

**LEESBURG FIREFIGHTERS PENSION BOARD  
WEDNESDAY, SEPTEMBER 14TH, 2022 1:00 P.M.  
LEESBURG FIRE STATION 63, VETERANS RD  
LEESBURG, FL 34748**

**Members Present**

Walter Roenbeck  
Steve Allen  
Ronny Goeler  
Bill Middlemiss  
Ryan Owens

**Others Present:**

Frank Wan, Investment Consultant  
Richelle Levy, Fund Counsel  
Samuel Oppe, Polen Capital  
The meeting was called to order at 1:00 PM. Chairman Roenbeck requested comments from the public. No comments were brought forth.

**Approval of Minutes**

A motion was made by Trustee Allen to approve the July meeting minutes and seconded (2nd) by Trustee Owens. All in favor, motion carried.

The administrator report for the quarter was follows:

**Q4-21/22 Presented September 2022– Administrator Report**

**1. Member Retirements/Updates (06/01/22 -09/01/22)**

- I. Retirements
  - None
- II. Separations
  - Blitzer, Alexander DOS 08/10/22 – Contribution refund \$8,179.27 delivered
  - Cox, Nathan DOS 08/15/22 – Firefighter Recruit – No contributions collected
  - Woolgar, Zachary DOS 06/18/22 - Contribution refund of \$2,358.45 in process
- III. Updates
  - None
- IV. New Hires
  - None

**2. Accounts Payable**

09/21 – 11/21	12/21 -03/01/22	03/02/22 – 06/01/22	06/02/22-09/01/22	
\$306043.98	\$297,525.45	\$305,838.60	230,556.84	Benefits
\$0.00	\$1542.74	\$67,280.03	64,313.00	Lump
\$0.00	\$767.10	\$0.00	\$0.00	Retiree Share
\$0.00	\$0.00	\$0.00	\$0.00	Reimbursements
\$0.00	\$0.00	\$36,000	\$0.00	Actuary
\$2964.00	\$0.00	\$0.00	\$0.00	Insurance
\$2964.00	\$3736.11	\$3,875.00	\$4,325.00	Legal
\$5328.95	\$5,513.87	\$4,135.86	\$4,421.91	Salem Trust
\$0.00	\$7,585.34	\$7,178.4000	\$0.00	BCA – Goldmansachs - withdraw

\$0.00	\$3736.00	\$3546.16	\$3,384.42	Highland – Tennesseebank
\$4584.25	\$4,719.78	\$4135.86	\$3,192.67	Polen – TruistBank
\$3000.00	\$3000.00	\$3000.00	\$3,700.00	Admin
\$3348.00	\$3,693.00	\$3487.00	\$2,912.00	Fiduciary - JohnsonBank
\$328,233.18	\$331,819.39	\$438,476.91	\$316,805.84	

### 3. Correspondences / Updates (06/02/2022 – 09/01/2022)

- 06/23/2022 – Rebalance, Highland Capital to liquidate \$50,000 from fixed income, with proceeds to R&D account, Fiduciary Management to liquidate \$100,000, with proceeds to R&D account.
- 07/13/2022 – Sponsor authorization authorizing MSLCPAs & Advisors CPA to release copies of documents and answer inquiries pertaining to the September 30, 2021 audit completed by MSLCPAs & Advisors.
- 07/18/2022 – Required documents provided to Lassiter Ware to prepare the Fiduciary Insurance renewal contract
- 08/17/2022 – Auditor request for randomly chosen eighteen (18) member files for review.
- 08/19/2022 – Member files released as requested to Auditor
- 08/22/2022 – Clarification of COLA definition provided to Auditor
- 08/23/2022 – Release authorization letters provided to Isreal Diaz for dissemination to Cohen & Steers, American Reality and Pension Sponsor.
- 08/23/2022 – Refund of contribution application provided to Member Blitzner – returned same day
- 08/24/2022 – 2021 Insurance Premium Tax distribution calculations received - \$182,002.48

### 4. Board Updates

- William Middlemiss was appointed to the City appointed Board seat at the 08/22/2022 City Commission meeting.

A motion was made by Trustee Middlemiss to approve the Administrative report and seconded (2nd) by Trustee Goeler. All in favor, motion carried.

### Presentation by Sam Oppe of Polen Capital

Polen was introduced by Frank Wan as the Fund's Value Growth Manager. They had excellent returns up until about a year ago and are here to explain their strategy and what they expect their outlook to be. Mr. Oppe stated that their strategy is for high quality growth meaning they own 20-30 of the best companies. He said that allows them to focus on the companies they believe will produce the best returns in the long run and they hold for a long period of time. He stated while they have taken a hit due to issues in the world affecting companies he believes that their strategy will allow for a recovery. Their strategy outperforms the benchmark 60% of the time. Mr. Wan commented that his firm follows their trades very closely and that their Trims and Sells have been well-timed. Mr. Oppe went through the portfolio characteristics and discussed some of the company holdings in detail. The Trustees thanked him for his presentation. Mr. Wan stated that he does not have any recommendations for change at this time.

### **Performance Consultants, Burgess Chambers & Associates**

Mr. Wan first discussed bonds with the Board. He said across the board, fixed income has lost substantially. He attributed the fact that the Fed's have raised rates so much that every investment had losses and there was nowhere to place assets to avoid it. When Fed's raise rates too quickly it puts the economy into a potential stall. Consumers are put into a position where they have to choose where to spend money and retailers are now sitting on excess inventory. This is causing a downward pressure on prices and a drop-in commodity. Inflation seems to be shaping in the right direction. A strong dollar is also helping. Currently economists are concerned with the terminal rate. Latest data suggests that the end of rate hikes may come than expected, therefore the S & P was up 12% in July.

He reported that the Fund is currently giving back some of the upside from last year but hopes for the year not to end as bad as 2008. In addition, the Fund's experience is smoothed by the plan actuary, so the impact to the City may not be severe. The Fund's best investments are private real estate & infrastructure. American Realty invests in high quality tenant occupied commercial buildings. Cohen & Steers invests in airports, toll roads and utility companies, which have increased 4% in value during the past year. It should also be noted that Highland has consistently beat their fixed income benchmark. Over the years, they have transitioned from corporate bonds to mortgage-backed securities.

### **Other Business**

The chairman stated that an issue has arisen with an underpayment to a member. He asked Counsel to report on this. Ms. Levy reported to the Board as follows:

- a. We have a member who is a retiree of the plan. His base benefit at the time of retirement was \$4402.90 He was receiving a supplemental benefit in the amount of \$445.25 making his monthly benefit \$4848.15. The member turned 65 in mid-February of 2013 so his supplemental benefit was stopped by Salem as of February 1 in accordance with the Ordinance at that time. It was stopped again (another \$445.25) by Salem as of March 1<sup>st</sup> effectively removing double the amount from the member's benefit amount as should have been. This reduced his benefit to \$3957.65 per month. (medical deduction \$33.51 and life insurance \$18.72). This was not caught until the Fund's new auditor took over in June 2022 and began doing a sampling to perform the independent audit. The member was underpaid in an amount of approximately \$55,000.
- b. How did this happen: in an email from Salem Trust they stated that their changeover in their system occurred at that time in 2013. Benefit changes were being manually inputted and, due to an error, this member's change was inputted twice.
- c. Under the Ordinance, the Board has the "power to construe the Plan and to make equitable adjustments for any mistakes or errors made in the administration of the Plan and all such actions or determinations made by the Retirement Committee in good faith shall not be subject to review by anyone (6.3 – AUTHORITY, DUTIES AND RESPONSIBILITIES OF THE RETIREMENT COMMITTEE, Sec (B)(2)). Ms. Levy reported that the first step for the Board was to make the member whole by paying him his underpayment amount and interest. The actuary has been asked to calculate that amount. When we receive the calculation, we will contact the member and ask for him to consult his tax preparer as well.
- d. According to Salem, they believe he should do a separate w-4p for this lump sum. His current w-4p provides for 2 dependents and an additional \$400 in taxes taken out of his benefit. Salem says that will cause an issue for his lump sum payment because they consider each month's payment in the lump sum and will take out an additional \$400 from

each month's payment, reducing what he gets to \$45 a month. Ms. Levy reported that she is unsure of this is accurate but we should ask him to do a separate w-4p for the lump sum distribution. Salem said we don't need to redo any 1099s because it will be reflected as a lump sum.

- e. Ms. Levy reported that due to the urgent nature of this issue, the Chairman had been consulted and gave direction. The Board discussed this matter at length.

A motion was made to direct the attorney to prepare and send a Request for Proposal for custodian services to not include the current custodian and limit it to 4 custodians. Motion made by Ronny Goeler and seconded by Steve Allen. All in favor, motion carried.

Motion made by Bill Middlemiss to ratify the following direction from the Chairman and seconded by Ryan Owens as follows:

1. For Salem and the administrator to meet to review their records regarding all retirees and determine if their records reflect the same amounts
2. For the actuary to calculate the amount owed to the member plus interest at the rate earned by the Fund.
3. Have the actuary do a sampling of the retirees who may have been affected by the custodian's program changeover in 2013.
4. Have the attorney consult with a tax attorney to determine what corrective action the plan may need to take
5. Have attorney review the custodian E and O policy after we can determine what damages there may be to the Fund.
6. Have the attorney contact the City Attorney to inform the city what has occurred and to request any sampling done by the city auditor prior to 2022.

All in favor, motion carried.

Motion to adjourn made by Ryan Owens, seconded by Steve Allen at 2:37pm.

Next Board Meeting – Wednesday, December 14<sup>th</sup>, 2022

Chairman

Date