
City of Lake Wales Police Pension

Plan and Trust Fund

January 25, 2021

MINUTES



Members Present

Bill Raebig - Chairman
David Black – Secretary
Robert Plummer – Trustee
Thomas McKeon – Trustee
Carlos Unzueta - 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 Raebig. 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 FYTD 2021 Accounting Report offered for Board consideration. A motion was made by Thomas McKeon to approve the minutes and accounting report as presented; the motion was seconded by Robert Plummer 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 year's State contribution is \$140,771.18 which is above the \$96,158.75 minimum funding requirement. Based on this, the \$44,612.43 addition is shared 50/50 with the city. \$22,306.21 has been allocated to the Share Plan 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 5.22% (Actuarial Asset Basis) which is less than the Plans assumed rate of return of 7.65%. The Plans current funded ratio is 95.1%.

A motion was made by Thomas McKeon to the annual valuation report and declaration of returns as presented; the motion was seconded by Robert Plummer and passed unanimously.

V. Old Business

Ordinance Update –

Continued discussion on Maximum Allowable Contribution Amendment drafted for submission (\$75,000 or 3%). Open discussion continued what protocols to follow in How to Limit, How to Track, How to Correct.

The Board of Trustees discussed a potential proposal from the City of Lake Wales offering its public safety employees a defined contribution plan option for Police Officers' plan members who have reached their benefit cap, but who have not yet attained normal retirement eligibility. Further discussion to include City HR for any corrections and tracking. Tabled until future meeting.

Open discussion on options for members in DROP, upon exit, to leave drop funds in until 59 ½. Will need to update fiscal impact statement and discuss DROP option payouts / rollover at future meeting.

- **ACTION ITEM:** Attorney to draft letter for No Opinion for 401a option after cap on member contributions.

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 (+)10.36%. The Fund beginning quarterly balance of \$12,651,860 and ending quarter balance of \$13,962,579, a (+) \$1,310,719 increase.

Value (+)16.25% outperformed Growth (+)11.39% for the quarter. Current fund has 15.4% in Growth and 37.9% 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 \$16,609,890 and ending balance of \$17,323,188. For the quarter, the Trust earned \$1.5 million or (+) 9.7% net. The top performers were Highland International (+) 18.4% and Highland large-cap value (+) 16.9%. In October, the 2019 Premium Tax Distribution of \$140,771 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 the 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 Florida State Statute Requirement for Public Employers that went into effect 1/1/21 covering all vendors employed by the Board of Trustees. This new law requires all contractors dealing with public entities such as Board of Trustees to register with and use the department of Homeland Security's E-Verify system to assure that newly hired employees of your Board are U.S. Citizens or otherwise legally permitted to perform services in the State of Florida.

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 Raebig. 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.