

ST. LUCIE COUNTY FIRE DISTRICT GENERAL EMPLOYEES' RETIREMENT FUND



Minutes: March 28, 2024

1. Chair Carl Trabulsy called an electronic meeting of the Board to order at 12:37 PM. Those persons present included:

TRUSTEES

Carl Trabulsy, Chairman
Linda Gaskill, Secretary
Mike Grace
Patricia Marston-Duva
Kelly Machado

OTHERS

Albert Lovingood and Scott Baur, Administrators (Resource Centers)
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)
Burgess Chambers, Consultant (Burgess Chambers Assoc)
Doug Lozen, Actuary (Foster & Foster)
Stephen Hagenbuckle, Investment Manager (TerraCap)

2. EXTRAORDINARY (EXIGENT) CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

All Trustees were physically present.

welcomed Kelly Machado and provided a general overview of how the Board Meetings are run.

3. MINUTES

The Trustees reviewed the Minutes for the meeting of November 16, 2023.

Mike Grace made a motion to approve the Minutes for the meeting of November 16, 2023, as amended. The motion received a second from Kelly Machado approved by the Board 4-0.

4. BENEFIT APPROVALS

The Trustees reviewed the Benefit Approvals dated March 28, 2024. Chairman Carl Trabulsy inquired about what had occurred on a member's Minimum Required Distribution (MRD). Mr. Lovingood informed the Board that for all the MRDs except for Ann O'Malley's had the standard 20% Federal Income Tax Withholding. Fifth Third Bank has only withheld 10% on Ann O'Malley's and had informed Mr. Lovingood that the 10% withholding is standard for MRD Distributions and that for any additional withholding, the member would need to complete a W4-R. However, Fifth Third Bank did admit that they failed to see the request for 20% Federal Income Tax Withholding.

Mike Grace made a motion to approve the Benefit Approvals dated March 28, 2024, as presented. The motion received a second from Kelly Machado, approved by the Board 4-0.

5. INTERIM FINANCIAL STATEMENTS & DISBURSEMENTS

The Board received and filed the interim financial statement through December 31, 2023.

The Board then reviewed the Warrant dated March 28, 2024, for approval of plan expenses.

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Mike Grace made a motion to approve the Warrant dated March 28, 2024, for payment of invoices. The motion received a second from Kelly Machado approved by the Trustees 4-0.

6. REPORTS

2023 Actuarial Valuation Report (Doug Lozen, Foster & Foster)

Doug Lozen presented the Board with the 2023 Actuarial Valuation and reported the following: The Fire District's required contribution for Fiscal-Yearend 2025 is \$2,218,247 or 38.4% of projected pay. This is down from last year's Actuarial Valuation Report by 0.4% and the Fire District has access to a prepaid contribution of \$5,058 that can be utilized to offset a portion of the required contributions. The Plan experience was unfavorable overall on the basis for the Plan's actuarial assumptions, the sources of these loss include an investment return of 5.38% compared to the Assumed Rate of 7.40%, an unfavorable turnover experience, and an average salary increase of 8.81%, exceeding the assumed 5.46%. Mr. Lozen reviewed the changes since the prior evaluation in detail with the Board along with the historical funding progress of the Plan. The funded ratio is at 65.6%, which is up 0.8% from last year. Mr. Lozen concluded his presentation by reviewing the Expected Rate of Return in detail, noting that the Plan had recently lowered the rate.

Mike Grace made a motion to approve the 2023 Actuarial Valuation Report as presented. The motion received a second from Linda Gaskill, approved by the Trustees 4-0.

Mike Grace made a motion based on the guidance of the Investment Consultant that the Board Expects to achieve a 7.4% Assumed Rate of Return for the short-term, mid-term, and the long-term thereafter. The motion received a second from Kelly Machado, approved by the Trustees 4-0.

TerraCap Presentation (Stephen Hagenbuckle)

Investment Monitor, Burgess Chambers introduced to the Board of Trustees, Stephen Hagenbuckle. Mr. Hagenbuckle is with TerraCap and Mr. Chambers asked him to come give the Board an update on how the Plan's Investment with TerraCap is performing.

Mr. Hagenbuckle thanked the Board for allowing him to come and provide the Board with an update on how the portfolio is doing. Mr. Hagenbuckle started his presentation by reviewing the Plan's investment in TerraCap Fund IV, noting that this fund is predominantly invested in the Office Park sector. So far Fund IV has distributed 58% of investments to investors with approximately 40% of the Fund currently invested in Commercial Real Estate. Mr. Hagenbuckle reviewed the historical performance of the Fund along with how the COVID Pandemic and the rapid interest rate increases have had a negative impact on the Fund. The rising interest rates have been chipping away at the net profit for each of the 12 properties left in the fund and all the properties returns are at or near being flat. Mr. Hagenbuckle then reviewed the impact of the flat returns on lending, noting that some financial institutions have become less flexible when it comes to refinancing and a few have even called loans on some properties. A detailed conversation ensued about the performance of the Fund, the risks, and concerns that the Board has. Mr. Hagenbuckle concluded his presentation with reviewing the Claw Back Provision where the Fund will look at investors returns when the Fund is closed, and where investors have not received the 8% return, the Partners profits would be returned to the fund to make that deficit whole. Trustee Mike Grace asked if the Partners place those profits in escrow if the 8% is not achieved? Mr. Hagenbuckle stated that placing those funds in escrow is

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not a requirement; however, all the Partners do place those profits in an escrow account. Mr. Hagenbuckle concluded his presentation with reviewing the opportunities for Fund VI.

Investment Consultant (Burgess Chambers, Burgess Chambers & Associates)

Mr. Chambers started his presentation by reviewing the broad reach of Artificial Intelligence and it's impact on education, business, manufacturing and healthcare. Mr. Chambers then reported the following: For the Quarter Ending December 31, 2023, The Plan earned a net 7.20%, compared to the benchmark rate of 8.0%. the best five performing products were the Fidelity Small Cap Value Fund at 15.30%, Aristotle Value Equity at 14.30%, Fidelity Large Cap Growth at 14.30%, William Blair Internation Growth at 14.0%, and Atlanta Capital High Quality Growth Fund at 13.10%. For the One-Year Period the Plan earned a net 10.30% compared to the benchmark rate of 12.30%, and the Five-Year results were a net 9.5%, compared to the benchmark rate of 9.90%.

Mr. Chambers informed the Board that the Investment Policy Statement that was provided in the Trustees Board Meeting Packets was updated on the presumption that the Plan had chosen to invest in PennantPark. Because this Plan did not make any decisions on investing with PennantPark, there is no need to review and approve this Investment Policy Statement.

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

Jensen Memo – 2024 IRs Mileage Rate: Attorney Bonni Jensen presented the Board with a Memo regarding the 2024 IRS Mileage Rate increase to \$0.67 per mile. This is an increase of \$0.015 from the 2023 Milage rate and Mrs. Jensen noted that the IRS has been known to change these rates when there are large fluctuations in the cost for fuel.

Jensen Memo – 2024 Online Form 1 Filing: Attorney Bonni Jensen presented the Board with a Memo informing the Board that the Annual Form 1 Filings are now done via the State's Commission on Ethics Website. Mrs. Jensen noted that the Fire District will have a point of contact who will be the one to provide the State with a list of Trustees and their contact information which will allow the Trustees to file their report. Mrs. Jensen clarified that the Board of Trustees does not need to file Form 6, noting that her office has received multiple questions regarding Form 6 and who is required to file one.

Administrator Report (Albert Lovingood, Resource Centers)

Truist Credit Card Update: Albert Lovingood reviewed the historical events that took place to gain signor authority on the Truist Credit Card account so that he could order cards for all of the Trustees who do not currently have one. After obtaining authority to order cards, Mr. Lovingood stated that he had called Truist to get a status update on the cards that were ordered, only to be told that he does not have authority to conduct business on behalf of the Board. Carl Trabulsy provided the Board with an update that after being on the phone with Truist for an hour and a half, new cards have been ordered and old cards belonging to former Trustees have been cancelled..

Resource Centers Memo – SOC 1 Type 2 Audit: Mr. Lovingood presented the Board with a memo regarding the Resource Centers SOC1 Type 2 Audit. Mr. Lovingood explained to the Board in detail what the purpose of the SOC1 Type 2 Audit is, noting that this is the Resource Centers 16th year of having the SOC1 Type 2 Audit done and for 16 years in a row, his firm has had no findings.

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7. NEW BUSINESS

Wolf Popper: Carl Trabulsy stated that he spoke with Wolf Popper at the last FPPTA Conference, and they have followed up with him several times wanting to come to the next Board Meeting to give a presentation of the services that they offer. The Board of Trustees discussed the matter and decided to invite Wolf Popper to the next Quarterly Board Meeting.

Trustee Terms: Carl Trabulsy made a recommendation to change the Trustee Terms from two years to four years. The Board discussed the benefits of a four-year term for Trustees and how to move forward with requesting the change.

Trustee Shirts: The Board of Trustees discussed obtaining Trustee Shirts. There was a detailed conversation regarding the number and type of shirts to get.

Linda Gaskill made a motion for the Board to get Trustee Shirts with a maximum budget of \$1,000.00. The motion received a second from Kelly Machado, approved by the Trustees 4-0.

8. OTHER BUSINESS

The Board had no Other Business for discussion.

9. ADDITIONAL REPORTS

There were no additional reports included with this Board Meeting Packet.

10. PUBLIC COMMENT

No members of the public had any further comment.

11. NEXT MEETING

The Board previously scheduled the next Quarterly Meeting for Thursday, May 16, 2024, at 12:30 PM.

12. ADJOURNMENT

Kelly Machado made a motion to adjourn the meeting at 2:09 PM. The motion received a second from Mike Grace, approved by the Trustees 4-0.

Respectfully submitted,

Linda Gaskill, Secretary