

LEESBURG FIREFIGHTERS PENSION BOARD
2nd QUARTER MEETING
March 13th, 2024 9:00 A.M.

Members Present:

Walter Roenbeck, Chairman
Ronny Goeler, Trustee
William Middlemiss, Trustee

Absent: None

Ryan Owens, Trustee
Steve Allen, Trustee

Others Present:

Frank Wan, BCA
Chad Little, Actuary – Via phone
Richelle Levy, Pension Attorney-Via phone
Eric Leventhal, Auditor

The meeting was called to order at 9:00 A.M. Trustee Allen requested comments from the public. No comments were brought forth.

Approval of Minutes

A motion was made by Trustee Ronny Goeler to approve the minutes from the 1st quarter meeting and seconded (2nd) by Trustee Middlemiss. All in favor, motion carried.

Sonja Vicchiollo, Fund Administrator, provided the administrator report for the quarter as follows:

Q1-23/24 Presented March 13th, 2024– Administrator Report

1.Member Retirements/Updates (12/01/23 -02/29/2024)

1. Member Retirements/Updates (09/01/23 -11/30/2023)

- A. Retirements – None
- B. Separations –
 - I. Beyers, Cody 01/09/2024 - Refund \$8,922.08 issued.
 - II. Mclain, Tymber - 01/02/2024 - Refund due - pending member
 - III. Mussario, Mark - 02/10/2024 - Refund due - pending member
- C. New Hire – None
- D. Updates - None

2. Administrative Expenses (12/01/23-02/29/24)

	03/02/23 06/01/23	06/01/23 08/31/23	09/01/23 11/30/23	12/01/23 02/29/24
Benefits	\$ 336,003.03	\$ 336,003.03	\$ 335,922.03	\$ 335,922.03
Lump	\$ -	\$ -	\$ -	
Retiree Share	\$ -	\$ -	\$ -	
Reimbursements	\$ -	\$ 2,450.00	\$ 1,756.18	\$ 8,922.08
	\$ 336,003.03	\$ 338,453.03	\$ 337,678.21	\$ 344,844.11
FPPTA	\$ -	\$ -	\$ -	\$ 750.00
Actuary	\$ -	\$ 39,550.00	\$ -	\$ -
Insurance	\$ -	\$ 3,592.44	\$ -	\$ -
Legal	\$ 3,175.00	\$ 1,925.00	\$ 950.00	\$ 2,050.00
Fiduciary Mng	\$ 4,654.45	\$ 1,312.16	\$ 3,296.00	\$ 1,382.66
Auditor	\$ 900.00	\$ -	\$ 2,000.00	\$ 4,500.00
BCA	\$ 6,294.71	\$ 6,534.70	\$ 13,380.47	\$ 7,148.02
Highland	\$ 3,383.00	\$ 3,375.35	\$ 3,336.04	\$ 4,189.75
Polen	\$ 3,417.39	\$ 4,042.82	\$ 3,835.68	\$ 4,332.80
Admin	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00
Fiduciary Trst	\$ 3,201.00	\$ 3,377.00	\$ 2,464.94	3715
	\$ 29,075.55	\$ 67,759.47	\$ 33,313.13	\$ 32,118.23
Total	\$ 365,078.58	\$ 406,212.50	\$ 370,991.34	\$ 376,962.34

3. Correspondences / Updates (12/01/23 – 02/29/24)

- A. 12/14/2023 – E-mail correspondence received re: estate of Linda Harper legal representation request to pursue benefits. Request denied due to no order on file or provided. 09/15/2023 - Implementation of House Bill 3 notification from DMS
- B. 01/10/2024- Notification received from Clerk re: Trustee Middlemiss term expiration. Response made same day advising application had been submitted on 12/14 for reappointment.
- C. 01/10/2024– Request from clerk to provide list of trustees. Request fulfilled same day.
- D. 01/23/2024 - Request for verification of benefits made by member Brein Bowers. Request fulfilled same day.
- E. 01/23/2024 - Request for credited service application provided to member Sean Parker
- F. Relance –. Processed, pending member payment of calculation for delivery
 - 1. Fiduciary Trust is directed to transfer \$450,000 in the R&D to Highland fixed income

4. Other

Steve Allen - Trustee appointed by the members - Two year term / Term ends 12/31/25
 Bill Middlemiss- Trustee appointed by the City - Two year term / Term ends 12/31/25

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

Actuary – Chad Little, Actuary, provided the 2023 Actuary report as follows:

An increase of required City contribution was experienced due to the following items:

- Pay increases were more than expected with the actual average pay increases amongst continuing actives at 6.64% in comparison to the 4.93% salary increase assumption. In addition, total payroll decreased 0.92% each year on average over the last 10 years.
- The investment return on the Market Value of Assets was 9.95% and the return on the Actuarial Value of Assets was 4.25%, each in comparison to the 7.0% rate of return net of investment expenses assumed for the fiscal year ending September 30, 2023.

The investment return on the Market Value of Assets was 9.95% and the return on the Actuarial Value of Assets was 4.25%, each in comparison to the 7.0% rate of return net of investment expenses assumed for the fiscal year ending September 30, 2023. Because the return on the Actuarial Value of Assets was less than the net assumed investment return, there was an actuarial investment loss for the year ending September 30, 2023.

Mr. Little reported the low-default risk obligation measure required by legislation that shows the difference between the actuarial accrued liability and the LDROM which provides an estimate of the Plan's cost under the scenario where the Board opts for a portfolio exclusively comprised of low-default-risk fixed income investments. (Funding Accrued Liability \$31,184,023 / Funding LDROM \$37,818,553)

The market value of assets as of 09/30/23 was \$24,118,811. Mr. Little reminded the Board that they were still absorbing losses from 2022.

Mr. Little advised that the city finding requirement increased from 38.59% or \$990,735 to 42.67% or \$185,997 due to investment experience still being absorbed and demographic changes.

A motion was made to declare a rate of return of 7% by Trustee Ronny Goler and 2nd by Trustee Middlemess. All in favor, motion carried.

A motion was made to approve the 2023 actuarial report by Trustee Ronny Goler and 2nd by Trustee Middlemess. All in favor, motion carried.

Auditor - Eric Leventhal presented the 2023 Plan audit.

The Plan's net results from operations for fiscal year 2023 reflected the following financial activities:

Total net position restricted for pensions was \$24,118, 811, which was 9% greater than the 2022 total net position restricted for pensions, with the increase due primarily to favorable market conditions.

Total contributions were \$1,316,527, which was 5% greater than the 2022 contributions, with the increase due primarily to a greater amount of Chapter 175 contributions received. The amount of employer contributions varies from year to year and is actuarially determined. Participant contributions were 6.5% of their compensation.

Total interest and dividend income was \$525,278, which was 32% lower than interest and dividend income during 2022.

Net investment income was \$2,188,015, which was 152% greater than the net investment loss during 2022, with the increase due primarily to favorable market conditions.

Pension benefits were \$1,344,012, which was 2% greater than the pension benefits during 2022, with the increase primarily due to 2022 retirees receiving a full year of benefit distributions during 2023.

Mr. Leventhal reported on the Statement of Fiduciary net Position which was \$24,118,811M. An increase of ~2M for the fiscal year.

A motion was made to accept the audit report by Trustee Ronny Goler and 2nd by Trustee Middlemess. All in favor, motion carried.

A motion was made to sign a letter of representation by Trustee Ronny Goler and 2nd by Trustee Middlemess. All in favor, motion carried.

Performance Consultants (Burgess Chambers & Associates) Q1 Report

Mr. Wan briefly provided a comparison of the Sponsors 175 vs 185 plans and explained the fulgurations in each.

- For the quarter, the Plan earned \$1.4 million or +5.3% (+5.2% net) and ranked in the top 24th percentile. Top performers were: Fidelity 500 Index Fund (+10.6%), Fidelity Mid Cap (+8.6%) and Fiduciary Large Cap Value (+8.5%).
- For the one-year period, the Plan earned \$3.5 million or +15.0% (+14.5% net), ahead of the strategic model (+14.5%) and ranked in the top 26th percentile. The top performers were: Polen Large Cap Growth (+32.4%), Fidelity 500 Index Fund (+29.9%) and Fiduciary Large Cap Value (+25.9%).
- For the three-year period, the Plan earned \$2.9 million or +4.0% (+3.6% net). The top performer was the Fidelity 500 index.
- For the five-year period, the Plan earned \$9.2 million or +8.6% (+8.1% net) and ranked in the top 29th percentile.
- A Redemption request was submitted to American Realty Advisors to begin to redeem \$1 million on December 31, 2022. \$198.7K was received in 2023. In the first quarter of 2024, \$38K was received. The redemption process will continue in 2024, providing liquidity for expenses. In September 2023, the dividend reinvestment option was turned off so that all

dividends would be received in cash to provide additional liquidity.

- The Plan was rebalanced to invest some excess cash in line with the investment policy target allocations. In March, \$450K was transferred to Highland Capital from the R&D account and invested in the Highland fixed income account.

Continued discussion was held on comparison of the Sponsors Fire/Police Plans. It was noted that the Plans investments and returns were similar, however the Police plan had more employees contributing and all premium tax monies, which were significantly higher than the Fire plans premium tax monies, was going to the sponsor. These two factors appear to be contributing to a perceived higher cost to keep the Fire Plan funded over the cost of keeping the Police plan funded.

A motion was made to accept the investment report by Trustee Ronny Goler and 2nd by Trustee Middlemess. All in favor, motion carried.

Legal (Richelle Levy, Pension Attorney) Q1 Report

Ms. Levy reminded the Board to complete their required Form 1 and provided information on the new process to submit directly through the State.

Ms. Levy provided information on how the Plan documents addressed COLA advising that the ordinance states a Board can implement a COLA as long as there is no impact to the Plan, which is not possible. Ms. Levy advised that an amendment to the ordinance would have to be made if a COLA was to be implemented.

Other/Pending/or New Business

Chairman Roenbeck requested attorney Levy to provide information regarding employees who retire with benefit and want to get rehired with the city. Ms. Levy advised that there are specific tax challenges associated to these situations. In addition, the employee cannot have any pre arrangement or perceived pre arrangement of rehire prior to retirement. Ms. Levy advised an ordinance would need to be drafted to allow for an in service distribution to present to a tax attorney.

A motion to adjourn the meeting was made by Trustee Middlemiss and seconded (2nd) by Trustee Goeler. All in favor, Motion carried.

Next Board Meeting – Wednesday, June 12th, 2024

Meeting adjourned at 10:15 AM

Chairman

Date

Prepared by SV