

City of Lake Mary Firefighters' Retirement System

Meeting of May 6, 2022

I. CALL TO ORDER

Gabe Vella called the meeting to order at 7:36 AM. Those persons present included:

TRUSTEES

Gabe Vella, Chair
Adam Neri, Secretary
Martin Bel
Jeff Koltun
Elizabeth Stack

OTHERS

Scott Baur & Kyle Tintle, Administrator (Resource Centers)
Frank Wan, Investment Consultant (Burgess Chambers Assoc.)
Brent Mason, Finance Director
Pedro Herrera, Attorney (Sugarman & Susskind - Electronically)
Ryan Nail (Eagle Asset Management - Carillon Tower Advisers)
Lake Mary Fire Chief Michael Johansmeyer
Jeff Amrose, Actuary (GRS)

II. EXTENUATING CIRCUMSTANCES

No Trustees joined electronically.

III. APPROVAL OF MINUTES

The Board reviewed the Minutes for the meeting of February 4, 2022.

Jeff Koltun made a motion to approve the February 4, 2022 minutes. The motion received a second from Gabe Vella, approved by the Trustees 5-0.

IV. REPORTS

Investment Consultant (Frank Wan, Burgess Chambers and Associates)

Mr. Wan discussed the current market environment. He reviewed the historic market downturns and reiterated that timing the market is very difficult. The country is experiencing the highest inflation rates in 40 years. The international markets may get a little tailwind as COVID cases reduce except for China which continues with COVID lockdowns. Demand is increasing with a massive rise in consumer consumption. The passively manages funds have outperformed actively managed funds. Mr. Wan noted the market is very fickle. The total fund ended the March 31, 2022 quarter at \$24,632,402. Next meeting he will bring in managers from Highland Capital Management and Integrity to present. Mr. Herrera was asked if there is a voting conflict for Elizabeth Stack as she is married to Steve Stack, an investment consultant for Highland. He said there was not a voting conflict unless she feels conflicted, she did not.

Gabe Vella made a motion to for investment consultant Frank Wan to invite managers from Highland Capital Management and Integrity to present at the next quarterly meeting. The motion received a second from Adam Neri, approved by the Trustees 5-0.

Investment Manager (Eagle Asset Management)

The Eagle fixed income strategy continues to lag the benchmark and trust their picks. Accordingly, Mr. Wan recommended the Board search for a replacement. He reviewed the past numbers for Eagle Fixed Income performance. Historic returns fall in line with the benchmark returns after fees. He recommended the Board interview managers from Highland Capital Partners and Integrity Fixed Income Management as possible replacements. Elizabeth Stack disclosed her husband works for Highland

Capital. Mr. Herrera does not see a conflict right now, but she can abstain if that makes her feel more comfortable.

Adam Neri made a motion to invite managers from Highland Capital Partners and Integrity Fixed Income Management to present their fixed income products to the Board to review. The motion received a second from Gabe Vella, approved by the Trustees 5-0.

Martin Bel continued to discuss fixed income results. The global infrastructure and real estate allocations provide further diversification to the fixed income. Mr. Wan noted that the Retirement System became a qualified investor at \$25 Million, creating opportunities for further diversification, in such areas as private lending. With large amounts of cash on the sidelines, he believes the market will recover. Small and mid-sized issues have become relatively inexpensive. Mr. Wan commented that locally we do not feel like a recession, this recession is really caused by a need to slow down. The beginning value of the portfolio was \$26,011,721, the loss during the quarter was -\$1,379,320, resulting in a market value of \$24,632,402 (-5.3%) versus the strategic model at (-4.3%).

Attorney Report (Pedro Herrera, Sugarman & Susskind)

Mr. Herrera reminded the Trustees their F1 forms are due to the Supervisor of Elections, in the town which they reside, by July 1, 2022. He discussed upcoming educational opportunities, the 38th Annual FPPTA Conference at Hilton Bonnet Creek. The spring session of the department of Management Services (DMS) was cancelled. Mr. Herrera gave an update on the latest legislative session which included discussion of the required minimum distribution and the COVID presumption. The items that died in committee will probably be reintroduced next session due to circumstances as the legislature focused on hot button issues. He presented a resource for members going through a divorce, a Divorce Kit which contains educational memos, information. The document is there to "assist in resolving pension issues in dissolution proceedings involving retirement system members and their spouses". The divorce kit covers such topics as income deduction orders, child support and alimony. Mr. Herrera expressed his desire to attend the board meetings in person and said he will there in person next meeting.

Actuary (Jeff Amrose, GRS)

Mr. Amrose came before the board to address the benchmark study for the plan provisions. He discussed the benefit comparisons using the normal costs. Lake Mary has a 23 normal cost, but assumptions also influence the normal costs. He outlined the 3 options for the Board beginning with the normal costs of each option. This information would not differentiate each based on assumptions. The final option would include further details regarding assumptions. Gabe Vella asked how the options compare to other fire department's benefits; he thinks option 2 as the way to go. Mr. Amrose will include FRS metrics when he produces the report.

Gabe Vella made a motion to select option 2 and request a pension benefit comparison study. The motion received a second from Adam Neri, approved by the Trustees 5-0.

Mr. Amrose expects to review the study results at the August meeting. He continued with the actuarial confirmation of the use of state money.

Administrator (Scott Baur, Resource Centers)

Mr. Baur discussed the signature authorization form which needs to be updated and signed by the Trustees. He reviewed the death search and verification process letter which covers the 2021 manual

verification process and a less expensive alternative. Accessing death records have become a challenge due to the increase in privacy laws. With approximately 63 retirees the use of the new death search service will be around \$2.12 per person. Mr. Baur presented a memo detailing a real life example of the consequence of COVID, employees working remotely and needing less office space. As the lease came up for a rollover, the management decided they did not need as much space, and would request an office configuration. The result is a reduction of about 1/3 of the physical office space in the Palm Beach Gardens office. Mr. Baur proposed a fee increase as the Resource Centers fees has not changed since 2009.

Martin Bel departed the meeting at 8:58 AM.

The Board discussed the fee in the light of the membership of the plan increasing by 31%. It is a nominal fee increase.

Gabe Vella made a motion to approve the fee increase for the Resource Centers. The motion received a second from Jeff Koltun, approved by the Trustees 4-0.

Mr. Baur referenced the actuarial confirmation of the use of state money memo in the meeting packets. He asked who was interested in attending the FPPTA, described the procedures for reserving a hotel room, Trustees conference registration for the conference and paying for the conference, hotel, and per diem in advance.

V. PLAN FINANCIALS

The Trustees received, reviewed, and filed the interim financial statements through March 31, 2022.

The Board then reviewed the Warrant dated May 6, 2022 for payment of invoices.

Gabe Vella made a motion to approve the warrant dated May 6, 2022. The motion received a second from Adam Neri, approved by the Trustees 4-0.

Mr. Baur gave a brief overview of the Fiscal Year 2021 Administrative Expenses and Fiscal Year 2023 Budget. The Trustees reviewed the document.

Gabe Vella made a motion to approve the FY2021 Administrative Expenses – FY2023 Budget. The motion received a second from Adam Neri, approved by the Trustees 4-0.

Mr. Baur presented the benefit approval for May 6, 2022 for Ryan Anderson. After reviewing the benefit approval a motion was made.

Gabe Vella made a motion to approve the benefit approval for Ryan Anderson. The motion received a second from Adam Neri, approved by the Trustees 4-0.

VI. OTHER BUSINESS

Mr. Amrose could do a study comparing benefits and normal cost with assumptions highlighting the main benefit provisions. Summarizing and comparing benefits also get complicated. After a discussion a motion was made. A request was made to include turnover with the normal cost of benefits.

VII. PUBLIC COMMENTS

No members of the public had any comment for the Board.

VIII. ADJOURNMENT

The next regular meeting is scheduled for August 5, 2022. Gabe Vella made a motion to adjourn the meeting, Adam Neri seconded the motion, and the Board unanimously approved to adjourn the meeting at 9:25 AM.

Respectfully submitted,

Adam Neri, Secretary