

**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**

Thursday, May 3, 2023 – 10:00AM

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

TRUSTEES ABSENT: Tammy Brown

OTHERS PRESENT: Pedro Herrera, Sugarman & Susskind (via Zoom)
Doug Lozen, Foster & Foster
Chrissy Stoker, Foster & Foster
Brad Hess, AndCo Consulting
Lynn Skinner, Salem Trust Company
Peter Rabbino, Legal Computer Consultants (via Zoom)
Jamie Croteau, Member of the Plan
Chuck Landers, Saltmarsh, Cleaveland & Gund
Patrick Smith, Saltmarsh, Cleaveland & Gund

1. **Call to Order** – Gequita “Gee” Cowan called the meeting to order at 10:22AM and a quorum was determined.
2. **Roll Call** – As reflected above.
3. **Public Comments**
 - a. Jamie Croteau addressed the Board to request her pension benefits be reinstated and noted she sent a written request. Jamie commented the Plan was silent on how her previous years of service should be treated and she had not taken a refund of her contributions when she terminated employment. Jamie commented she purchased her prior service and was requesting the service be treated under the provisions in effect during the time of the previous service in 2006.
 - b. Pedro Herrera commented there was nothing Board could do short of amending the ordinance. Pedro commented when Ms. Croteau was rehired, she was treated as a new employee and just because she purchased her prior service it did not mean she was entitled to the benefits in effect for that prior period of service. Pedro commented her period of separation from the City was longer than 5 years so there was nothing the Board could do based on the current ordinance.
 - c. Jamie Croteau commented an ordinance was passed in 2009 for a member in a similar situation. Pedro Herrera commented Jamie could request an ordinance amendment and the pension board could recommend it to the City. Pedro commented the way the Plan was written, it was clear what the Board was able to do, and they did not have the authority to grant a benefit for one person that was not in place for everyone else.

- d. Jamie Croteau commented she wanted the pension board to recommend to the Commission that they change the ordinance to allow for the previous service she purchased to be given the 3.00% benefit rate.
- e. Pedro Herrera commented State law required benefits to be non-discriminatory, so if they changed the ordinance it would need to be applicable for everyone.
- f. Jamie Croteau commented she was told by Foster & Foster that her vesting period would remain at 5 years if she kept her money in the pension plan. Jamie commented she would not have kept her money in the plan if she had known she would have to buy the time back.
- g. Pedro Herrera reviewed the provisions from 2009, noting only credited service under a participant's latest date of membership in the System would be considered for benefit calculations.
- h. The Board discussed at length whether to recommend an ordinance change. Pedro Herrera commented they may want to find out the cost before making any recommendation.
- i. Pedro Herrera commented they needed to consider whether the buyback calculation was done at the 3.00% benefit rate or the 2.25% benefit rate. Doug Lozen commented the calculation was done in summer of 2019 and it was brought to the pension board in August 2019. At that meeting, the Board advised that since more than 5 years had lapsed, they recommended the 4+ years of prior City of Ocoee service would be calculated using the benefit structure in place when Jamie Croteau was rehired. Doug commented Ms. Croteau was requesting the 3.00% multiplier, but the calculation was done at 2.25%. Doug commented as the actuary he could not step into the legal realm and the ordinance was silent on members reemployed after more than 5 years had lapsed. Doug commented he reviewed the minutes from August 2019 and there was no resolution at that time and no closure was found. Doug confirmed Ms. Croteau deposited the \$11,000+ for the 2.25% multiplier.
- j. Jamie Croteau commented she purchased the time because Foster & Foster told her to do so. Doug Lozen commented the time period to make the deposit was 6 months per the ordinance.
- k. Pedro Herrera commented if the request was granted, Jamie Croteau would owe more money into the pension plan. Jamie commented she understood.
- l. Doug Lozen and Pedro Herrera discussed whether the calculation would be redone at today's cost (4 years later) or at the 2019 cost since it would be more expensive now than it would have been in 2019. Pedro commented the ordinance would likely be silent on that aspect. Pedro commented Doug could prepare an actuarial impact statement to bring to the pension board before they made any recommendation if they wanted more information. Pedro noted if the Board moved forward with a recommendation, the Commission would need to know the cost too.
- m. The Board further discussed whether to proceed with a recommendation to the City Commission to amend the ordinance per Jamie Croteau's request.

The Board voted that for Members of the Plan who have purchased prior City of Ocoee service, such prior service shall be valued at the benefit rate in effect for the years that such service was attributable to, upon motion by Robert Briggs and second by Gary Gleason; motion failed 2-2, with Gequita Cowan and Patricia Gleason voting against.

- n. Pedro Herrera stated for the record the motion died for lack of a majority vote.

4. Approval of Minutes

- a. January 26, 2023, quarterly meeting

The January 26, 2023, quarterly meeting minutes were approved as presented, upon motion by Patricia Gleason and second by Gary Gleason; motion carried 3-1, with Robert Briggs voting against as he was not present at the last meeting.

5. Reports (Attorney/Consultants)

- a. Foster & Foster, Doug Lozen, Board Actuary
 - i. October 1, 2022, actuarial valuation report
 1. Doug Lozen noted there was a modest increase to the City's contribution requirement. Doug commented it was 6.97% for the current year and would increase to 8.58% of payroll next year, mostly due to the investment losses in fiscal year 2021-2022.
 2. Doug Lozen commented the investment return assumption was 7.00% and the net return last year was approximately -15.00%. Doug reminded the Board he used a smoothing technique so this loss would be phased in over 4 years. Doug stated the -15.00% would eventually fully phase in and they could expect the City's requirement to increase a bit and the funded status to decrease a bit, but this negative return would eventually drop off.
 3. Doug Lozen reviewed the history of funding progress over the last 10 years, noting in 9 of the last 10 years, the funded status was above 90%. Doug commented they lowered the investment return assumption from 8.00% to 7.00% with this valuation.

The Board voted the declaration of returns for the plan shall be 7.00% for the next year, the next several years, and the long-term thereafter net of investment related expenses, upon motion by Gary Gleason and second by Robert Briggs; motion carried 4-0.

The Board voted to approve the October 1, 2022, actuarial valuation report as presented, upon motion by Robert Briggs and second by Patricia Gleason; motion carried 4-0.

6. New Business

- a. Cybersecurity discussion – Peter Rabbino, Legal Computer Consultants (LCC)
 - i. Peter Rabbino commented the Department of Labor (DOL) had issued requirements for cybersecurity and his firm had created a questionnaire that correlated with these requirements. Peter commented the questionnaire could be distributed to the Board's vendors to investigate if they were following proper guidelines and if any remediation was needed.
 - ii. Pedro Herrera commented his office recommended this as a matter of best practice though it was not a legal requirement. Peter Rabbino commented LCC had a fiduciary responsibility to keep client data secure.
 - iii. Chuck Landers asked if the questionnaire would contain any specific protocols that someone could access and use. Peter Rabbino commented they did not publish specific protocols, and vendors would only be attesting to whether they were following the requested items. Peter commented they did not do testing.

- iv. Robert Briggs asked if this service was being proposed as an addendum to their legal services contract. Pedro Herrera commented LCC served as his firm's IT company, but this had nothing to do with his contract or his services and would be an engagement with LCC and specifically for the purpose of cybersecurity.
- v. Gee Cowan stated for the record the Board agreed to hear the proposal, but they did not need to make a decision today.
- vi. Robert Briggs commented if they felt there was a need for cybersecurity they should go out for bid and open the opportunity up to other vendors.

Note: Peter Rabbino left the meeting at 11:42AM.

- vii. The Board and Pedro Herrera further discussed cybersecurity.

5. Reports (continued)

a. Salem Trust Company, Lynn Skinner, Fund Custodian

i. Pensioner portal

1. Lynn Skinner commented Salem Trust was offering a pensioner portal to retirees as a service enhancement which was free of charge for the Board and for the retirees. Lynn noted the service was optional for retirees to use if the Board chose to sign on.
2. Lynn Skinner reviewed the optional features that were available. Lynn commented it was up to the Board what features were turned on, but most boards and attorneys she worked with opted not to allow retirees to change bank account information through the pensioner portal, as this process needed to be done through the plan administrator for legal reasons.
3. Lynn Skinner stated the pensioner portal was secure and required multifactor authentication for each login session.
4. Lynn Skinner reviewed the implementation process, commenting she would work with the plan administrator to obtain the information needed and Salem Trust would send a mailing to all retirees.
5. Robert Briggs inquired about the process for retirees to change their direct deposit information currently. Chrissy Stoker commented retirees could change direct deposit information by completing a form and providing verification of their account ownership by a voided check or a letter from their bank on the bank's letterhead. Chrissy commented money from the pension fund must be deposited into an account owned by a plan participant or a beneficiary.
6. Lynn Skinner commented any retirees who signed on to the portal would no longer receive paper advices. Lynn handed out a sample letter that would be mailed to retirees.
7. The Board discussed the optional services and agreed they should allow retirees to complete address and tax election changes only and not allow online direct deposit changes.

The Board voted to sign on to the Salem Trust Pensioner Portal excluding the ability for retirees to change their direct deposit information, upon motion by Robert Briggs and second by Gary Gleason; motion carried 4-0.

b. AndCo Consulting, Brad Hess, Investment Consultant

i. Quarterly Report as of March 31, 2023

1. Brad Hess gave an overview of the market environment over the quarter.
2. Brad Hess reviewed the schedule of investable assets over the last 10 years, noting an investment gain of \$25 million.
3. Brad Hess reviewed the asset allocation compliance and the underweights and overweights.
4. Brad Hess reminded the Board they put in a \$1 million redemption request to the ARA Core Property Fund last year, but since real estate was not very liquid, they received redemptions in smaller distributions. Brad commented they had received approximately \$134,000 so far.
5. Brad Hess recommended the Board to turn off dividend reinvestments from the ARA Core Property Fund temporarily, as this would give them additional income each quarter while waiting for more of their redemption.

The Board voted to deactivate the dividend reinvestment program from the American Core Property Fund, upon motion by Patricia Gleason and second by Robert Briggs; motion carried 4-0.

6. The Market Value of Assets as of March 31, 2023, was \$45,085,219. Brad Hess noted as of yesterday the value of the Fund was approximately \$45.8 million.
7. The total fund net returns for the quarter were 3.10%. Trailing returns for the 3, 5, and 10-year periods were 9.96%, 5.51% and 6.73%, respectively. Since inception (4/1/04), net returns were 6.34%.
8. Brad Hess reviewed the current small and mid-cap funds and commented he was going to recommend they liquidate the Fidelity Extended Market Index (FSMAX) fund and use the proceeds to buy an S&P500 index fund to get them more large cap exposure.
9. Brad Hess reviewed the financial reconciliation for the quarter and discussed the cash flows.
10. Brad Hess reviewed the performance of each manager.
11. By consensus, the Board elected to table the asset allocation study until the August meeting due to time constraints.

The Board voted to terminate the Fidelity Extended Market index and replace it with the Fidelity 500 Index Fund (FXAIX), upon motion by Robert Briggs and second by Gary Gleason; motion carried by 4-0.

c. Sugarman & Susskind, Pedro Herrera, Board Attorney (via Zoom)

b. Insurance deductions from pension

- i. Gee Cowan commented she was working on getting retirees who were still on the City of Ocoee's insurance plan set up to have their premiums deducted directly from their pension payments instead of paying the city directly. Lynn Skinner commented she would work with Chrissy Stoker to get this set up.
- ii. Pedro Herrera commented the Board should give consensus to authorize this new administrative practice. By consensus, the Board agreed to move forward with setting up insurance deductions from retirees' monthly benefits, for those retirees who were still on the City's insurance.

12. **Adjournment** – The meeting adjourned at 12:51PM.

13. **Next Meeting** – Wednesday, August 2, 2023, at 10:00AM, quarterly meeting

Respectfully submitted by:

Approved by:

Chrissy Stoker
Chrissy Stoker, Plan Administrator

Gequita Cowan
Gequita Cowan, Chair

Date Approved by the Pension Board:

August 2, 2023