MINUTES OF MEETING HELD August 12, 2024

The meeting was called to order at 10:01 A.M. in the Council Chambers at the Town Hall, Jupiter, Florida. Those persons present were:

TRUSTEES PRESENT OTHERS PRESENT

Jason Alexandre Margie Adcock, Pension Resource Center

Mark Ahern Madison Levine, Sugarman & Susskind P.A.(10:10 A.M.)

Nick Scopelitis Chad Little, Freiman Little Actuaries

Michael Salvemini Burgess Chambers, Burgess Chambers & Associates

Scott Reynolds, Town Finance Director

Rob Rossi, CS McKee

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held May 13, 2024.

• Michael Salvemini made a motion to approve the May 13, 2024 minutes. The motion received a second by Mark Ahern and was approved by the Trustees 4-0.

INVESTMENT MANAGER REPORT - CS McKEE (ROB ROSSI)

Rob Rossi appeared before the Board. He discussed the market environment for the quarter ending June 30, 2024. Economic growth came in surprisingly strong for the second quarter. Jobs increased more than expected. Unemployment rose to the highest level since 2021. Inflation fell. The market is pricing in 100% that the Fed is going to cut rate by 25 basis points in September. The total market value of the portfolio as of June 30, 2024 was \$29,663,173. The portfolio was up .22% for the quarter while the benchmark was up .07%. Mr. Rossi stated that they have outperformed the benchmark for the 1, 3, 5 and 10 year trailing time periods. He noted that they were overweight in mortgage-backed securities and agencies.

Madison Levine entered the meeting.

Mr. Rossi stated that it is anticipated that the Fed will cut rates three more times this year with a 50 to 75 basis point cut each time. He thinks that is seriously overblown. He expects a 25 basis point cut in September with two more measured cuts by the end of the year and two more next year. He stated that they have moved into a positive position since June 30th. They are starting to see some opportunities in institutional CDs. If they can earn 2.6% for the second half of the year and interest rates stay the same, the portfolio will return in the range of 5% to 5.5%

<u>INVESTMENT CONSULTANT REPORT - BURGESS CHAMBERS & ASSOCIATES</u> (BURGESS CHAMBERS)

Burgess Chambers appeared before the Board. He apologized for not bringing hard copies of his report for the quarter ending June 30, 2024. He reported on the status of the Pennant Park investment. He stated that the Board will be making a \$3 million commitment. All of the documents have to be signed by the end of the month. He stated that there are only a couple more documents that the Fund needs to complete.

The Board was provided with the final executed Investment Policy Statement that was adopted by the Board at the May 2024 meeting. He stated that a change needs to be done with respect to the benchmark of the Wilshire REIT because their contract with Wilshire is ending and they are changing to the MSCI US REIT Index.

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 Mark Ahern made a motion to adopt a change to the Investment Policy Statement by replacing the Wilshire REIT Index with the MSCI US REIT Inex and authorize the Chair to execute the revised Investment Policy Statement.

Mr. Chambers reported on the Fund's performance for the quarter ending June 30 2024. He reviewed the market perspective on presidential elections and capital markets. He stated that the Fund earned \$623,000 or .6% net of fees for the quarter. He stated that the performance is in line with the benchmark at .5%. He stated that this was accomplished despite Polen's underperformance. He noted that he does not think the Fed will decrease rates more than 100 basis points over the next 12 months. The top three assets were Fidelity LCG; Eagle; and Cohen & Steers. For the fiscal year to date the Fund earned \$14.1 million or 15% net of fees while the benchmark was up 14.3%. The Fund ranked in the top 39% of their peers.

Mr. Chambers stated that the total market value of the Fund as of June 30, 2024 was \$106,423,335. The Fund was up .6% net of fees for the quarter while the benchmark was up .5%. Total equities were up .8%; domestic equities were up 1.3%; international equity was down .1%; REITS were down .3%; and fixed income was down .5%. It was noted that a full redemption from American Realty was requested in November 2023. The Fund has received partial payments totaling \$1.2 million through July 2024.

• Nick Scopelitis made a motion to accept the Investment Monitor's Report. The motion received a second by Michael Salvemini and was approved by the Trustees 4-0.

OTHER REPORTS

It was noted PomTrack and Robbins Geller monitoring reports were in the Trustee packets for informational purposes and there were no recommendations for action.

ACTUARY REPORT

Chad Little appeared before the Board. The Board was provided with correspondence from the State advising that all Valuations have been approved through October 1, 2023. Mr. Little noted that the State provided a comment about the assumed rate of return. The current assumed rate of return is 7%. Based on the State's review, the State thinks it should be in the range of 6% to 6.5%. He stated that he was not in a rush to push the Board to lower the assumed rate of return right now. A lot of the long term expectations have bounced back up. He just wanted to note that the State made a comment regarding the assumed rate of return on the Valuation acceptance letter.

Mr. Little discussed the actuarial studies that were requested by the Town and the PBA. Mr. Little presented a summary of the proposed changes with six scenarios and their actuarial impact. He reviewed the present value of the benefits for the scenarios. There was a lengthy discussion.

 Nick Scopelitis made a motion to accept the Actuary's Report. The motion received a second by Mark Ahern and was approved by the Trustees 4-0.

ATTORNEY REPORT

Madison Levine appeared before the Board. She discussed the status of the SECURE 2.0 Act Ordinance Amendment. It was noted that the proposed Ordinance was approved at the last meeting and the Actuary has since prepared a no impact statement. She stated that the proposed Ordinance was now ready to be sent to the Town to be passed.

It was noted that a Disability Application was filed by Luis Cedeno. Ms. Levine stated that Mr. Cedeno is scheduled for an IME later this month. She noted that sometimes it can take about a month to receive the IME from the doctors as the reports need to be very detailed.

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APPROVAL OF DISBURSEMENT

The Disbursement list was presented for consideration.

• Michael Salvemini made a motion to approve the disbursements as presented. The motion received a second from Nick Scopelitis and was approved by the Trustees 4-0.

It was noted the financial statement through June 30, 2024 was included in the Trustee packet for review. The Trustees accepted the financial statement.

ADMINISTRATIVE REPORT

BENEFIT APPROVALS: Benefit Approvals were presented for consideration.

 Nick Scopelitis made a motion to approve the Benefit Approvals as presented. The motion received a second from Michael Salvemini and was approved by the Trustees 4-0.

2023 ANNUAL REPORT: It was noted that the 2023 Annual Report was approved.

<u>RENEWAL OF FIDUCIARY LIABILITY INSURANCE:</u> Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on September 30, 2024.

 Michale Salvemini made a motion to renew the Fiduciary Liability Insurance with the cost not to exceed \$10,000. The motion received a second by Mark Ahern and was approved by the Trustees 4-0.

ENGAGEMENT LETTER ROM KSDT FOR AUDIT FOR FYE September 30, 2024: The Board was presented with the engagement letter for the audit for the fiscal year ending September 30, 2024. Ms. Levine stated that she reviewed the engagement letter and it was acceptable. It was noted that the Engagement Letter is for the Audit and does not include the engagement for the Annual Report. It was noted that KSDT advised that they would be preparing a separate Engagement Letter for the Annual Report for the Boar to consider at the November meeting.

• Nick Scopelitis made a motion to approve the engagement letter for the audit for the fiscal year ending September 30, 2024. The motion received a second by Mark Ahern and was approved by the Trustees 4-0.

<u>COMPLIANCE BUDGET 2023-2024</u>: Ms. Adcock presented a draft administrative expense budget for fiscal year 2025 that is required by Section 185.08(a)2, Florida Statutes. The Board reviewed the draft budget.

 Mark Ahern made a motion to adopt the administrative expense budget as amended and provide the budget to the Town in compliance with Section 185.08(a)2, Florida Statutes.
The motion received a second from Michael Salvemini and was approved by the Trustees 4-0.

<u>AUGUST 2024 SUBMISSION OF BOARD'S GOAL AND OBJECTIVES</u>: It was noted that the Town Council previously requested to be provided with the Board's goal and objectives twice a year. Ms. Adcock provided the Board with the memorandum that was sent to the Town based on discussion at a prior meeting.

<u>RATIFICATION OF ELECTION FOR MICHAEL SALVEMINI</u>: It was noted that an election was conducted for the employee seat that was held by Michael Salvemini and that Mr. Salvemini was re-elected to the Board for another term.

 Nick Scopelitis made a motion to ratify the election of Michael Salvemini. The motion received a second from Mark Ahern and was approved unanimously by the Trustees.

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OTHER BUSINESS

It was noted that Scott Reynolds inquired as to the number of meetings that Frank LaPlaca has missed. It was noted that out of 14 meetings since Mr. LaPlaca's appointment he has missed 5 meetings. He did not miss any meetings last calendar year. He has missed the last 3 meetings. He advised he was unavailable for the February 2024 meeting and advised he was in the hospital recovering from back surgery for the May 2024 meeting and still not walking yet for this meeting. Ms. Levine advised that the Ordinance does not have a limit on how many meetings a Trustee can miss but noted that it is important to have a full Board present. She recommended that absences should be noted as excused or unexcused. It was noted that Mr. LaPlaca is a Town appointed Trustee. Mr. Reynolds stated that he would reach out to Mr. LaPlaca to determine his intention.

 Mark Ahern made a motion to excuse the absences of Frank LaPlaca for the May 2024 and August 2024 meetings. The motion received a second from Michael Salvemini and was approved by the Trustees 4-0.

Mr. Alexandre raised the issue regarding the Board doing RFPs for the current service providers to make sure that their prices and services are still competitive. It was noted that the last RFP that was done was for the Administrator and the Board appears it will do one for the Audit next year. He thought it might be time to do one for the Actuary and Attorney as well. There was a lengthy discussion. The Board felt that this would take up too much Board time if it was not needed. Mr. Chambers stated that most other boards rarely do a RFP unless there is a performance problem, an increase in the fee, or a change in ownership. The Board decided it was not necessary to move forward with any other RPFs at this time.

PUBLIC COMMENTS

| There were no public comments. | |
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| With there being no further business, the meeting adjourned. | |
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| | Respectfully submitted, |
| | Michael Salvemini, Secretary |