

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes: September 19, 2024

1. Chairman Tony Napolitano called the July 19, 2024, Quarterly Board Meeting to order at 2:35 PM.

TRUSTEES

Tony Napolitano, Chair
Chief Jeff Lee, Secretary (*Via Zoom*)
Chief Nate Spera
Serge Greene (*switch to Zoom at 3:29*)
Ryan Sapp

OTHERS

Albert Lovingood and Scott Baur, Administrators (Resource Centers)
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)
Burgess Chambers, Consultant (Burgess Chambers Assoc)
Pete Strong, Actuary (GRS Consulting)

2. EXTRAORDINARY (EXIGENT) CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

The Board of Trustees noted that exigent circumstances exist for Chief Jeff Lee to join the Board Meeting electronically.

Serge Greene made a motion to allow Chief Jeff Lee to join the Quarterly Board Meeting electronically due to Exigent Circumstances. The motion received a second from Nate Spera, approved by the Trustees 4-0.

3. MINUTES

The Board of Trustees reviewed the Quarterly Board Meeting Minutes Dated July 19, 2024.

Serge Greene made a motion to approve the Board Meeting Minutes Dated July 19, 2024, as presented. The motion received a second from Nate Spera, approved by the Trustees 5-0.

The Board of Trustees reviewed the Informal Disability Hearing Minutes Dated July 19, 2024.

Serge Greene made a motion to approve the Informal Disability Hearing Minutes Dated July 19, 2024, as presented. The motion received a second from Nate Spera, approved by the Trustees 5-0.

The Board of Trustees reviewed the Special Board Meeting Minutes Dated August 29, 2024.

Nate Spera made a motion to approve the Special Board Meeting Minutes Dated August 29, 2024, as presented. The motion received a second from Serge Greene, approved by the Trustees 5-0.

4. BENEFIT APPROVALS

The Board of Trustees reviewed the Benefit Approvals Dated September 19, 2024.

Ryan Sapp made a motion to approve the Benefit Approvals Dated September 19, 2024, as presented. The motion received a second from Nate Spera, approved by the Trustees 5-0.

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5. PLAN FINANCIALS

Interim Financial Statements

The Board of Trustees received the interim financial statement through July 31, 2024.

Disbursements

The Board reviewed the Warrant Dated September 19, 2024.

Serge Greene made a motion to approve the Warrant Dated September 19, 2024. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

6. REPORTS

Actuary (Pete Strong, GRS Consulting)

GRS 2018-2023 Assumption Study and Experience Review Report: Pete Strong came before the board of Trustees to present the 2018-2023 Assumption Study and reported the following: The Assumption Study is to review and assess the demographic and financial assumptions impacting the Pension Fund's Valuation Report. Mr. Strong stated that the study revealed deviations between assumed and actual experience, particularly regarding salary increases, employment separations, and disability rates. While early-career salary increases exceeded assumptions, post-five-year increases fell short. Separation rates were slightly higher than expected, especially for employees with less than ten years of service, while disability occurrences were lower overall but higher in specific age groups. These findings lead into Mr. Strong's key recommendations for the Plan, which include revising salary increase assumptions, aligning retirement and disability rates with observed trends, and adjusting the investment return assumption from 7.20% to a range of 6.50% to 7.00%, along with the financial impact that each change would have on the Fire District. The Board of Trustees, Mr. Strong, and the Investment Monitor then had a detailed conversation about the Plan's assumption rate and compared the Plan's rate to other Pension Funds, including the Florida Retirement System assumption rate of 6.70%.

Chief Lee made a motion to approve all the proposed assumption changes except for the Assumed Rate of Return proposal. The motion received a second from Nate Spera, approved by the Trustees 5-0

Chief Lee noted that the Fire District would be okay with the \$300,000.00 increase that the approved changes will have in the next Actuarial Valuation Report.

Investment Monitor (Burgess Chambers, Burgess Chambers & Associates)

Mr. Chambers started his presentation by reviewing JP Morgan's market outlook in detail, noting that the Plan's current assumption rate is achievable. Mr. Chambers then reported the following: As of June 30, 2024, the Plan's market value stood at \$383.43 million, with 46.9% in domestic equity, 15.7% in fixed income, 9.4% in international equity, and 9.2% in private real estate. Mr. Chambers noted that Richmond Capital is liquid where the Plan can pull funds quickly to fund Constitution Capital Partners, should the Board wish to move forward with investing that that manager. The Board of Trustees and Mr. Chambers

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then had a detailed conversation about Constitution Capital Partners, which included the investment fees and Mr. Chambers two recent onsite visits with Chairman, Tony Napoliano attending one of those visits. The Board of Trustees then discussed investing in Constitution, including the amount to invest and where the funds should come from.

Nate Spera made a motion to invest \$10,000,000.00 in Constitution Capital Partners Ironsides Private Equity Fund VII under the 40-40-20 Structure. The motion received a second from Ryan Sapp, approved by the Trustees 4-1.

Mr. Chambers then reviewed the Fund's performance and reported the following: For the quarter ending June 30, 2024, the Plan earned \$1.0 million or a net return of 0.2%, underperforming the target allocation return of +1.3%. The underperformance was attributed primarily to property value markdowns in TerraCap products. The Fiscal Year-to-Date returns were a net 11.0%, compared to the benchmark rate of 14.8%. The One-Year trailing earnings were \$28.7 million, or a net gain of 7.9%. The strongest performers were Fidelity Large Cap Growth Index at 33.6%, Fidelity 500 Index at 24.6%, and Aristotle Large Cap Value Equity at 17.5%. The Three-Year trailing earnings were 1.9%, net compared to the benchmark rate of 3.0%, and the Five-Year returns for the Plan were a net 7.3%, compared to the benchmark rate of 8.4%. Mr. Chambers then reviewed the Investment Managers performance in detail with the Board, noting that he is searching for an index manager and is looking to introduce index funds to reduce fees for the Plan.

Mr. Chambers then provide the Board of Trustees with a Letter from Ceredex and reported the following: Ceredex seeks to lift the 1.5 cents per share commission rate cap while maintaining the practice of directing 35% of commissions to Cowen or the designated broker. Ceredex states that this adjustment aims to provide flexibility in broker selection to ensure optimal trade execution and align with current industry standards. Ceredex is assuring that reporting requirements will remain unchanged and that this update will align the commission recapture program with modern market dynamics.

Nate Spera made a motion to rescind the letter dated October 18, 2007, and replace it with a letter that directs Ceredex to get best execution. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

The Plan's Real Estate Investments were then reviewed in detail with the Board of Trustees, which included a detailed discussion on the Federal Reserve cutting Interest Rates. Mr. Chambers then recommended that the Board sell all the Fidelity Emerging Markets Index Fund and invest those funds in the American Funds EuroPacific Growth Fund.

Nate Spera made a motion based on the advice of the Plan's Investment Monitor to sell the Fidelity Emerging market Index Fund and invest that cash in the American Funds EuroPacific Growth Fund. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

Attorney Report (Bonni Jensen, Klausner Kaufman Jensen & Levinson)

Resolution 761-24 Retiree Supplemental Increase: Attorney Bonni Jensen reported to the Board that Resolution 671-24t amends the Firefighters' Pension Trust Fund to provide a one-time supplemental benefit increase of 27.071% for retirees and surviving spouses who retired before October 1, 2006. The resolution modifies Section 6, addressing contributions to fund the increase, and Section 10, reflecting the

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updated monthly supplemental benefits for eligible recipients. These changes resulted from a memorandum of understanding between the District and the local firefighters' union (Local 1377, IAFF) and aim to support long-retired firefighters and their families. Mrs. Jensen informed the Board that the resolution has been adopted and the Plan can now move forward with updating the payments for those affected retirees. The Board, Mrs. Jensen, and Mr. Lovingood had a detailed conversation regarding how long it would take to implement the update and pay the retroactive payments to the retirees with Mr. Lovingood stating that those payments will be in effect on or before December 1, 2024.

Ryan Sapp made a motion to direct the Plan Administrator to make the Supplemental adjustments and retro payments to the retirees affected by the adoption of Resolution 761-24. The motion received a second from Nate Spera, approved by the Trustees 5-0.

Resolution 763-24 Trustee Term Change: Mrs. Jensen presented the Board of Trustees with Resolution 763-24. This resolution amends the Firefighters' Pension Trust Fund to extend trustee terms from two years to four years. This change, recommended by the Board of Trustees, acknowledges that trustees require one to two years to achieve the necessary proficiency through education and experience to effectively fulfill their duties. By extending terms, the resolution ensures that the investment in trustee training and expertise benefits the fund's participants and beneficiaries. The resolution applies to all trustee roles, including firefighter representatives, resident appointees, and the fifth trustee.

Summary Plan Description: Mrs. Jensen informed the Board that it is time for the Plan to update the Summary Plan Description, noting that the State requires that the Plan update the SPD every two to three years. Mrs. Jensen stated that once a draft has been completed, she will have it forwarded to the Board to review.

Administrator Report (Albert Lovingood, Resource Centers)

Trustee Terms: Albert Lovingood reviewed the current term end-dates for each Trustee Seat. Mrs. Jensen noted that the Four-Year Terms will start upon the next reappointment or election of each Board Member.

Chapter 175 Premium Tax Dollars: Mr. Lovingood presented the Board of Trustees with a comparison of the Chapter 175 Premium Tax Dollars, noting that the 2022 distribution amount was \$2,940,896.86, and the 2023 distribution amount is \$3,416,942.80. Mr. Lovingood then informed the Board that the 2023 Chapter 175 Premium Tax Dollars has been received and wired into the Plan's account with the custodial bank.

Fiduciary Liability Insurance Renewal: Mr. Lovingood presented the Board with the Fiduciary Liability Insurance Renewal Quote and reported that the Plan's Fiduciary Liability Policy rate has not changed; however, the total cost has decrease by 0.70% due to the State lowering the FIGA Surcharge.

7. NEW BUSINESS

Resolution 764-24 Chief Lee Trustee Appointment for 4 Years: Mr. Lovingood informed the Board that Chief Lee has been appointed to serve on the Board for a 4-Year Term.

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8. OTHER BUSINESS

There was no other business to discuss at this time.

9. OLD BUSINESS

There was no other business to discuss at this time.

10. PUBLIC COMMENTS

No members of the public had any comment.

11. NEXT MEETING

The next Quarterly Board Meeting is scheduled for Thursday November 21, 2024, at 2:30PM.

12. ADJOURNMENT

There being no further business, Ryan Sapp made a motion to adjourn the meeting at 4:08 PM. The motion received a second from Nate Spera, passed 5-0 by the Trustees.

Respectfully submitted,

Chief Jeff Lee, Secretary