

City of Lake Mary Firefighters' Retirement System

Meeting of November 5, 2021

I. CALL TO ORDER

Gabe Vella called the meeting to order at 7:31 AM. Those persons present included:

TRUSTEES

Gabe Vella, Chair
Adam Neri, Secretary
Martin Bel (Electronically)
Jeff Koltun
Elizabeth Stack

OTHERS

Frank Wan, Investment Consultant (Burgess Chambers Assoc.)
Scott Baur & Kyle Tintle, Administrator (Resource Centers)
Brent Mason, Finance Director
Pedro Herrera, Attorney (Sugarman & Susskind - Electronically)
Jeffery Amrose, Actuary (GRS – Electronically)

II. EXTENUATING CIRCUMSTANCES

Gabe Vella made a motion finding extenuating circumstances due to COVID allowing Trustee Martin Bell to participate in the meeting electronically. The motion received a second from Elizabeth Stack, approved by the Trustees 4-0.

III. APPROVAL OF MINUTES

The Board reviewed the Minutes for the meeting of August 6, 2021.

Gabe Vella made a motion to approve the August 6, 2021 Minutes. The motion received a second from Adam Neri, approved by the Trustees 5-0.

IV. REPORTS

Actuary (Jeffery Amrose, Gabriel, Roeder, Smith & Company)

Mr. Amrose confirmed the plan continues to be in excellent shape; contribution are under 20% of pay; volatility is low and costs are stable; and the funded ratio is 98.6% on the smooth value of assets over 108% on the market value. The total contributions requirements dropped from \$977,053 or 30.24% to \$812,884 or 26.06% of covered pay for the fiscal year end (FYE) 2023. The City's contributions went from \$785,133 or 24.30% down to \$620,964 or 19.91%. Mr. Amrose reviewed the entry age normal cost method to determine contribution requirements. The normal cost remains stable, but payroll decreased and the assets had a gain from positive investment results. The City must contribute at least the normal cost. Bonds cannot continue to take credit for the negative amortization payments.

The required contributions will further decrease as some experience bases expire. So far this year the assets continue strong. Mr. Herrera asked about the premium tax receipts in a situation where the plan becomes fully funded, which applies only to closed plans. Mr. Amrose reviewed the use of Chapter 175 premium tax receipts. He then reviewed the description of required City contributions, comparing to the 2020 valuation report. The Share accounts will receive new allocation of \$22,167. Mr. Amrose reviewed the asset smoothing which will leave gains to further recognize over the next 4 years.

Adam Neri was checking on the request for the cost of living study which was approved by the Board last quarter. He will resend the request for the study. Mr. Herrera cautioned the Trustees not to discuss pension board issues outside of the meetings as stated in the Sunshine Law.

Gabe Vella made a motion to approve the Actuarial Valuation report for October 1, 2021. The motion received a second from Jeff Koltun, approved by the Trustees 5-0.

Gave Vella made a motion based on the advice of the consultant the Board expects to get a 7% rate of return for the next year, the next several years, and for the long term thereafter. The motion received a second from Adam Neri, approved by the Trustees 5-0.

Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Mr. Wan reported the Plan is up about 3.5% the second quarter to date. He stated that we are in some weird times. Inflation should manifest, but appears to be falling, and yet the consumer is getting hammered. Supply chain bottlenecks have become a problem. International securities appear to have greater potential now with recent gains and the gains in the domestic markets Mr. Wan does not want to make any aggressive changes to the portfolio. The assets had a -0.1% return for the September 30th quarter, largely due to the fears related to a Chinese company.

Mr. Wan reviewed the historic asset allocation, now at a high for domestic equities. He recommended further rebalancing further rebalancing of assets. The plan finished the fiscal year with total assets of \$25,020,026. For the quarter the portfolio returned -0.3% gross compared to the bench at -0.1%. For the fiscal year ending September 30th the plan earned 19.9% versus 18.3% for the bench. The long term average annual gain of 12.2% for the trailing 3 years ranks in the top 16% of public fund universe.

Mr. Wan expressed disappointment in Fiduciary Management. He recommends taking 20% of Fiduciary Management back to invest in the S&P 500 Index. Eagle has also failed to generate the expected results in fixed income. He may recommend taking 20% of the fixed income assets to the index as well.

Gave Vella made a motion to take \$200,000 from Fiduciary Management to invest in the S&P 500 based on the advice of the investment consultant. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.

Mr. Wan explained during the pandemic the Board passed a motion directing American Reality to stop reinvesting the dividends; he now thinks it is a good time to begin reinvesting the dividends.

Gave Vella made a motion to approve Mr. Wan to send a letter directing American Reality to reinvest the dividends for the plan. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.

Attorney Report (Pedro Herrera, Sugarman & Susskind)

Mr. Herrera reviewed the state ethic laws and gift reporting requirements. Gifts above \$25 must be reported and gifts above \$100 cannot be accepted. He informed the Board that the legislative session begins next year without any bills pre-filed which appear to impact pensions. FRS just dropped the investment rate of return assumption to 6.8% and the state is encouraging plans to follow suit. The League of Cities would be vehemently opposed to this. His firm will make a charitable donation on behalf of the Board in lieu of any holiday gift. Mr. Herrera discussed the upcoming trustee educational opportunities: FPPTA will have the winter trustee school in Orlando, at the end of May the state conference will be held at FSU campus in Tallahassee.

Administrator (Scott Baur, Resource Centers)

Mr. Baur updated the Board that the audit verification letters have been completed. He referenced the proposed meeting date's memo included in the meeting packets confirming the Trustees availability. A new notification system for benefit processing is being developed at the Resource Centers. The desire is members receiving notifications as their requests are processed.

V. PLAN FINANCIALS

The Trustees received, reviewed, and filed the interim financial statement through September 30, 2021. The Board then reviewed the Warrant dated November 5, 2021 for payment of invoices.

Gabe Vella made a motion to approve the payments on the Warrant dated November 5, 2021. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.

VI. BENEFIT APPROVALS

The Board reviewed the Benefit Approval for November 5, 2021.

Gabe Vella made a motion to approve the DROP entry benefit for Scott Berner dated November 5, 2021. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.

VII. OTHER BUSINESS

No other business currently.

VIII. PUBLIC COMMENTS

No members of the public had any comment for the Board.

IX. ADJOURNMENT

The next regular meeting is scheduled for February 4, 2022. Gabe Vella made a motion to adjourn the meeting, Adam Neri seconded the motion, and the Board unanimously approved to adjourn the meeting at 8:46 AM.

Respectfully submitted,

Adam Neri, Secretary