

OKEECHOBEE MUNICIPAL POLICE OFFICERS' & FIREFIGHTERS' PENSION FUND
QUARTERLY MINUTES, MAY 6, 2024
CITY HALL, 55 SE THIRD AVENUE
OKEECHOBEE, FL 34974

1. CALL TO ORDER

Bettye Taylor called the meeting of the Board of Trustees for the City of Okeechobee Police Officers' and Firefighters' Retirement System to order at 4:37 PM in the Council Chamber at City Hall. Those persons present included:

TRUSTEES

Bettye Taylor, Chair
Jack Boon, Secretary
Ray Worley, Trustee

OTHERS

Scott Baur and Kyle Tintle, Resource Centers
Brad Hess, Mariner
David Robinson, Levine, Sugarman & Susskind
(electronically)
Shelly Jones, GRS
Melissa Henry, City of Okeechobee
Chief Donald Hagan, City of Okeechobee
Judy Cannon & Angela Haynes, Public Attendees

2. Extraordinary Circumstances for Trustees Joining Electronically

No Trustees joined the meeting electronically.

3. Approval of the Minutes

The Trustees reviewed the minutes for the Quarterly Meeting held on February 5, 2024.

Jack Boon made a motion to approve the minutes for the Quarterly Meeting held on February 5, 2024. The motion received a second from Ray Worley, approved by the Trustees 3-0.

4. Actuarial Valuations

Ms. Jones came before the Board to present the actuarial valuation as of October 1, 2023, for the Okeechobee Police and Firefighters' plans. She reviewed a new actuarial requirement which examines the "Risk Associated with Measuring the Accrued Liability and Actuarially Determined Contribution".

The investment policy statement allows for equities in the fund, not all in bonds, which increases the liability. The purpose of the valuation is to develop the required minimum Pension System payment for September 30, 2024. The minimum required City contribution to be paid in the fiscal year ending September 30, 2025 (paid quarterly) is \$102,589 for the Police plan. There will be no member contributions for the Firefighters so the minimum payment for the System is \$67,934 to be paid by the State and City. In addition, the Firefighter System has a credit balance of \$31,647 which the city can apply to the minimum payment due. The actuary noted \$761,191 were held in the Firefighter's Stipend Reserve fund as of September 30, 2023. Ms. Jones reviewed the census data, comparing the 2022 and 2023 information. She reviewed the smooth value of assets which absorbed the investment losses from 2022 by being phased in rather than recognizing them all at one time. The recommendation for the Firefighter System is for the Board to monitor the asset allocations to be sure it is appropriate for a closed plan as there are no active Firefighters.

A discussion was held on the assumed rate of return. The rate for the Police System is 7% and 6% for the Firefighter System. There was a desire to have the assumed rate of return be the same for both plans. The topic will be added to the agenda for the August meeting.

Jack Boon made a motion to approve the Actuarial Valuation for the City of Okeechobee Police Officers' Retirement System and the City of Okeechobee Firefighters' Retirement System. The motion received a second from Ray Worley, approved by the Trustees 3-0.

Jack Boon made a motion for the Police System, based on the advice of consultants; the Board expects to get a 7% assumed rate of return and a 6% assumed rate of return for the Firefighters' System for the next year and, the next several years, and for the long-term thereafter. The motion received a second from Ray Worley. The motion passed 3-0.

Mr. Baur discussed blending the plans and keeping 2 payment registers. He is working with Salem Trust to combine the plans. A letter of direction will be sent to Salem Trust to complete the blending.

5. Investment Monitor (Brad Hess)

Mr. Hess reported they had another great quarter ending on March 31, 2024. He summarized the market environment: the Fed held rates steady, the situation in the Middle East continued, high-yield bonds outperformed investment-grade issues, and real estate continued to struggle. The Police plan ended the March 31, 2024 quarter at \$11,538,838 compared to the December 31, 2023 quarter at \$11,029,961. The Firefighter plan was at \$4,773,294 for the March quarter versus \$4,645,259 for the period ending December 31, 2023. Mr. Hess reviewed the asset allocation compliance for both plans. He said expectations were in line, noting MFS Growth underperformed last years as they did not hold Tesla or Apple: this quarter they appreciated because of their holdings beating the policy.

Mr. Hess made a recommendation for the Firefighters' plan to switch the Vanguard Index 500 for the Fidelity Investment S&P 500. The Fidelity product is the same as the Vanguard, but it offers cost savings.

Jack Boon made a motion to do a no cost exchange of Vanguard Index 500 for the Fidelity Investment S&P 500 product. The motion received a second from Ray Worley, approved by the Trustees 3-0.

6. Attorney

Mr. Robinson did not have anything to report.

7. Administrator (Scott Baur)

Mr. Baur reminded the Trustees to submit their Form 1 by June 30th. He presented the FY23 Actual Expenses and FY25 Administrative Budgets for the Police and Firefighter plans for the Trustees to review. The expenses were stable, and the budget is not a prescription for spending, but an estimate not to be exceeded.

Jack Boon made a motion to approve the FY23 Actual Expenses and FY25 Administrative Budget for the Police and Firefighters. The motion received a second from Ray Worley, approved by the Trustees 3-0.

8. Financials

The interim financial statements were received and will be filed by the Board. The Warrants dated May 6, 2024 for both plans were received and reviewed.

Jack Boon made a motion to approve the Warrants dated May 6, 2024 for the Police and Firefighters. The motion received a second from Ray Worley, approved by the Trustees 3-0.

9. BENEFIT APPROVAL

A refund of contributions for Cody Daigneault was presented for review by the Trustees.

Jack Boon made a motion to approve the refund of contributions for Cody Daigneault, former Police Officer. The motion received a second from Ray Worley, approved by the Trustees 3-0.

10. NEW BUSINESS

A request was made to include beneficiaries in the Firefighters' stipend payments. If a recommendation is made to the City Council, it would require a change to the ordinance. Bettye Taylor did not feel comfortable making a motion on the Firefighters' benefits as there were no firefighters at the meeting. Ms. Judy Douglas, the beneficiary of William Douglas was in attendance to request beneficiaries be included in the stipend for the retired firefighters. She presented her case, a discussion was held, followed by a motion.

Jack Boon made a motion to draft a recommendation to present to the city. The motion received a second from Ray Worley, approved by the Trustees 3-0.

Bettye Taylor raised the question of how to rehire a retiree and let them continue to receive their pension. Mr. Baur offered several examples of how this is handled by other plans. Mr. Robinson discussed a bonified separation from service, a set amount of time between service and reemployment. The city wants to make it as easy as possible to rehire retired officers.

Jack Boon made a motion to draft a recommendation to present to the city. The motion received a second from Ray Worley, approved by the Trustees 3-0.

The next agenda item was changing the multiplier to reduce the turnover in the long term. Different scenarios were presented including a 2% additional multiplier bump at 10,15, and 20 years of service. Ms. Jones will prepare an actuarial study examining the cost of the proposed benefit for review at the August quarterly meeting.

11. PUBLIC COMMENT

There were no comments from the public.

The meeting was adjourned at 5:55 PM by Bettye Taylor.

The next regular quarterly meeting will be held, Monday, August 5, 2024, at 4:30 PM in the Council Chambers.

Chair

Secretary