

# *City of Lake Mary Firefighters' Retirement System*

## **Quarterly Meeting of May 3, 2024**

### **I. CALL TO ORDER**

Gabe Vella called the meeting to order at 7:33 AM. Those persons present included:

#### TRUSTEES

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

#### OTHERS

Scott Baur & Kyle Tintle, Administrator (Resource Centers)  
Frank Wan, Investment Consultant (Burgess Chambers Assoc.)  
Brent Mason, Finance Director (City of Lake Mary)  
Pedro Herrera, Attorney (Sugarman & Susskind)  
Richelle Cook, (American Realty Advisors)  
Steve Stack, Highland Capital

### **II. BOARD UPDATES**

Election of Chair and Secretary

Gabe Vella motion to have the current officers remain the same, (Gabe Vella – Chair and Adam Neri – Secretary). The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.

### **III. APPROVAL OF MINUTES**

The Board reviewed the Minutes for the meeting of February 2, 2024 Quarterly Meetings.

Gabe Vella made a motion to approve the February 2, 2024 Quarterly Meeting minutes. The motion received a second from Adam Neri, approved by the Trustees 5-0.

### **IV. REPORTS**

#### Investment Reports

##### Steve Stack (Highland Capital)

Mr. Stack reported big interest rate moves in the recent quarter. With persistent inflation and strong employment, the Fed does not have much reason to cut interest rates. The portfolio currently weighs 40% of assets to mortgage pools, which remain stable with little refinance and few defaults.

##### Rochelle Cook (American Realty Advisors)

Ms. Cook reported that American Realty has managed property now for over 35 years with 6 offices, 90 employees, and \$11.7 billion in assets under management. The firm is 100% employee owned. Lake Mary Fire invests in the core property fund with a 7-9% (gross) return target over time. The Board has \$1,355,132 in the portfolio with a \$521,486 redemption request. This portfolio holds only 9 office properties. Commercial real estate has \$32 trillion in debt coming due to interest rates remaining high. With few transactions in the market recently, appraisals are driving valuations. The strategy has \$7.34 billion in assets with 92.2% leased, and 25.8% leveraged. Ms. Cook reviewed the terms of the debt and expirations. She reviewed recent sales in the portfolio as well as development projects. Ms. Cook provided a histogram of historical returns and the current redemption queue. Investors are starting to rescind redemption requests. The Board does receive contributions in cash. Industrial demands remain strong, but values are moderating. Mr. Wan recommended the Board stay in the game for now. The Board also considered opportunities in various property types. Ms. Cook believes the manager will begin to pay out the remaining queue in about 3 quarters away.

**Investment Consultant (Frank Wan, Burgess Chambers and Associates)**

Mr. Wan reported that the assets gained 5.2% for the March 31, 2024 quarter compared to 4.3% for the bench. The Retirement System finished the quarter with \$25,108,295 in total assets. Mr. Wan recommended the Board put Fiduciary Management on watch. The manager has failed to keep pace with the S&P 500 market index over a full market cycle. He recommended the Board reallocate another 50% of its assets to the benchmark S&P 500 Index holding. The portfolio outweighed domestic equities by 9%. Mr. Wan would further simplify and de-risk the portfolio by gradually increasing the fixed income allocation.

**Gabe Vella made a motion to reallocate 50% of Fiduciary Management holdings to iShares Core S&P 500. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.**

The Board discussed the Bloomfield private lending portfolio along with the holdings for losses for Rite-Aid properties now in bankruptcy. The properties serve as collateral. The properties should not have a significant impact on the overall portfolio. The Trustees deferred action and will continue to monitor the situation. Accordingly, the Board does not need to make immediate updates to the investment policy.

**Attorney Report (Pedro Herrera, Sugarman, Susskind, Braswell & Herrera)**

Mr. Herrera informed the Trustees they must file the annual financial disclosure online by July 1<sup>st</sup>. He recommended public safety personnel use the Fire Department address on filings. The Board will review the operating rules and procedures. Mr. Herrera noted the FPPTA will drop the fee for spouse's for the celebration dinner. He updated the Board on the recently closed legislation session. The FRS cost of living increase reinstatement did not pass. A brief discussion of the DROP extension.

**Administrator (Scott Baur, Resource Centers)**

Mr. Baur presented the FY23 Actual Expense & FY25 Administrative Budget for review by the Board. He explained that the budget was not to be followed but a projection of possible expenses. The budget will have to be refiled if the budget amounts are exceeded. He updated the Board on the progress of the annual report submission, which proceeds with the typical back and forth requests.

**V. PLAN FINANCIALS**

Mr. Baur presented the plan financials for the Trustees to review. The Trustees received, reviewed, and filed the interim financial statements through March 31, 2024. The Board then reviewed the Warrant dated May 3, 2024 for payment of invoices.

**Gabe Vella made a motion to approve the warrant dated May 3, 2024. The motion received a second from Jeffrey Kolton, approved by the Trustees 5-0.**

**VI. BENEFIT APPROVAL**

Mr. Baur presented the benefit approvals for review by the Trustees. All 3 approvals were for Scott Berner's DROP exit and distributions.

**Gabe Vella made a motion to approve the benefit approvals for Scott Berner. The motion received a second from Jeffrey Kolton, approved by the Trustees 5-0.**

**VII. OTHER BUSINESS**

Mr. Baur updated the board on the excessive time drain caused by the attorney for the ex-spouse of member Toby Palmer. Mr. Herrera weighed in on the continuing process. There was a discussion of billing the attorney and her client if things continue.

**VIII. PUBLIC COMMENTS**

None

**IX. ADJOURNMENT**

The next regular meeting is scheduled for Friday, August 2, 2024. The Lake Mary Police Officers' Retirement System Trustees joined the joint meeting at 9:30 AM.

Respectfully submitted,

Adam Neri  
Secretary