City of Lake Mary Firefighters' Retirement System
City of Lake Mary Police Officers' Retirement System

Joint Meeting of November 3, 2023

I. CALL TO ORDER

The Meeting to order at 9:10 AM. Those persons present included:

TRUSTEES	OTHERS
Gabe Vella, Chair	Scott Baur & Kyle Tintle, Administrators (Resource Centers)
Jeff Koltun	Brent Mason, Finance Director
Martin Bel	Frank Wan, Investment Consultant (Burgess Chambers)
Adam Neri	Pedro Herrera, Attorney (Sugarman, Susskind, Herrera) remote
Elizabeth Stack	

TRUSTEES

Joseph Alberts, Chair
Louis DiPaolo, Secretary (9:22 AM)
Matt Schaefer
Richard Fess
George Duryea

Bloomfield Capital

Mr. Wan introduced the Bloomfield Capital team Jason Jarjosa and Mike Lucci, a manager that provides bridge lending. Mr. Jarjosa explained Bloomfield makes loans mostly backed by commercial real estate. The loans are made around the United States for geographical diversification. The portfolio has very little office exposure. The manager also tries to keep durations short. Mr. Jarjosa explained the order of debt repayment. Bloomfield invests in super service debt, first in priority for repayment. Bloomfield tries to make certain all their dollars are covered with some extra margin. The company has 5 different fund offerings, including an evergreen fund. The funds have returned 6 to 10% historically net of fees. Bloomfield has over $1billion in lending with an average loan size of $6.7 million. Mr. Jarjosa explained how Bloomfield finds and filters lending opportunities. The manager sees 3,000 deals annually and closes 10 to 30 loans annually. As liquidity dries up the manager sees more opportunities. Mr. Jarjosa provided examples of recent loans issued. The Trustees asked questions.
Mr. Jarjosa provided examples where bonds were defaulted on and the manager went through foreclosure, which was about 2 or 3% of the loans issued. Bloomfield has a 24-month lockup and then a wind-down. Investors can take back capital or automatically reinvest in the next series. Mr. Wan advised the money would ultimately come from the real estate allocation.

Mr. Herrera departed the meeting (9:40 AM). Martin Bel now electronically.

Hillpointe, LLC

Mr. Wan introduced Hillpointe, a local firm, represented by Jeff Goll. The company provides primarily workforce housing, 90% of new housing targets Class A and luxury, not affordable housing. Construction costs limit supply. The manager specializes in delivering high quality. The firm does not follow a traditional development model. housing at a reasonable price. The manager operates as a developer and general contractor and does not use any subcontractors to help manage the costs. Hillpointe sources supplies directly from the manufacturer or factory whenever possible. Accordingly, the manager keeps costs to 10 to 50 cents on the dollar. Finally, the manager has standard prototype units. A unit will cost on the front $160,000 to $180,000 per unit per unit compared to $230,000 to $250,000 per unit.

The firm has 250 employees including union project managers and has thousands of workers that travel from site to site. The company pays well and works to maintain good relations with labor. Apartment housing construction has increased dramatically but all targets top 10% with Class A luxury units. The manager underwrites a 7-year hold. Hillpointe takes the front-end risk and supply and construction costs. Investors get 65% return on capital typically in years 2 or 3 then income and final sale to a 20% internal rate of return. Funds have a 7-year loc-up. Tenant retention is very high due to affordability, close to 2 years. Rents run $300 - $400 below market. The manager works in the Southeast. The average rent is about $1,500 to $1,600 a month and 95% occupancy. Occupancy too high means rent money left on the table. The rent growth has moderated. The international supply chain was durable but domestic was problematic. Supply chain issues have now abated.

JP Morgan Private Markets

Mr. Wan introduced Patrick Miller and Mina Mafi from JP Morgan Private Markets, which created a product with greater liquidity and a smaller investment. Ms. Mafi presented an overview of JP Morgan Private Markets Funds (JPMF). The fund targets to outperform public markets by 500 bps. The standard derivation on managers is very significant so manager selection becomes very important. She reviewed the team, which started at AT&T managing private equity. The team moved to JP Morgan in 1997, with experience over many market cycles. The vehicle operates as a fund of funds. Mr. Miller reviewed the fund structure which purchases private equity holdings as a secondary market investor, as investments, and as a small number of primary investments. The North American market is 70 – 80% of investments with the remainder in Europe. The product is generating high returns and reports monthly. Ms. Mafi walked through a typical sample investment. The manager does not invest in “blind pools” for transparency and due diligence. The fund targets a 12 – 15% time weighted on 20% internal rate of return. The fund does not have a capital call with 5% quarterly liquidity at 1% management and 10% incentive. Ms. Mafi reviewed the experience, access performance, simplicity, and liquidity of the offering. The Board considered the move by CEO Jamie Dimon to sell a major portion of his holding. Mr. Wan asked about the use of leverage, used only for onboarding (short term liquidity), leverage is external. The Board can have a dividend reinvestment option. The fund also has a quarterly tender option.

Mr. Wan asked the Boards to review and pick up on discussion on alternatives later. Ultimately, he would redeploy assets currently invested with American Reality.

II. PUBLIC COMMENTS

No members of the public had any comment.

III. ADJOURNMENT

There being no other business the joint meeting was adjourned.

Respectfully submitted,

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Louis DiPaolo, Secretary

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Adam Neri, Secretary