

**THE CITY OF OCOEE POLICE OFFICERS'/FIREFIGHTERS'
RETIREMENT FUND BOARD MEETING – February 7, 2024**

Call to Order: The meeting of the City of Ocoee Police Officers'/Firefighters' Retirement Trust Fund was called to order at 1:00 p.m. in the Commission Chambers of City Hall.

Roll Call: The roll was called and a quorum was declared present.

Trustees Present: Chairman Bryan Pace, Joe Moy, William Maxwell and Trey Littlefield

Others present: Fund Attorney Pedro Herrera of Sugarman Susskind Braswell & Herrera, Brad Hess AndCo Consulting, Doug Lozen of Foster and Foster, Patrick Smith of Saltmarsh, Cleveland & Gund, Pete Prior of Benefits USA, Inc. and Livia Giuliani of Benefits USA, Inc. via telephone.

Approval of Minutes from Regular Meeting dated November 17, 2023

Chairman Pace asked the board if there were any corrections, deletions, or additions to the minutes. Hearing and seeing none, Trustee Moy moved to approve the November 17, 2023 minutes as presented and Trustee Littlefield seconded the motion and the motion passed.

Public Comments:

There were no public comments at this time.

Quarterly Investments Update: Q/E 12/31/2023

Mr. Hess reported on the economy noting October was a tough month for the Plan, but the market was good overall, much to the surprise of Wall Street. Mr. Hess reported they have \$2.9 million in the growth index fund and would like to discuss this with the Board noting that he would like to add more cash to the index fund but also suggested to continue with the active manager strategy. Trustee Moy said that he remembers moving 25% for each quarter. Mr. Hess said that was the discussion but after thinking about that strategy, he is no longer in favor of it. Trustee Littlefield commented that he would like to see a 50/50 mix with the index and active management in the growth fund and made the motion to add an additional 25% to the index fund. Trustee Moy seconded the motion and it passed.

Mr. Hess reported on DRZ noting their returns overall returned 18%, however, there may be some issues regarding the personnel of the firm. Mr. Hess said that the employee working on this plan has retired. Mr. Hess further noted that his firm is watching them and their performance. They will be placed on watch to ensure they continue to perform well for this board. The trustees asked if they would send someone to the board to explain what is transpiring with their company. Mr. Hess said they would be glad to attend as they are in Winter Garden.

Mr. Hess reported on the Fund's performance noting that for the quarter the total fund return was 7.86% ranking in the sixty fifth percentile versus the policy of 8.47 ranking in the 45th percentile. The equity fund returned 10.85% vs. the policy of 11.51%. The domestic equity returned 11.55% vs. 12.07%. For the value composite, Brandywine and DePrince returned 7.62% and 11.08% respectively vs. the Russell 1000 value index of 9.50%.

The large cap growth composite returned 13.54% vs. the Russell 1000 Growth index of 14.16%. Alger and Mar Vista returned 15.39% and 11.16% respectively vs. the Russell 1000 Growth index of 14.16%. There was no data reported for the Vanguard Growth index fund for this period however, the CRSP growth index returned 14.42%. The International equity fund returned 8.38% vs. the international policy of 9.82%. American Funds returned 10.37% vs. the MSCI AC World ex USA growth index of 11.17%. Dodge and Cox returned 6.81% vs. the MSCI AC World ex USA value index of 8.51%.

For the fixed income, Garcia Hamilton returned 7.83% vs. the Barclays' Aggregate of 6.82%. For the global fixed income, PIMCO diversified returned 7.80% vs. the Blmbg Global credit index of 7.32% and PIMCO global bond fund returned 5.82% s. the Bloomberg Global Agg Index of 5.99%. For real estate, American Realty returned -5.99% and Harrison Street returned -3.55% vs. the NCREIF index of -5.23%. Mr. Hess noted that the portfolio is very much in balance and he said he is not recommending any changes at this time.

Finally, Mr. Hess reported on the merger between AndCo and Mariner had taken place. There will be no changes in personnel or services. Mr. Hess asked the board to sign the consent as it pertains to the merger and the assignment of And Co's contract to Mariner. Attorney Herrera advised that by assigning the agreement all of the same terms, conditions and protections afforded remained in place with Mariner. Trustee Moy moved to sign the consent letter and Trustee Maxwell seconded the motion and it passed.

UNFINISHED BUSINESS:

There was no Unfinished Business.

NEW BUSINESS:

Presentation of 9/30/2023 Financial Statements

Mr. Patrick Smith addressed the Board and thanked all the vendors that helped gather the information. Mr. Smith reported that they audited the financial statements for Ocoee Police and Fire Pension Fund which comprise the statements of fiduciary net position as of September 30, 2023 and 2022 and statements of changes to the net position. Mr. Smith noted that in their opinion, the statements presented fairly in all material respects, information regarding the fiduciary net position of the Plan and the changes in the fiduciary net position for the ended in accordance with the accounting principles generally accepted in the USA. He noted that they are presenting a DRAFT to the Board and that they are still waiting on information for the share plan dollar amount from Foster to complete that section. The total contributions to the Plan were \$2,725,599 consisting of \$1,869,167 from the city and \$856,432 from the employees. The 175/185 contributions were \$997,583 with \$522,285 for the Police Fund and \$475,298 for the Fire Fund. The investment income was \$4,051,929; the interest and dividends were \$1,640,205. The benefit payments including refunds of contributions were \$3,348,068 and the administrative expenses were \$148,030.

The breakdown of the administrative expense is as follows: actuary \$60,343, administrator \$30,000, custodian \$10,500, liability insurance \$5,027, legal fees \$20,956 and Trustee travel and education \$21,204. The net position restricted for pensions as of September 30, 2023 is \$69,648,869 and increase from last year of \$63,838,991.

Finally, Mr. Smith reported on the plan membership noting that there are \$147 active members (60 vested and 87 non-vested), 78 service retirees; 8 DROP retirees and 62 vested terminated members. That concluded Mr. Smith's report. That being said, Trustee Maxwell moved to approve the financial statements as presented and Trustee Joe seconded the motion and it passed.

Presentation of 10/1/2023 Actuarial Valuation

Mr. Lozen reported that the required contribution from the combination of City and State sources for the for the year ending September 30, 2025, is 24.66% of actual payroll realized in that year. As a budgeting tool, the city may contribute 19.02% of each member's salary and then make a one-time adjustment to account for the actual state monies received. The city has access to a prepaid contribution of \$1,522,286.51 that is available to offset a portion of its required contributions for FYE 9/30/2024. Under the default provision of Chapter 2015-39 laws of Florida, the first \$223,377.02 received annually will offset the city's contribution requirement. Future monies received for the Police officers in excess of \$223,377.02 will be split 50/50 allocated to the member's share plan and to be applied by the City towards either its annual contribution requirement or to reduce the unfunded liability.

Effective October 1, 2021, Chapter 175 base premium tax revenue increased to \$282,130.75 with 50% of amounts in excess allocated to a credit to the Unfunded Actuarial Accrued Liability (UAAL). In the absence of a positive UAAL, 50% of the excess will also be applied as a city funding credit. The remaining 50% will be reserved for additional Firefighter benefits per a discussion between the actuary and a Union representative.

The increase to the required contribution was attributed to a net unfavorable actuarial experience. The increase was partially offset by the 12.4% increase in payroll and the lowering of the amortization payment for the UAAL as a percentage of payroll. The sources of the actuarial loss included an investment return of 4.85% which fell short of the 7.00% assumption and an average salary increase of 9.87% which exceeded the 4.89% assumption. These losses were partially offset by gains associated with inactive mortality experience and favorable turnover experience. There were no changes to benefits or assumptions since the last valuation. He noted that overall, the plan is in good shape.

There are still losses to take into consideration, but they will be falling off soon. The funded ratio is 88.6%. Mr. Lozen noted that in the near future, he will be suggesting to the Board to lower the assumption rate to 6%. Chairman Pace asked when the Police will be receiving their share plan statements. Mr. Lozen said that it is a timing issue and they should be available in the next couple of weeks. Finally, Mr. Lozen reported on the demographics of the Plan noting that the total membership is 302. 155 active members, 67 service retirees; 6 DROP retirees; 4 beneficiaries; 6 disabilities and 64 terminated vested members. That concluded Mr. Lozen's report and noted that the Board should make a motion to approve the report as presented. Trustee Maxwell moved to approve the actuarial valuation and Trustee Moy seconded the motion and it passed. A second motion was made by Trustee Moy to approve the 7.00 rate of return for this year, next year and the next several years. Trustee Maxwell seconded the motion and it passed.

Detail of Administrative Expenses (no action required)

The Administrator reported that the Administrative Expenses for fiscal year ending 9/30/2023 were \$199,148 and did not exceed budget of 238,700.

CONSENT AGENDA: For Approval: Warrant #250

Benefits USA, Inc. (Flat Monthly Fee for February 2024)	\$2,500.00
Brandywine Global (Q4-2023 Mgmt. Fee-Inv #BW10013 dated 1/17/2024)	\$6,803.60
DRZ (Q4-23 Mgmt. Fee; Invoice #202304054 dated 1/12/2024)	\$7,802.00
Fiduciary Trust (Q4-2023 Custodian Fee-Brandywine; Invoice dated 1/29/2024)	\$790.99
Fiduciary Trust (Q4-2023 Custodian Fee-DRZ; Invoice dated 1/29/2024)	\$865.02
Fiduciary Trust (Q4-2023 Custodian Fee-GHA; Invoice dated 1/29/2024)	\$2,216.86
Fiduciary Trust (Q4-2023 Custodian Fee-Mar Vista Invoice dated 1/29/2024)	\$571.77
Fiduciary Trust (Q4-2023 Custodian Fee-R&D Invoice dated 1/29/2024)	\$3,941.64
Garcia Hamilton Assoc. (Q4-2023 Mgmt. Fee; Invoice #38605 dated 1/3/2024)	\$11,149.74
Mar Vista (Q4-2023 Mgmt. Fee; Invoice #14086 dated 1/8/2024)	\$5,149.86
Total	\$41,791.48

For Ratification: Warrants #248 & 249

Benefits USA, Inc. (Flat Monthly Fee for December 2023)	\$2,500.00
Benefits USA, Inc. (Flat Monthly Fee for January 2024)	\$2,500.00
Fiduciary Trust (Q3-2023 Custodian Fee-Brandywine; Invoice dated 11/22/2023)	\$735.90
Fiduciary Trust (Q3-2023 Custodian Fee-DRZ; Invoice dated 11/22/2023)	\$779.49
Fiduciary Trust (Q3-2023 Custodian Fee-GHA; Invoice dated 11/22/2023)	\$1,974.33
Fiduciary Trust (Q3-2023 Custodian Fee-Mar Vista Invoice dated 11/22/2023)	\$681.73
Fiduciary Trust (Q3-2023 Custodian Fee-R&D Invoice dated 11/22/2023)	\$3,522.56
FPPTA (WTS Registration for William Maxwell; Invoice #11073)	\$850.00
Saltmarsh, Cleavland & Gund (Progress billing for 9/30/23 audit; Inv #727682)	10,450.00
Sugarman, Susskind ETAL (Legal Fees-Invoice #183725 dated 12/13/2023)	\$3,772.00
Total	\$27,766.01

AndCo (Q4-2023 Consulting Fee-Inv #46754 dated 12/29/2023)	\$7,000.00
William Maxwell (Hotel & Per diem for FPPTA WTS)	\$1,090.68
Sugarman, Susskind ETAL (Legal Fees-Invoice #184479 dated 1/17/2024)	\$736.00
Total	\$8,826.68

Pension Payments for Ratification:

Michael Alexander (DROP Exit; Monthly Benefit payments eff 10/1/2023)	\$6,308.50
Michael Alexander (DROP Distribution/Rollover)	\$499,282.48
Jerome Byrd (Refund of Contributions-Cash out)	\$7,714.60
Total Pension Payments	\$513,305.58

Trustee Moy moved to approve the consent agenda as presented and Trustee Littlefield seconded the motion and the motion passed.

Attorney's Report:

Update on Menegat Disability

Attorney Herrera reported that they were still waiting on information from 2 of the providers and as soon as they receive it, they will schedule the IME for Mr. Menegat.

Form 1 Filing

Attorney Herrera reported on the new filing procedures noting the trustees must file directly through the web portal for the state ethics commission instead of with the Supervisor of Elections office. Trustees will need to establish a username and password in order to submit their Form 1 online. Attorney Herrera advised that the form itself had also been changed to only allow for a dollar threshold rather than a percentage based as previously allowed. Mr. Herrera also noted that Form 6 is for publicly elected officials only and did not apply to pension trustees.

Attorney Herrera commented on the FRS bill currently making its way through committees in the legislature that will seek to reinstate the 3% cost of living increase among other changes. He advised that there is no pending legislative bills that would affect the pension plan. He will keep the Board apprised of the current legislative session.

Administrator's Report:

The Administrator had nothing further to report.

Miscellaneous Correspondence:

No action was needed.

Comments from Trustees:

Trustee Littlefield questioned the ordinance issue and asked if there was anything he can do. Attorney Herrera noted that there is nothing else for him to do. The members who are already in the drop are eligible and will have the option of the 8-year drop.

The Chairman asked about the cost of getting a COLA and how to go about getting one. Attorney Herrera noted it would require collective bargaining and then an ordinance amendment with all corresponding actuarial impact statements.

Next Regular Meeting date: May 1, 2024 at 1:00 pm.

Future Meeting Dates: August 7, 2024 and November 6, 2024

Adjournment:

The meeting adjourned at 3:40 pm.

Respectfully submitted by,



Chairman

Contact the City Clerk's Office to listen to an electronic copy of the complete minutes.