


Holly Hill Firefighters' Retirement System

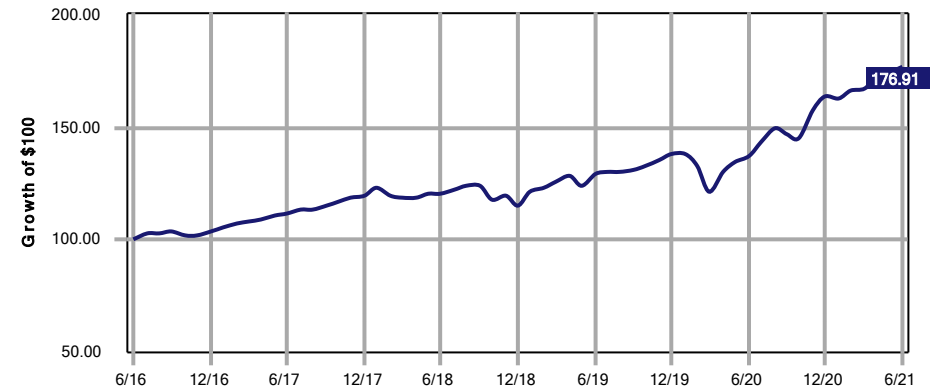
Total Fund

June 30, 2021

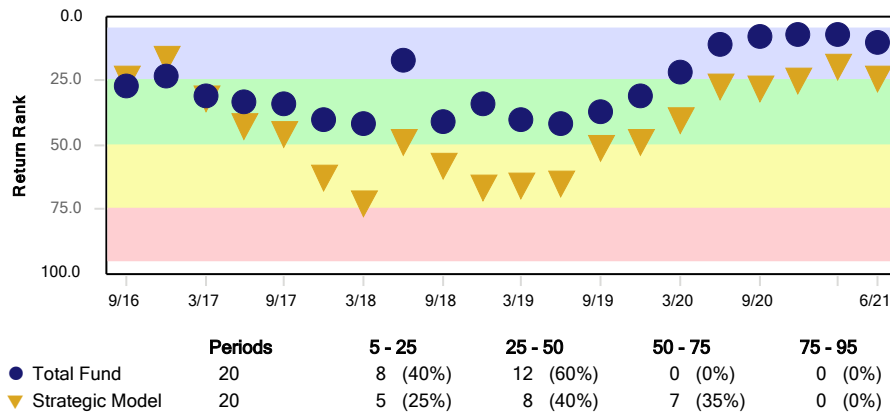
5 Years Rolling Percentile Ranking - 5 Years



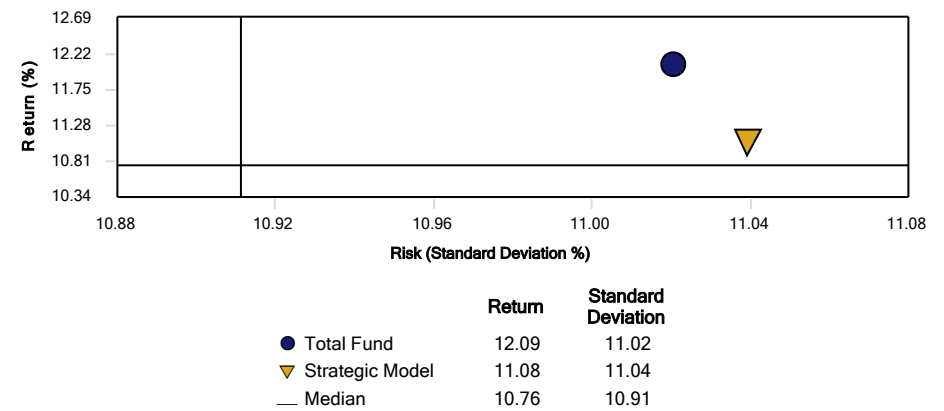
Growth of a Dollar



3 Years Rolling Percentile Ranking - 5 Years



Peer Group Risk/Reward - 5 Years



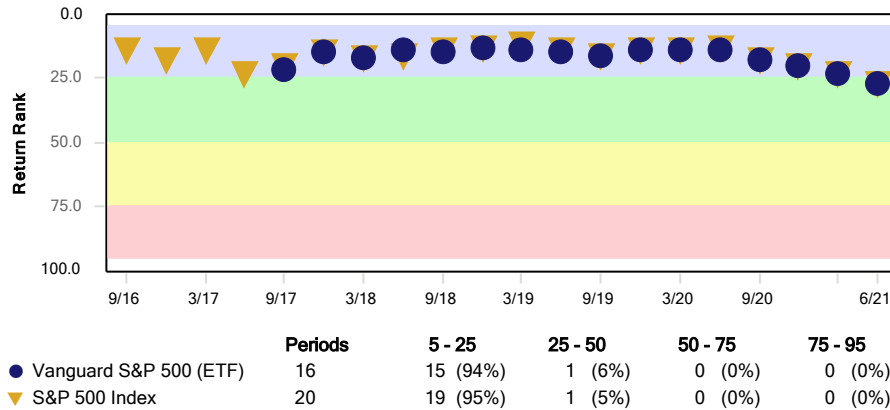
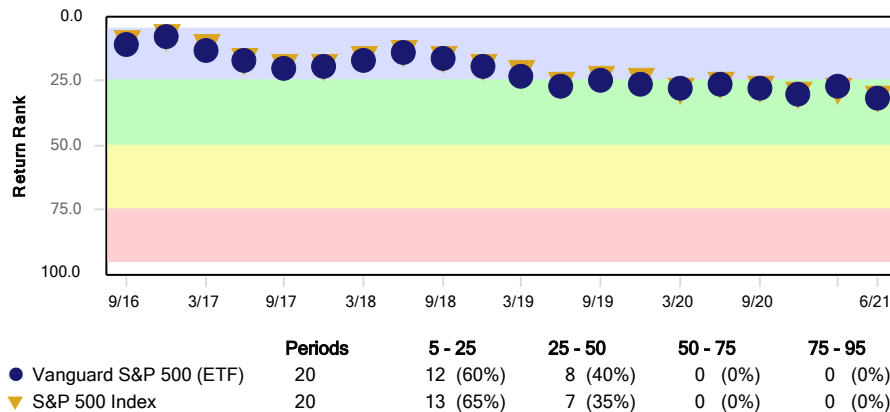
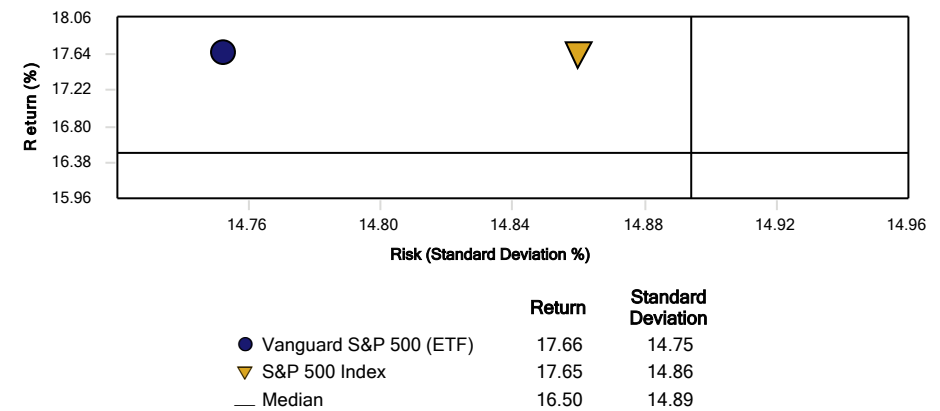
Historical Statistics - 5 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	12.09	11.02	0.99	0.99	0.98	91.69	103.60
Strategic Model	11.08	11.04	0.00	1.00	0.90	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	13.55	13.92	1.11	0.99	0.88	94.10	103.05
Strategic Model	12.43	13.98	0.00	1.00	0.81	100.00	100.00

Holly Hill Firefighters' Retirement System
Vanguard S&P 500 (ETF)
June 30, 2021

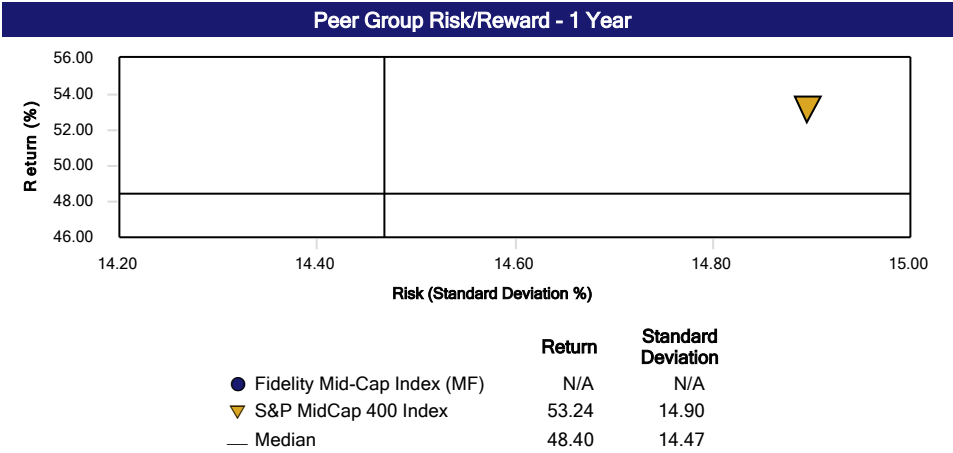
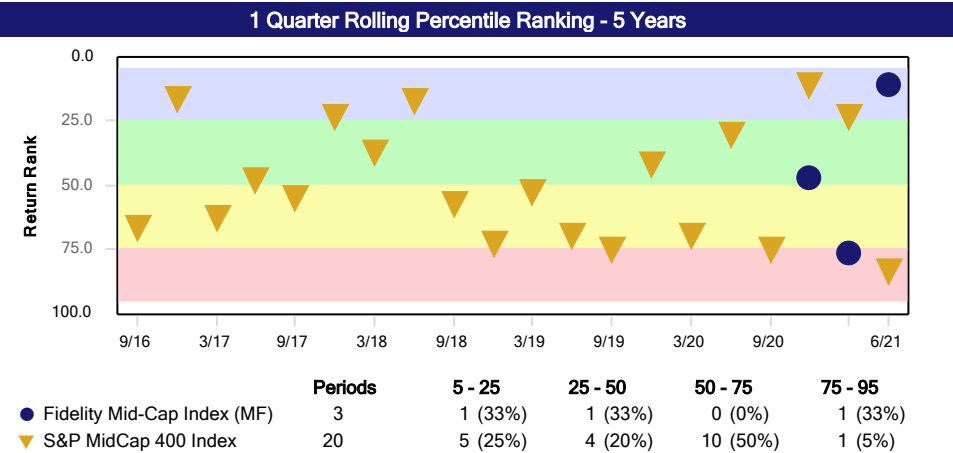
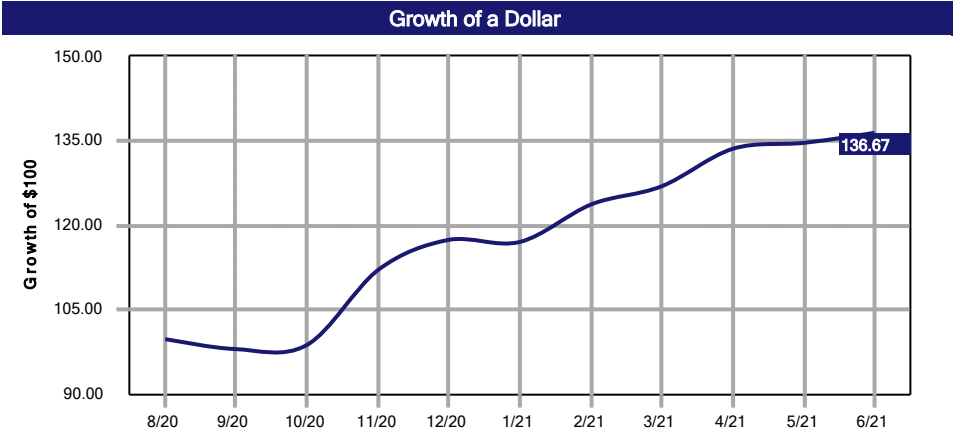
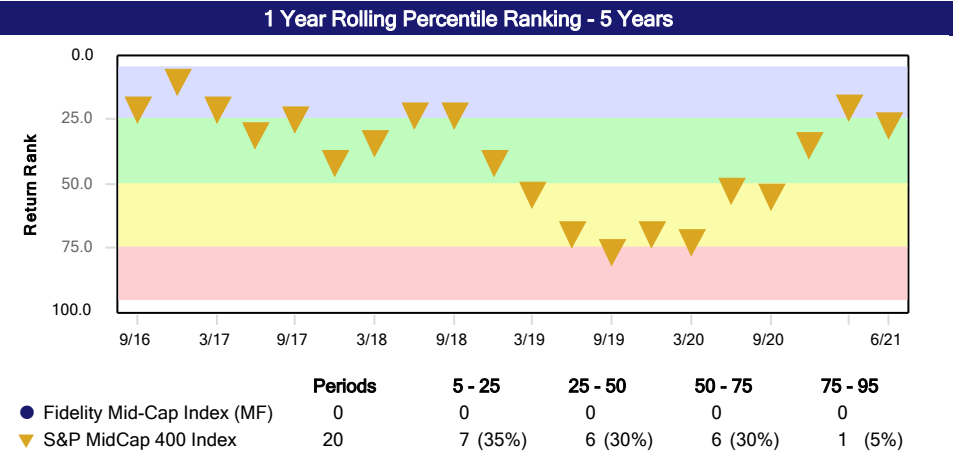
5 Years Rolling Percentile Ranking - 5 Years**Growth of a Dollar****3 Years Rolling Percentile Ranking - 5 Years****Peer Group Risk/Reward - 5 Years****Historical Statistics - 5 Years**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Vanguard S&P 500 (ETF)	17.66	14.75	0.13	0.99	1.10	99.02	99.59
S&P 500 Index	17.65	14.86	0.00	1.00	1.09	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)	18.66	18.14	0.10	0.99	0.96	98.97	99.42
S&P 500 Index	18.67	18.26	0.00	1.00	0.96	100.00	100.00

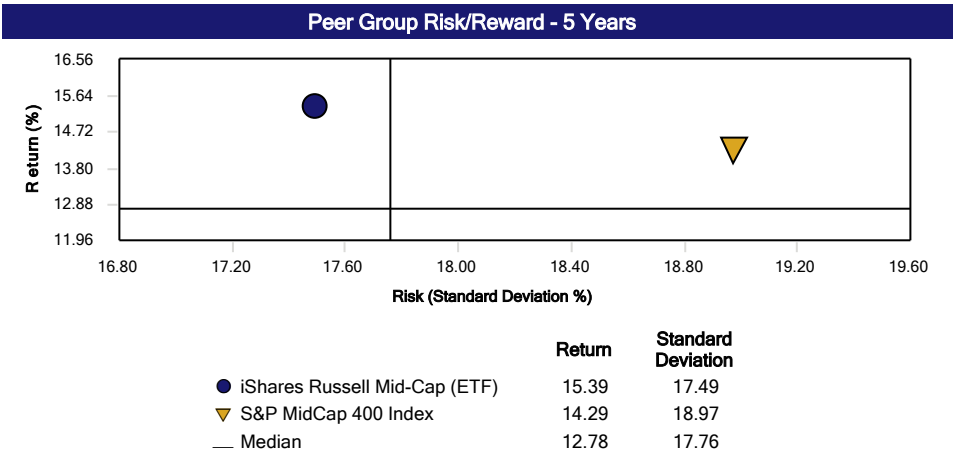
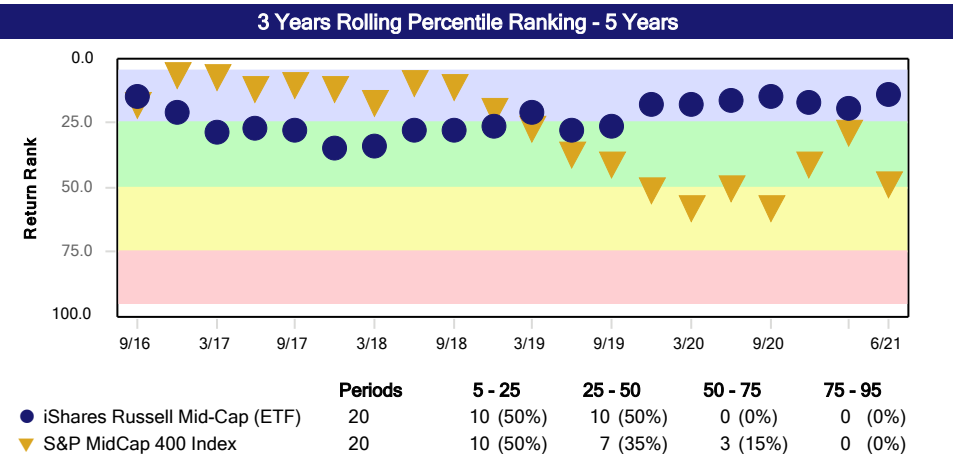
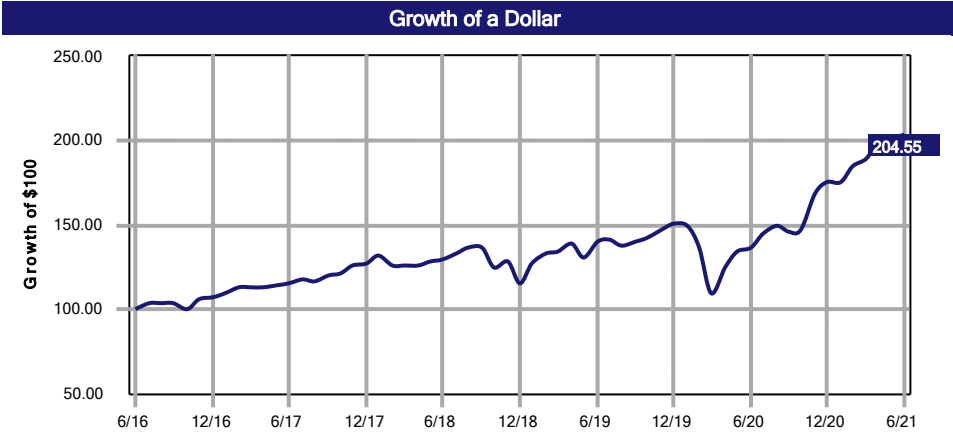
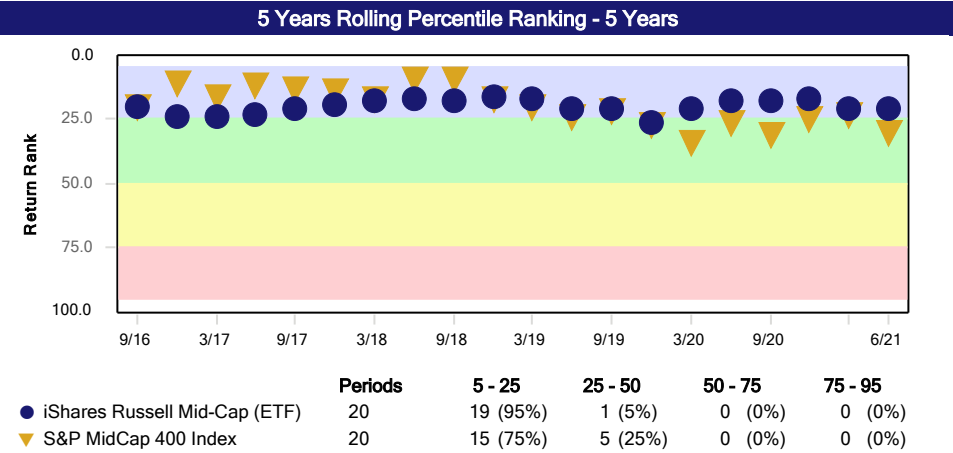
Holly Hill Firefighters' Retirement System
Fidelity Mid-Cap Index (MF)
June 30, 2021



Historical Statistics - 1 Year							
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Fidelity Mid-Cap Index (MF)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P MidCap 400 Index	53.24	14.90	0.00	1.00	2.98	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)	7.47	1.89	1.53	0.75	1.29	-139.76	125.89
S&P MidCap 400 Index	3.64	2.37	0.00	1.00	0.52	100.00	100.00

Holly Hill Firefighters' Retirement System
iShares Russell Mid-Cap (ETF)
June 30, 2021

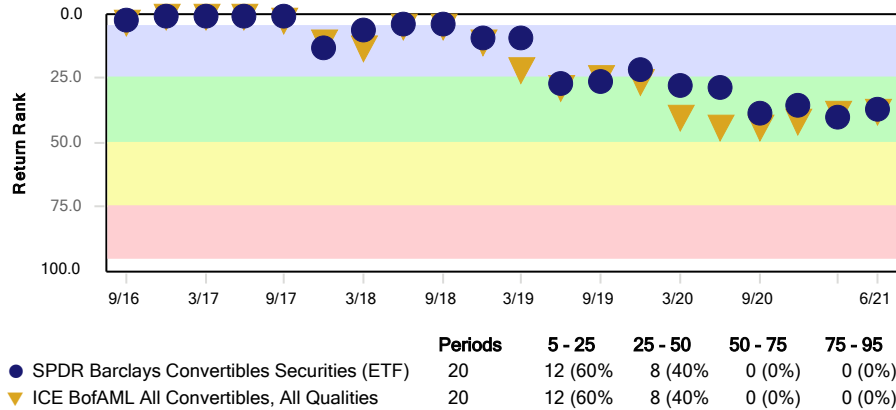


Historical Statistics - 5 Years							
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares Russell Mid-Cap (ETF)	15.39	17.49	2.12	0.91	0.84	78.05	90.82
S&P MidCap 400 Index	14.29	18.97	0.00	1.00	0.74	100.00	100.00

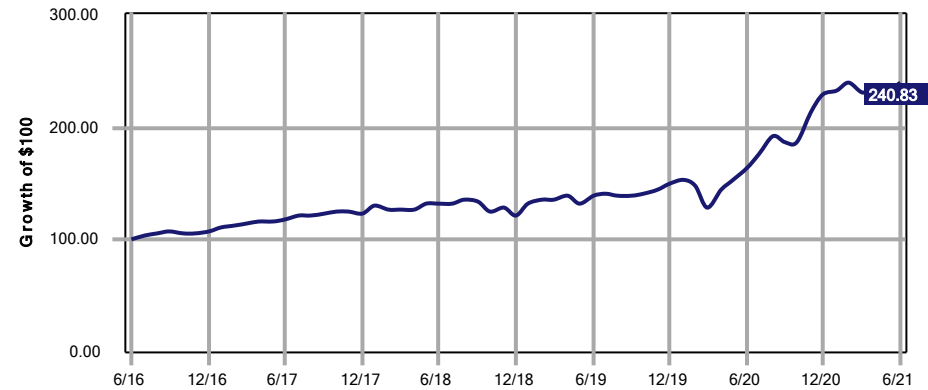
Historical Statistics - 3 Years							
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares Russell Mid-Cap (ETF)	16.25	21.78	3.62	0.92	0.74	79.26	93.32
S&P MidCap 400 Index	13.17	23.43	0.00	1.00	0.59	100.00	100.00

Holly Hill Firefighters' Retirement System
SPDR Barclays Convertibles Securities (ETF)
June 30, 2021

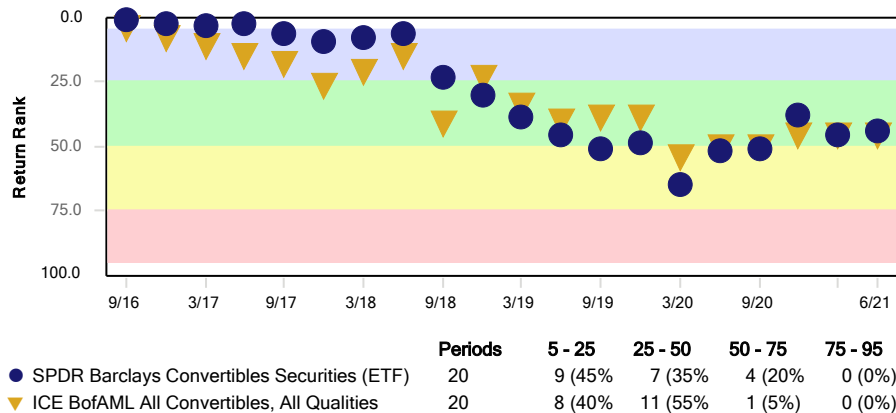
5 Years Rolling Percentile Ranking - 5 Years



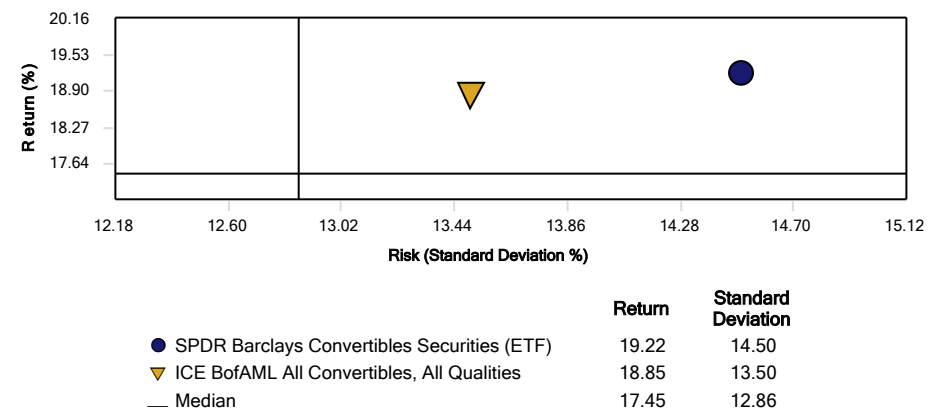
Growth of a Dollar



3 Years Rolling Percentile Ranking - 5 Years



Peer Group Risk/Reward - 5 Years



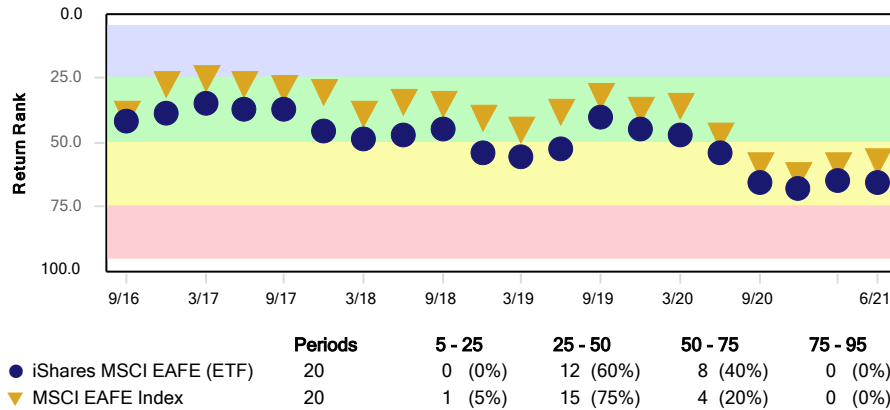
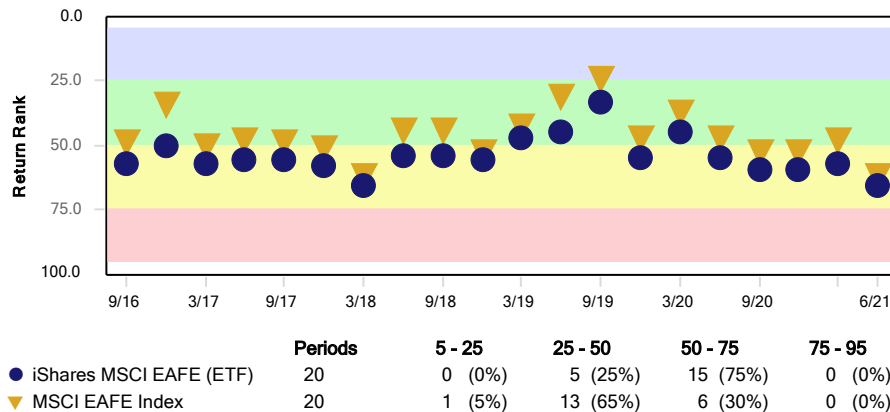
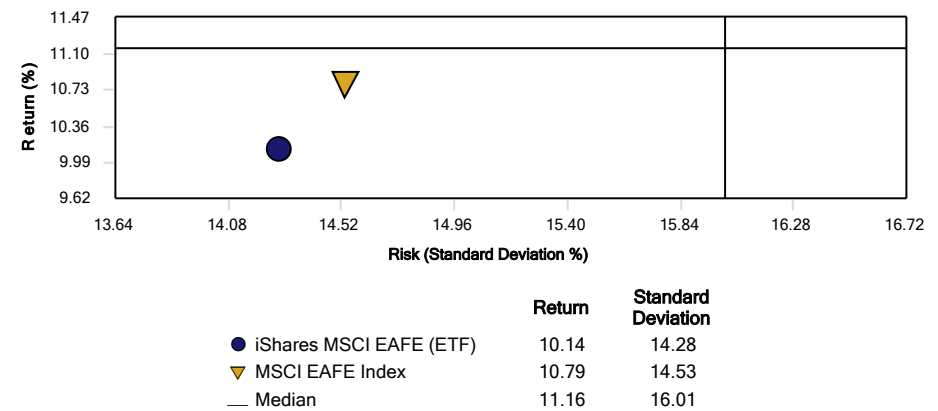
Historical Statistics - 5 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
SPDR Barclays Convertibles Securities (ETF)	19.22	14.50	-0.64	1.06	1.20	111.23	105.25
ICE BofAML All Convertibles, All Qualities	18.85	13.50	0.00	1.00	1.26	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
SPDR Barclays Convertibles Securities (ETF)	22.29	18.04	-0.74	1.06	1.13	110.18	105.31
ICE BofAML All Convertibles, All Qualities	21.93	16.91	0.00	1.00	1.18	100.00	100.00

Holly Hill Firefighters' Retirement System
iShares MSCI EAFE (ETF)
June 30, 2021

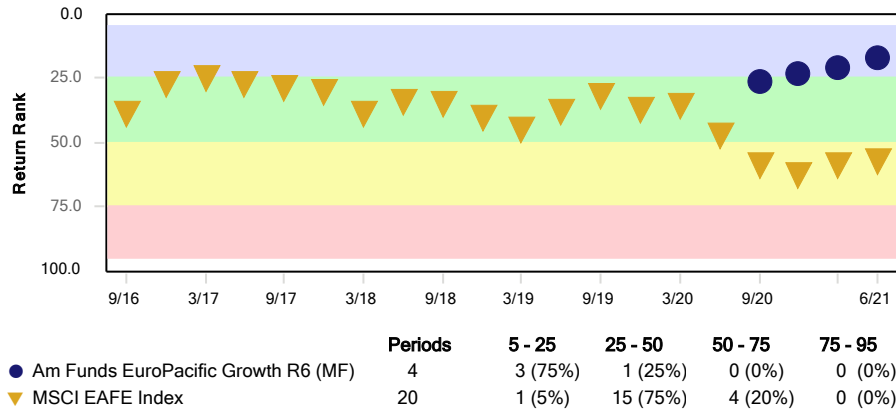
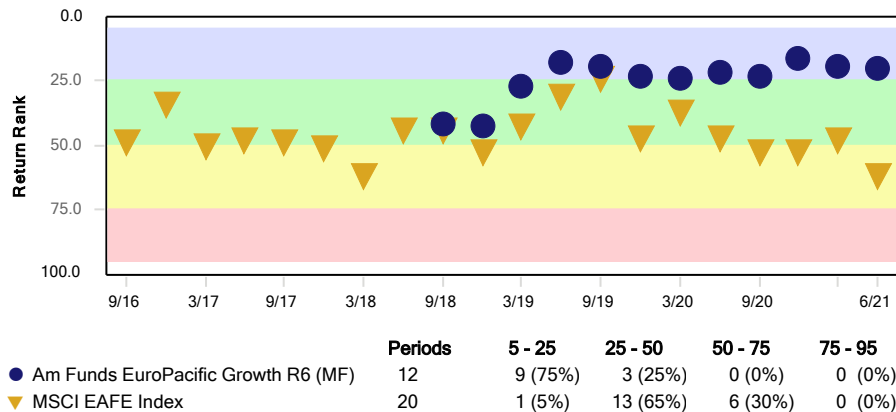
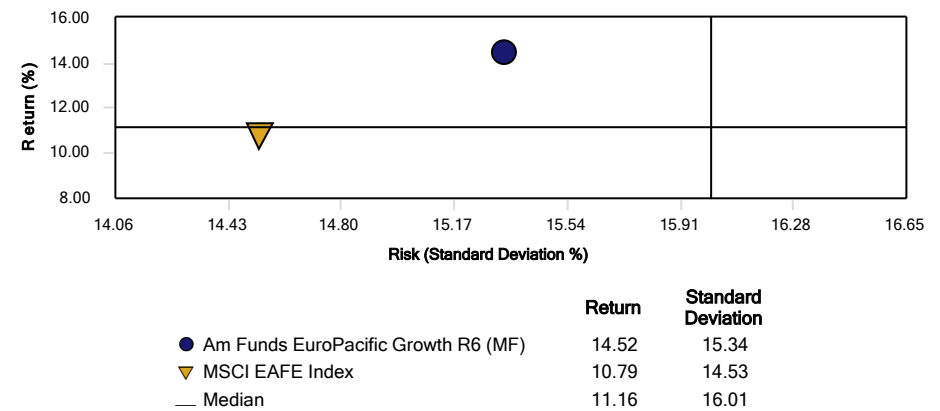
5 Years Rolling Percentile Ranking - 5 Years**Growth of a Dollar****3 Years Rolling Percentile Ranking - 5 Years****Peer Group Risk/Reward - 5 Years****Historical Statistics - 5 Years**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares MSCI EAFE (ETF)	10.14	14.28	-0.35	0.98	0.67	98.78	96.85
MSCI EAFE Index	10.79	14.53	0.00	1.00	0.70	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
iShares MSCI EAFE (ETF)	8.44	17.26	-0.15	0.98	0.48	99.97	98.85
MSCI EAFE Index	8.77	17.48	0.00	1.00	0.49	100.00	100.00

Holly Hill Firefighters' Retirement System
Am Funds EuroPacific Growth R6 (MF)
June 30, 2021

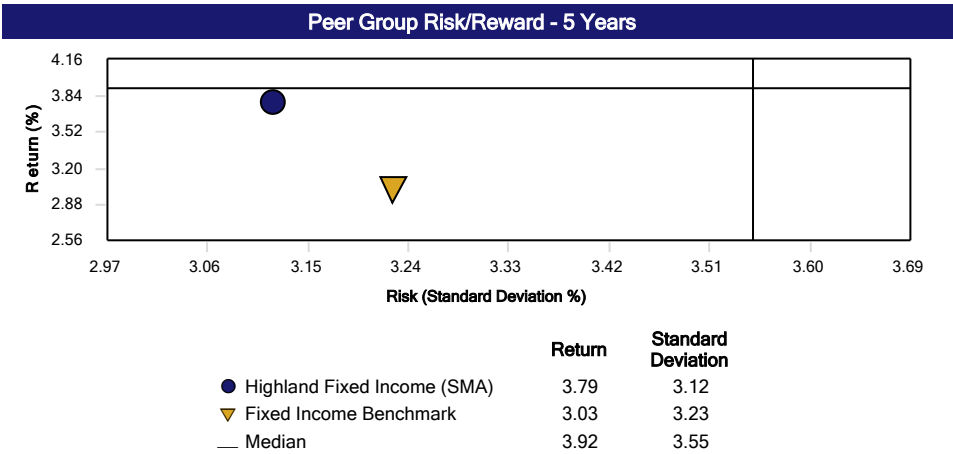
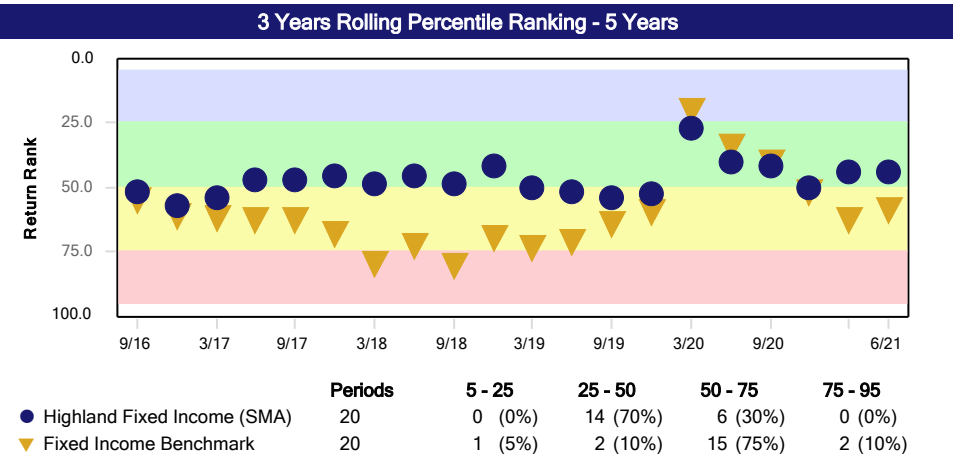
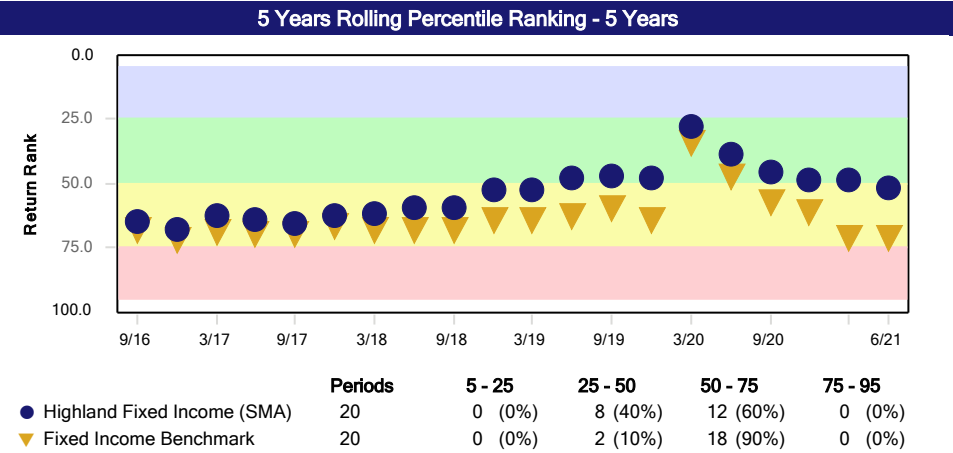
5 Years Rolling Percentile Ranking - 5 Years**Growth of a Dollar****3 Years Rolling Percentile Ranking - 5 Years****Peer Group Risk/Reward - 5 Years****Historical Statistics - 5 Years**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Am Funds EuroPacific Growth R6 (MF)	14.52	15.34	3.50	1.00	0.88	89.28	107.74
MSCI EAFE Index	10.79	14.53	0.00	1.00	0.70	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)	13.81	18.43	4.75	1.01	0.72	91.99	111.32
MSCI EAFE Index	8.77	17.48	0.00	1.00	0.49	100.00	100.00

Holly Hill Firefighters' Retirement System
Highland Fixed Income (SMA)
June 30, 2021



Historical Statistics - 5 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Highland Fixed Income (SMA)	3.79	3.12	1.00	0.92	0.84	82.93	104.18
Fixed Income Benchmark	3.03	3.23	0.00	1.00	0.59	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)	6.12	3.28	1.35	0.89	1.42	75.81	101.72
Fixed Income Benchmark	5.34	3.44	0.00	1.00	1.17	100.00	100.00

Holly Hill Firefighters' Retirement System Glossary June 30, 2021

- 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
June 30, 2021

- 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
June 30, 2021**

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. 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



Firefighters Pension Board

SCHEDULED

Meeting: 08/12/21 10:00 AM
Department: City Clerk
Category: New Business
Prepared By: Valerie Manning
Initiator: Valerie Manning
Sponsors:

4.F.1

FIREFIGHTERS RETIREMENT PENSION TRUST FUND BOARD (ID # 3410) DOC ID: 3410

Annual Budget FY2022

City of Holly Hill Fire Pension
2022 Estimated Administrative Cost

Payee	Investment Expense	Audit Expense	Admin	Misc.		Balances
Salem Trust - Trustee Fees ICC	\$6,500.00					\$6,500.00
Paul Daragjati PLC			\$4,000.00			\$4,000.00
Foster & Foster			\$20,000.00			\$20,000.00
Burgess & Chambers Investment Consultants	\$13,000.00					\$13,000.00
Brent Millikan & Company		\$6,000.00				\$6,000.00
Brown & Brown Insurance			\$3,800.00			\$3,800.00
FPPTA Membership				\$4,800.00		\$4,800.00
Disability Process				\$5,000.00		\$5,000.00
Miscellaneous Fees				\$5,000.00		\$5,000.00
Cancer Insurance			\$1,300.00			\$1,300.00
						\$0.00
						\$0.00
						\$0.00
	\$19,500.00	\$6,000.00	\$29,100.00	\$14,800.00		\$69,400.00