
City of Lake Wales
Firefighters' Plan and Trust Fund
January 25, 2021
MINUTES

Members Present

Roy Wilkinson - Chairman
Caleb Simpson – Trustee
Brian Patterson - Secretary
Dennis Childress – Trustee
Michael Costello - Trustee

Also Present

Pedro Herrera – Attorney (via phone)
Frank Wan – Consultant
Caleb Hynson – Administrator
Frank Mega - Administrator
Steve Stack – Highland Capital
Patrick Donlan – Foster & Foster
Nick Marolda – WCFPBA President

Absent/Excused

I. Call To Order & Roll Call

Meeting called to order at 1:04 p.m. by Chairman Wilkinson. A quorum was in attendance.

II. Open Forum

No members or concerned parties requested to address the Board of Trustees.

III. Minutes /Accounting Report

Minutes and accounting report offered for Board consideration. A motion was made by Caleb Simpson to approve the minutes and accounting report as presented; the motion was seconded by Brian Patterson and passed unanimously.

IV. New Business

Annual Actuarial Valuation – Patrick Donlan of Foster and Foster presented the annual valuation to the board. He began discussing the State premium tax dollars and its relation to the city budget and member Share Plan. This years State contribution is \$132,028 which is below the \$132,794 minimum funding requirement. Based on this there is no Share Plan allocation for members this year.

Patrick also noted that this year’s valuation reflected changes to the \$75k CAP stating members who reach CAP will no longer be contributing to the Plan. The minimum required city contribution shows a decrease on this valuation report due to State changes in the mortality rate for special risk employees.

The investment return for the Plan was 5.39% (Actuarial Asset Basis) which is less than the Plans assumed rate of return of 7.75%. The Plans current funded ratio is 77.2%.

A motion was made by Dennis Childress to approve the annual valuation report and declaration of returns as presented; the motion was seconded by Caleb Simpson and passed unanimously.

V. Old Business

Ordinance Update

Continued talks on Maximum Allowable Contribution Amendment drafted for submission (\$75,000 CAP rate). A representative from PBA addressed the board discussing the CAP rate. He asked if the police were interested in having the bargaining unit sit down with the city to address this issue. Both police and fire boards expressed interest and he stated will reach out to fire labor union. Conversation continued regarding this topic.

Ordinance Update

The board began to discuss the ongoing ordinance proposal. The board acknowledged that several of the pending issues have been discussed over the past couple years and they would like to act today. The current proposal addresses several issues. This includes making changes to the asset allocation, allowing for BBB rated bonds, the Cancer presumption Act, Secure Act and changing language ordinance changing calendar year to fiscal year. Also written in the proposed ordinance was the option to allow members to leave funds in their DROP account until age 59 ½.

- Action Item – Plan attorney to send over proposed ordinance to city clerk.

Discussion included an option for members in DROP, upon exit, to leave funds in DROP until 59 ½. At this point the board reviewed a (sample) form outlining potential payout options for members leaving DROP. The board asked several questions regarding pay out options including costs, withdraw frequency and reporting regularity. The board was informed that any withdraws beyond the sample sheet provided was not administratively feasible and would be costly to the Plan. Foster and Foster informed them that it is \$60 per calculation and the Plan is currently set up for quarterly reporting.

- Action Item: – Board to show members sample payout option letter.

The board recognized the “no opinion” letter sent by attorney’s office. This letter referenced to a defined contribution plan option for firefighter plan members who have reached their benefit cap. Pedro asked if any member had questions concerning the letter and the board was pleased with document.

VI. Investment Manager Report

Steve Stack presented Highland Capital Report for quarter ending Q4. The fourth quarter of 2020 saw the market turn another excellent performance with the S&P 500 gaining (+)12.1% and completing a string second half of the year that resulting in a full year return of (+)18.39%. Given the economic and social disruption created by the COVID-19 pandemic starting in the first quarter, the market’s performance has been a bright spot. The quarterly return for the fund was (+)9.97%. The Fund beginning quarterly balance of \$7,309,805 and ending quarter balance of \$8,038,456, a (+) \$728,651 increase.

Value (+)16.25% outperformed Growth (+)11.39% for the quarter. Current fund has 15.4% in Growth and 38.5% in Value ending the quarter. The key drivers of this performance for the quarter were Finance (+)26% and Energy (+)28.2%.

VII. Consultant Report

Frank Wan from Burgess Chambers & Associates provided an overview of the fund. The fund began the quarter at \$9,227,673 and ending balance of \$10,183,241. For the quarter, the Trust earned \$877K or (+) 9.3% net. The top performers were Highland International (+) 18.1% and Highland large-cap value (+) 16.3%. In October, the 2019 Premium Tax Distribution of \$132,028 was received and used to replenish cash reserves. For the quarter, we observed the start of a growth to value rotation among large, small, and mid-cap stocks in September 2020. The top performers for 2020 were Fidelity large-cap growth (+) 38.9% and Highland large-cap growth (+) 35%. The fund is in line with IPS. Frank reiterated concerns on rebalancing asset allocations and re-evaluating with Investment Manager to determine best strategy for the fund over the next quarter. The fund is positioned well to

perform for 2021 and setup to mitigate risks. Awaiting city direction on ordinance changes to asset allocation and bond classification.

VIII. Attorney Report

Plan Attorney spoke on new E-Verify State Requirement for Public Employers that went into effect 1/1/21 covering all vendors employed by the Board of Trustees.

- **ACTION ITEM:** Plan Attorney to reach out to each vendor to ensure compliance.

Plan Attorney addressed with Board recent Class Action Lawsuits correspondence received by Chairman.

- **ACTION ITEM:** Plan Attorney to review correspondence.

IX. Adjournment/Next Meeting

A motion to adjourn was made adjourn meeting by Chairman Wilkinson. The next regularly scheduled meeting is *April 26, 2021 at 1pm.*

DISABILITY INFORMATION: In accordance with the Americans with Disabilities Act and F.S.S. 286.26, persons with disabilities needing special accommodation to participate in this meeting should contact HYN Consulting, Plan Administrator, within 48 hours subsequent to the proceeding at 727-559-7333 for assistance. If hearing impaired, call the Florida Relay Service Numbers at 800-955-8771 (TDD) or 800-955-8770 (VOICE) for assistance.

APPEAL NOTICE: If a person decides to appeal any decision made by the Board, with respect to any matter considered at such meeting or hearing, that person will need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which appeal is to be based.