

# *City of Lake Mary Firefighters' Retirement System*

## Meeting of February 4, 2022

### I. CALL TO ORDER

Gabe Vella called the meeting to order at 7:35 AM. Those persons present included:

#### TRUSTEES

Gabe Vella, Chair  
Adam Neri, Secretary  
Martin Bel  
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)  
Ryan Nail (Eagle Asset Management - Carillon Tower Advisers)

### II. EXTENUATING CIRCUMSTANCES

No Trustees joined electronically.

### III. APPROVAL OF MINUTES

The Board reviewed the Minutes for the meeting of November 5, 2021.

Gabe Vella made a motion to approve the November 5, 2021 Minutes. The motion received a second from Jeff Koltun, approved by the Trustees 4-0.

Adam Neri arrived at 7:42 AM.

### IV. REPORTS

#### Investment Manager (Ryan Nail, Eagle Asset Management)

Eagle performed above the bench in the 4<sup>th</sup> quarter and throughout 2021. Initially growth stocks dominated performance earlier in the year. Later in the year the portfolio came more into favor with the market rewarded quality and earnings. For the December 31<sup>st</sup> quarter the portfolio gained 6.42% compared to 3.82% for the bench. For the 2021 calendar year the equities gained 21.8% versus 18.18% bench. Mr. Nail reviewed the performance by sectors, which was boosted by the semiconductor holdings. Healthcare holdings also contributed to gains due to stock selection. The energy and financial sectors detracted from performance. Mr. Nail also reviewed the individual securities which contributed to and detracted from performance. He noted that the economy was still growing, inflation is at 7%, and the market is volatile. Companies will not exceed expectations so much going forward, creating an environment that should reward quality and earnings. The fixed income holdings returned -0.22% compared to the bench at 0.01% for the 4<sup>th</sup> quarter. For the calendar year the fixed income portfolio returned -1.75% compared to -1.54% for the Bloomberg Aggregate Index. Eagle believes the Fed will raise interest rates at least 4 times in 2022. This manager is keeping durations shorter.

Mr. Wan expressed his disappointment in the fixed income assets.

#### Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Mr. Wan reported despite the volatility, the market will remain resilient. Even with the markets off recent highs, the overpriced holdings need to correct some. He believes the economy remains strong and consumer sentiment is still strong. Rebalancing assets helped the plan take some gains off of the

table. The large cap value manager Fiduciary Management, remains on watch but should perform better now in the current environment.

The assets gained 4.0% for the December 31<sup>st</sup> quarter compared to 4.4% for the bench, ranking in the top 38%, with the assets increasing to \$26,011,721. The 5 year 12% average gain ranked in the top 25%. Eagle overweighed lower grade bonds in the portfolio against the bench even though the lower grade securities produced better returns. The manager still performed under the bench. Mr. Wan recommended moving 20% of Eagle fixed income to index benchmark.

**Gave Vella made a motion to take 20% from Eagle Fixed Income to invest in the Fidelity US Bond Index Fund, based on the advice of the investment consultant. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.**

Mr. Wan will continue to monitor the managers in the current market before recommending further changes.

**Attorney Report (Pedro Herrera, Sugarman & Susskind)**

Mr. Herrera reported House Bill 117 (2022), adding COVID as a presumption, has been filed and appeared to have bipartisan support; Workers Compensation has a different statute. So far the COVID bill does not have a vaccine requirement but Chapter 112 does have such a requirement writing that members must have the vaccine to become eligible for presumption. But the definition of "fully vaccinated" varies in practice. Mr. Herrera reported on upcoming conferences. The Florida Department of Management Services does seem likely to hold a school again this year.

**Administrator (Scott Baur, Resource Centers)**

Mr. Baur reviewed the instructions for the IRS instructions for the form 1099-R covering the distribution codes. He presented the interim financial statements for December 31, 2021 and balance statements.

**V. PLAN FINANCIALS**

The Trustees received, reviewed, and filed the interim financial statement through December 31, 2021.

The Board then reviewed the Benefit Approval and Warrant dated February 4, 2022 for payment of invoices and will ratify them at the May 2022 meeting.

**VI. OTHER BUSINESS**

Gabe Vella addressed the possibility of benefit changes including the contribution increases by members. The Actuary previously provided some cost estimates. The last study dated December 14<sup>th</sup> studied changing the DROP from 5 years to 8 years; the multipliers to 2.2% for less than 20 years, and a 3.5% at 20 years and above. (Note: this may not comply with the Chapter 175), and a 1% biannual COLA. A blended rate of 2.75% may still satisfy provisions of the Chap. 175. The Board considered the rational of the proposed changes including retention. The 3.5% at normal retirement age was supported. The Board considered how to attract and retain quality workers. The members will consider compensation and benefits.

Mr. Amrose could do a study comparing benefits and normal cost with assumptions highlighting the main benefit provisions. Summarizing and comparing benefits also get complicated. After a discussion a motion was made. A request was made to include turnover with the normal cost of benefits.

Adam Neri made a motion to request a pension benefit comparison study. The cost of the study is not to exceed \$3,000. The motion received a second from Martin Bel, approved by the Trustees 5-0.

Mr. Baur described the coding of the 1099R for members and disability retirements. Mr. Herrera clarified a benefit based on a minimum percentage that portion is tax free. The Trustees continued the discussion and Mr. Herrera answered their questions. He will put together a piece together before the next meeting advising the members to seek advice from their own tax and legal counsel. Mr. Baur requested to review the information.

#### **VII. PUBLIC COMMENTS**

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

#### **VIII. ADJOURNMENT**

The next regular meeting is scheduled for August 5, 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 9:49 AM.

Respectfully submitted,

---

Adam Neri, Secretary