
City of Lake Wales
Firefighters' Plan and Trust Fund
January 24, 2022
MINUTES

Board Members Present	Also Present	Absent / Excused
Brian Patterson – Secretary	Pedro Herrera–Attorney (Phone)	Roy Wilkinson - Chairman
Michael Costello – Trustee	Caleb Hynson – Plan Administrator	Caleb Simpson - Trustee
Dennis Childress – Trustee	Frank Mega – Plan Administrator	
	Frank Wan – Consultant	
	Steve Stack – Investment Manager	

I. Call To Order & Roll Call

Meeting called to order at 1:00 p.m. by Secretary Patterson. Roll call by Plan Administrator. 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 Dennis Childress to approve the minutes and accounting report as presented; the motion was seconded by Mike Costello and passed unanimously.

IV. New Business

Summary Plan Description (SPD) Updated – The Plan Administrator introduced the updated SPD from the Plan Attorney. The Board reviewed the SPD and a motion was made by Brian Patterson to approve the updated SPD as presented; the motion was seconded by Dennis Childress and passed unanimously.

- *ACTION ITEM: Plan Administrator to work with Attorney to add Actuary information to SPD then distribute to City for distribution.*

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 year's State contribution is \$102,992 which is below the \$132,794 minimum funding requirement. Based on this there is no Share Plan allocation for members this year.

- The investment return for the Plan was (20.52% Market Value / 8.01% Annualized Rate of Return last 4 years) which is more than the Plans assumed rate of return of 7.75%.
- The Plan's current funded ratio is 75.2%, up from 74.8% last year.
- Plan market value is \$ 11,198,784 vs last year's value of \$ 9,350,710.

A motion was made by Brian Patterson to approve the annual valuation report as presented; the motion was seconded by Mike Costello and passed unanimously.

Open discussion on the adoption of the 7.75% assumed rate of return moving forward. The board, with input from its' Consultant, is comfortable stating that for the current year, the next several years, and the long-term thereafter shall earn 7.75%, net of investment expenses. A motion was made by Dennis Childress to accept the 7.75% expected Rate of Return as presented; the motion was seconded by Brian Patterson and passed unanimously.

➤ *ACTION ITEM: Plan Administrator to provide Declaration of Return to the State.*

V. Investment Manager Report

Steve Stack presented the Highland Capital Report for the FY quarter ending Q1. The fourth quarter of 2021 ended with the Fed outlining a more aggressive tapering schedule and forecasting interest rate increases for 2022 aimed at combating inflation. Almost simultaneously the Omicron variant arose and captured headlines disrupting holiday travel and reopening plans. The market seemed to shrug off both potential worries as it rallied to new highs, perhaps indicating that the Fed is not in reality as "hawkish" as they sound, and that the Omicron variant will not be as severe as Delta, hopefully leading to a quicker end to the pandemic. The market had a very strong Q4 tacking on another 11%, bringing full year 2021 returns to 28.7%. The S&P recorded seventy new highs in 2021, and this was the first year since 2016 that the S&P beat the NASDAQ. In retrospect 2021 was a strange year for the equity market, vacillating between reopening and lockdown fears.

The Fund beginning quarterly balance of \$8,839,524 and ending quarter balance of \$9,070,521, a \$231,997 increase. The quarterly return is (+) 5.17%.

VI. Consultant Report

Frank Wan from Burgess Chambers spoke on the current market conditions and updated the Trustees on the status of the Plan's portfolio. During the fourth quarter of 2021 the two-year treasury yield rose from 0.28% to 0.73%, while the 10-year treasury yield remained the same at 1.52%. This phenomenon where short-term rates rise while longer term rates stay the same is known as a flattening of the yield curve and tends to signal a future of slowing economic growth. For the quarter, the Trust earned \$645K or (+5.7% net) and ranked in the top 4th percentile. The top performers were Fidelity large-cap growth (+11.7%) and Highland large-cap growth (+9.4%). For the one-year period, the Trust experienced a market-based gain of \$1.7 million or (+16.7% net) and ranked in the top 5th percentile. The top performers were Fidelity large-cap growth (+28.0%) and Highland large-cap value (+27.0%). For the three-year period, the Trust experienced a market-based gain of \$3.9 million or (+13.6% net), behind the policy allocation return of +16.9%.

The fund began the quarter at \$11,193,637 and ending balance of \$11,787,814. For the quarter, the Trust earned 5.7% net.

The Consultant recommended having the Small-Mid Cap portfolio manager to speak at a future meeting.

VII. Attorney Report

Plan Attorney mentioned a bill filed for the January Legislative session that would add COVID-19 and infectious diseases to the list of conditions that, if suffered by an emergency rescue or public safety worker, are presumed to have been contracted while at work for purposes of workers' compensation.

The Plan Attorney spoke on the continuing education opportunities available through the FPPTA and the State. More information to be provided to Trustees.

- *ACTION ITEM: Plan Administrator to update Board members on educational opportunities.*

VIII. Adjournment/Next Meeting

A motion to adjourn was made adjourn meeting by Secretary Patterson. The next regularly scheduled meeting is *April 25, 2022, 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.