

City of Lake Mary Firefighters' Retirement System

Quarterly Meeting of November 1, 2024

I. CALL TO ORDER

Gabe Vella called the meeting to order at 7:41 AM. Those persons present included:

TRUSTEES

Gabe Vella, Chair
Jeffrey Koltun, Secretary
Martin Bel
Elizabeth Stack
Kevin Whitman

OTHERS

Scott Baur & Sarah Vandergon, 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, Investment Manager (American Real Estate)
Jeff Amrose, Actuary (GRS)

Gabe Vella kicked off the meeting by welcoming Kevin Whitman to the Board.

II. APPROVAL OF MINUTES

The Board reviewed the Minutes for the meeting of August 2, 2024 Quarterly Meeting.

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

III. REPORTS

Investment Manager: GRS (Jeff Amrose)

Jeff Amrose provided an update on the current status of the pension plan, stating that the plan is in good shape. He highlighted that the city contributes 25% of pay, which provides a stable funding source. The plan is currently 92.1% funded based on the smoothed value of assets, with actuarial assumptions deemed to be reasonable.

Regarding the city's contributions, Mr. Amrose noted that the required contributions for fiscal year 2026 would increase to \$966,723, which is 25.46% of covered payroll. This is an increase from the fiscal year 2025 amount of \$809,516, which is 22.29% of covered payroll. The plan uses an entry normal funding method, which consists of the normal cost, plus payments on the unfunded actuarial accrued liability.

Mr. Amrose also addressed the small actuarial loss for 2024, which resulted primarily from member increases that exceeded expectations. Additionally, the plan has an additional \$1,000,000 in unrecognized investment gains and losses, which will be smoothed over time to reduce volatility in the asset values.

Lastly, Mr. Amrose reviewed the sources of funding and contributions to ensure the plan's stability. These sources are well-managed and contribute to maintaining the overall health of the pension plan.

Gabe Vella made a motion to approve the October 1, 2024 Actuarial Valuation Report. The motion received a second from Jeffrey Koltun, approved by the Trustees 5-0.

The Board discussed the investment assumptions for the plan moving forward. It was advised that the investment return assumption of 6.9% be maintained for the next year, as well as for the long term. After consideration, the Board agreed with this recommendation.

Gabe Vella made a motion to approve the continuation of an Investment Assumption of Return of 6.9% for the next year, the next several years, and for the long term thereafter. The motion received a second by Martin Bel, approved by the Trustees 5-0.

Martin Bel asked about the increasing ratio of retired members to active members for the plan over time. Mr. Amrose explained that the assumptions anticipate these changing demographics and have been factored into the plan's projections. He also reviewed the history of pay increases compared to the initial assumptions. Additionally, Mr. Amrose highlighted some of the additional services provided through GRS, including member workshops, to help address member concerns and maintain engagement.

Investment Manager: American Real Estate (Richelle Cook)

Richelle Cook introduced herself and provided an overview of the real estate management services offered by American Realty. She shared that the firm has been operating for 56 years and currently manages assets totaling \$11.3 billion, serving 600 institutional clients. American Realty has six offices across the country and focuses exclusively on domestic real estate investments.

Ms. Cook went on to discuss the firm's investment strategy, highlighting that the Plan is currently invested in the Core Property Fund, which has a net long-term expected return of 6.8%. She noted that the fund is currently experiencing a redemption queue of \$662.6 million, which represents approximately 12% of the total assets under management.

In terms of the portfolio's composition, Ms. Cook explained that the firm now holds only eight office properties, with one property located in Seattle not performing as expected. She mentioned that the portfolio is currently leveraged at 24.8%, with a high occupancy rate of 94%. Additionally, Ms. Cook indicated that there are few properties with lease rollovers anticipated in the coming years, which provides stability to the portfolio.

Ms. Cook also took the opportunity to discuss the firm's recent investments and acquisitions. She pointed out that Data Centers have become a newer and significant area of focus for American Realty. She reviewed several recent projects and acquisitions, providing insights into the firm's evolving investment strategy and direction within the data center sector.

Frank Wan mentioned self-storage projects are also in the portfolio.

Investment Consultant: Burgess Chambers & Assoc. (Frank Wan)

Frank Wan provided an overview of the portfolio's performance, highlighting that it has consistently ranked in the top half 100% of the time over rolling 5-year periods. The portfolio has also demonstrated a slightly greater "up capture" than "down capture," meaning it has outperformed during market rallies while maintaining resilience during downturns. He further noted that the asset history has reached new highs, with the Plan's total assets totaling \$28,447,388 as of September 30, 2024. Frank reviewed the asset allocation and confirmed that it is in compliance with the investment policy. However, he pointed out that Fiduciary Management has deviated from performance expectations, prompting Burgess Chambers to recommend terminating this manager. The suggestion is to reallocate the assets previously managed by Fiduciary Management into bonds and international equity.

In addition, Gabe Vella shared that the Police Plan recently added a private equity allocation through a JP Morgan Evergreen offering, which has performed at a rate of about 1% per month since inception. The Board also discussed presentations on private credit and expressed interest in exploring this asset class

further. Frank Wan, however, voiced his preference for a more measured and cautious approach to adding new allocations.

He also noted that he would be requesting a new portfolio book from Bloomfield to ensure the portfolio remains aligned with evolving strategies. The Consultant provided insights into commercial real estate, indicating that the market appears to have reached a bottom, which could present opportunities for investment.

Gabe Vella made a motion to terminate Fiduciary Management and reallocate \$100K to Eagle Capital Management and \$100K to American Realty with the remaining amount allocated to Fixed Income. The motion received a second from Martin Bel, approved by the Trustees 4-0.

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

Pedro Herrera briefly reported on 2 amendments that require updates to Board agreements. One addresses foreign countries of concern while the other focuses on human trafficking.

Administrator (Scott Baur, Resource Centers)

Scott Baur reviewed a 2025 Meeting schedule with the Board. He then went on to provide the Board with a list of upcoming 2025 Conferences.

IV. PLAN FINANCIALS

Mr. Baur presented the plan financials for the Trustees to review. The Trustees received, reviewed, and filed the interim financial statements through September 30, 2024. The Board then reviewed the Warrant dated November 1, 2024 for payment of invoices.

Gabe Vella made a motion to approve the warrant dated November 1, 2024. The motion received a second from Jeff Koltun, approved by the Trustees 4-0.

V. BENEFIT APPROVAL

Mr. Baur presented the benefit approvals dated November 1, 2024 for review by the Trustees.

Gabe Vella made a motion to approve the benefit approvals dated November 1, 2024. The motion received a second from Elizabeth Stack, approved by the Trustees 4-0.

VI. OTHER BUSINESS

Kevin Whitman returned to the meeting. The Board discussed the replacement of the Board Secretary, previously held by Adam Neri who has retired, with Jeffrey Koltun.

Gabe Vella made a motion to appoint Jeffrey Koltun to serve as Board Secretary. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.

VII. PUBLIC COMMENTS

No members of the public had any comment.

VIII. ADJOURNMENT

The Board previously scheduled the next regular meeting for Friday, February 7, 2025, at 7:30am. The Board Chair adjourned the meeting at 9:15am.

Respectfully submitted,

Jeffrey Koltun
Secretary