

**CITY OF OCOEE
MUNICIPAL GENERAL EMPLOYEES' RETIREMENT TRUST FUND
BOARD OF TRUSTEES QUARTERLY MEETING MINUTES**

**City Hall, Commission Chambers
1 N. Bluford Avenue, Ocoee, FL 34761**

Wednesday, August 2, 2023 – 10:00AM

TRUSTEES PRESENT: Gequita Cowan, Chair
Robert Briggs, Vice Chair
Gary Gleason

TRUSTEES ABSENT: Patricia Gleason, Secretary

OTHERS PRESENT: Pedro Herrera, Sugarman & Susskind (via Zoom)
Doug Lozen, Foster & Foster
Chrissy Stoker, Foster & Foster
Brad Hess, AndCo Consulting
William Duncan, Plan Retiree
Paul Duncan, Member of the Public

1. **Call to Order** – Gequita “Gee” Cowan called the meeting to order at 10:11AM and a quorum was determined.
2. **Roll Call** – As reflected above.
3. **Public Comments** – None.
4. **New Business**
 - a. Discussion of overpayment to retiree
 - i. Chrissy Stoker commented the pension plan included an optional form of benefit that provided for a percentage of a retiree’s monthly benefit to continue to a survivor upon the death of either the retiree or the designated survivor. Chrissy commented her fiduciary duty was to ensure benefits were paid correctly, and as a solution to tracking the survivors listed by retirees who elected this form of benefit with continuing percentages of less than 100%, she worked with Salem Trust to add survivor information into their system so the survivors would be included in monthly death audit reports. Chrissy commented Salem Trust contacted her in June to notify her that a survivor appeared on a recent death audit with a date of death of October 5, 2016. Chrissy stated effective November 1, 2016, the monthly benefit due to the retiree of the deceased survivor should have decreased by approximately \$560 per month. The result was an overpayment of approximately \$42,000.
 - ii. Gee Cowan commented the Board needed to address the overpayment in the same manner they would address an underpayment and consider all information and proceed with a plan to rectify the situation.
 - iii. Pedro Herrera noted the actuary was present to discuss possible repayment options.
 - iv. Paul Duncan addressed the Board on behalf of William Duncan, commenting he was not aware of the benefit option his father chose when he retired. Paul further commented if the options had been explained to him, his father would

not have chosen the 66-2/3% option. Paul referred to the final benefit calculation dated June 19, 2008, noting the amounts of the 100% option and the 66-2/3% option were not much different. Paul commented his dad signed the election form but was unaware of the implications of his choice. Paul commented his mom passed very quickly so he did not have time to discuss everything with her.

- v. William Duncan stated a City employee assisted him with his benefit election and he took her advice when she recommended this option.
- vi. Doug Lozen commented if the Board decided to recover the overpaid funds, he could spread the overpayment amount over the future lifetime of the retiree using the life expectancy tables the Ordinance had in place at the time of Mr. Duncan's retirement. Doug commented based on his age, the mortality tables stated there were 8-9 years of future lifetime. Doug commented the Police & Fire plan had a similar situation about a year ago and the pension board agreed to recoup the funds in this manner with no interest charged. Doug reviewed the estimated monthly benefit amount if the Board decided to move forward with collecting the overpaid funds in this manner.
- vii. Doug Lozen stated the Board could also recover the overpayment over a longer period, such as 15 years, or the Board could ask for a lump sum. Doug added the Board's decision would determine how he calculated the numbers.
- viii. Robert Briggs noted the repayment over Mr. Duncan's expected lifetime was consistent with other actuarial approaches they took.
- ix. Gary Gleason stated this would be a drastic life change for Mr. Duncan so they should consider spreading the repayment out over a longer period of time.
- x. Gee Cowan commented this was a difficult spot to be in as they were not without compassion, but they had a responsibility to the Fund. Gee commented there may not have been proper education given about the benefit options when Mr. Duncan retired which is why she worked so hard to educate the membership. Gee commented ultimately the Board needed to do what was in the best interest of the pension fund.
- xi. Doug Lozen commented he would also be comfortable using the latest mortality table which was a longer spread, and that was what was done for the Police & Fire retiree he mentioned. Doug commented using the updated mortality table would add approximately 1.5 years to the expected lifetime.
- xii. Chrissy Stoker stated for the record the Board needed three (3) affirmative votes to take any action today.
- xiii. Robert Briggs commented they should wait until the full Board was present to make any decision.
- xiv. Pedro Herrera commented another option was when Mr. Duncan passed away, if there was any remaining balance due to the Fund, the Fund could file a claim against Mr. Duncan's estate, or they could make an agreement while he was alive that he would repay the Fund from his estate if the repayment was not completed prior to his death.
- xv. William Duncan commented the City was at fault and they should repay the Fund as they did not advise him properly on his choice. William commented when his wife passed away no one told him his pension would be affected, and he had no idea it should have been adjusted. William commented his wife's death should not have impacted his pension.

The Board voted to table this matter until the next meeting when all trustees were present, upon motion by Robert Briggs and second by Gee Cowan; motion carried 3-0.

- b. Proposed 2024 meeting dates
 - i. Gee Cowan noted the proposed dates did not conflict with any FPPTA events and the Commission Chambers were already reserved for them to meet.
 - ii. By consensus, the Board approved the meeting dates as presented with the caveat that they should consider what the Police & Fire Board approved.

5. **Approval of Minutes**

- a. May 3, 2023, quarterly meeting

The May 3, 2023, quarterly meeting minutes were approved as presented, upon motion by Robert Briggs and second by Gary Gleason; motion carried 3-0.

6. **Reports (Attorney/Consultants)**

- a. AndCo Consulting, Brad Hess, Investment Consultant

- i. Quarterly Report as of June 30, 2023

- 1. Brad Hess gave an overview of the market environment over the quarter ended June 30, 2023.
 - 2. Brad Hess reviewed the asset allocation compliance relative to the investment policy statement targets, noting they were inside the target ranges for all asset classes. Brad had no recommendations to rebalance the portfolio.
 - 3. Brad Hess reminded the Board they turned off the dividend reinvestment program for their real estate investment and the income generated would be wired into the R&D account quarterly.
 - 4. The market value of assets as of June 30, 2023, was \$45,857,856. Brad Hess noted the value of the Fund as of today was approximately \$46.3 million, which did not account for any cash flows.
 - 5. Brad Hess reviewed the financial reconciliation of the Fund over the quarter and discussed the cash flows.
 - 6. Total fund gross returns for the quarter were 2.51%, underperforming the benchmark of 3.59%. Trailing returns for the FYTD, 1, 3, 5, and 10-year periods were 11.66%, 7.24%, 6.30%, 5.85%, and 7.33%, respectively, compared to the respective benchmarks of 14.66%, 8.99%, 7.08%, 7.05%, and 7.87%. Since inception (04/01/2004), total fund gross returns were 6.73%, compared to the policy benchmark of 6.94%.
 - 7. Brad Hess reviewed the performance of each manager and stated he had no concerns.

- ii. Asset allocation study

- 1. Brad Hess commented at the last meeting they discussed strategic asset allocations and took money out of small/mid cap index funds and put it into an S&P 500 index fund. Brad commented he recommended they keep everything status quo, but he still wanted to present some asset allocation mixes for the Board's consideration.
 - 2. Brad Hess briefly reviewed some asset mixes based on JPMorgan's capital market assumptions. Brad commented their current asset mix

was expected to return 7.36% over the long term with a standard deviation (risk) of 10.83%. Brad noted increasing their allocation to fixed income would reduce their long-term horizon return estimate.

3. Brad Hess recommended they did not make any structural changes at this time.
- iii. Revised Investment Policy Statement (IPS)
 1. Pedro Herrera stated House Bill 3 (HB3) took effect July 1, 2023, and prohibited public pension funds from entering into any investments based on environmental, social or governance (“ESG”) factors. Pedro commented it was still unclear how the law would be administered, but he would keep the Board informed as additional information was released from the State.
 2. Pedro Herrera commented HB3 was geared toward legislative intent and was not meant to remove investment options. Pedro commented they could still invest in an ESG fund but their reason(s) for choosing that fund must be based solely on pecuniary factors.
 3. Pedro Herrera commented the IPS was updated with language confirming how they had always operated, which was making investment decisions based on recommendations from the investment consultant. Brad Hess confirmed AndCo only made recommendations based on risk/return factors and never ESG reasons.
 4. Brad Hess briefly reviewed the differences between the role of the investment consultant and the role of investment managers. Brad reviewed the new language in the IPS that was directly from the statute.

Based on the recommendation of the investment consultant, the Board voted to approve the updated Investment Policy Statement as presented, upon motion by Robert Briggs and second by Gary Gleason; motion carried 3-0.

The Board took a recess at 11:33AM.

Gequita Cowan called the meeting back to order at 11:37AM.

- b. Sugarman & Susskind, Pedro Herrera, Board Attorney
 - i. House Bill 3 Memo
 1. Pedro Herrera commented he would work with the administrator and the investment consultant to ensure they complied with the new law, and updating the IPS was a good start. Pedro confirmed he would keep the Board posted of any new information from the State.
 - ii. Pedro Herrera reminded the trustees of the Form 1 filing requirement.
 - iii. Summary Plan Description
 1. By consensus the Board authorized Pedro Herrera to update the Summary Plan Description. Pedro commented he would bring the updated document to the next meeting for the Board’s consideration.

7. **Old Business** – None.

8. **Consent Agenda**

The Board approved the consent agenda as presented, upon motion by Robert Briggs and second by Gary Gleason; motion carried 3-0.

9. Staff Reports, Discussion, and Action

- a. Foster & Foster, Chrissy Stoker, Plan Administrator
 - i. Educational opportunity
 - 1. Chrissy Stoker stated for the record Gee Cowan, Robert Briggs, and Patricia Gleason were registered to attend the FPPTA Fall Trustee School. Gary Gleason stated he also planned to attend and would take the Advanced courses to complete his CPPT certification.
 - ii. Update on agenda packets
 - 1. Chrissy Stoker commented Foster & Foster was going paperless and she would discontinue paper agenda packets in the near future. Chrissy stated she would still distribute meeting materials seven days in advance for the trustees to review.
 - iii. Chrissy Stoker announced her colleague Nancy Rivera had been assigned the Assistant Plan Administrator and her primary role was to assist members. Chrissy commented Nancy would be an additional set of eyes for the Plan. Chrissy commented Stef Bravo would still handle trustee travel and reimbursements, portal access, and refunds.
 - iv. Chrissy Stoker commented she would be hosting an educational session at 9:00AM before the November meeting.

10. Trustees' Reports, Discussion, and Action/City Liaison – None.

11. Chairperson's Report

- a. Gee Cowan commented she had been meeting with members to educate them on the pension plan, and the sessions had gone very well.
- b. Gee Cowan commented she had been reviewing vendor contracts, and when Lee Dehner passed away in 2019 his contract was passed on to Pedro Herrera. Gee requested Pedro to prepare a legal services agreement for the Board's consideration at the next meeting.
- c. Gee Cowan thanked Doug Lozen for attending.
- d. Gee Cowan announced Tammy Brown's resignation from the pension board.
- e. Gee Cowan stated she would distribute a flier to the membership to announce the education session taking place next quarter.

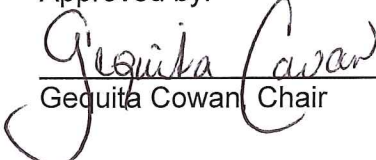
12. Adjournment – The meeting adjourned at 11:51AM.

13. Next Meeting – Wednesday, November 1, 2023, at 10:00AM, Quarterly Meeting

Respectfully submitted by:


Chrissy Stoker, Plan Administrator

Approved by:


Gequita Cowan, Chair

Date Approved by the Pension Board:

November 1, 2023