

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes: March 11, 2021

1. Chair Anthony Napolitano called an electronic meeting of the Board to order at 2:32 PM. Mr. Baur called roll. Those persons present included:

TRUSTEES

Tony Napolitano, Chair
Jeff Lee, Secretary
Serge Greene
Chief Nate Spera

OTHERS

Scott Baur & Albert Lovingood, Administrator (Resource Centers)
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)
Burgess Chambers (Burgess Chambers & Assoc)
Additional Public

2. EXTRAORDINARY (EXIGENT) CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

All Trustees were physically present.

3. MINUTES

The Trustees reviewed the Minutes for the meeting of November 19, 2020.

Chief Spera made a motion to approve the Minutes for the meeting of September 24, 2020. The motion received a second from Marti Newport, approved by the Trustees 4-0.

4. BENEFIT APPROVALS

The Board reviewed the benefits for approvals dated March 11, 2021.

Jeff Lee made a motion to approve the Benefit Approvals dated March 11, 2021. The motion received a second from Chief Spera, approved by the Trustees 4-0.

5. PLAN FINANCIALS

Interim Financial Statements & Disbursements

The Board received the interim financial statement through December 31, 2020. Mr. Baur reviewed the financial statement and balance sheet with the Board.

The Board reviewed the Audit Engagement Letter from DiBartolomeo, McBee, Hartley & Barnes, P.A..

Chief Spera made a motion to approve the Audit Engagement Letter as presented. The motion received a second from Jeff Lee, approved by the Trustees 4-0..

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Disbursements

The Board reviewed the Warrant Dated March 11, 2021.

Jeff Lee made a motion to approve the Warrant Dated March 11, 2021. The motion received a second from Chief Spera, approved by the Trustees 4-0.

6. REPORTS

Investment Consultant: Quarterly Report (Burgess Chambers & Assoc.)

Burgess Chambers reported at the last Board Meeting, the Plan's assets passed \$300 million and as of December 31, 2020, the Plan's assets is now at \$330 million. The convertible allocation with Tesla did extraordinarily well, as Tesla issued convertible bonds and mad up 20% of the convertibles index. For the quarter ending December 31, 2020, the Plan earned \$35.1 million or 12.2% net, similar to the target allocation of 12.6% and the Plan ranked in the top 10th percentile. The five best performers were, Ceredex small-cap value at 27.0%, SPDR convertible bond index at 22.1%, SSI convertible bonds at 20.9%, EuroPacific growth at 20.1%, and Fidelity mid-cap index at 19.9%. The high peer ranking was achieved in spite of active large-cap value and growth managers missing the perspective index benchmarks.

For the one-year period, the Plan earned \$43.2 million or 15.4% net, which was behind the target allocation of 17.1%; however, the Plan still ranked in the top 15th percentile. The five best performers were SPDR convertible bond index at 54.0%, SSI convertible bonds at 47.4%, Advent convertible bonds at 42.6%, William Blair international growth at 33.7%, and Voya large-cap growth at 32.3%. Mr. Chambers then reviewed the three and five-year historical statistics of the Plan. Mr. Chambers stated that he is monitoring Atlanta Capital and informed the Board that this fund will not always track well to the benchmark. The individual manager performance was then reviewed with the Board with Mr. Chambers noting that infrastructure is lagging in this county. Mr. Chambers then focused on the commercial real estate allocation, noting that its performance is being affected by the population shift away from urban areas.

Mr. Chambers then reviewed the current level of risk and volatility in the portfolio. Noting that the Board did increase the allocation to equities back in March of 2019 and Mr. Chambers was pleased to inform the Board that the plan is up about 17% fiscal-year-to-date. Mr. Chambers concluded his presentation with informing the Board that the economy is expected to grow 9% this year.

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

Attorney Bonni Jensen welcomed Serge Greene to the Board.

Restatement Draft, Notes and Update: Ms. Jensen reported the changes to the Pension Plan resulting from the recent collective bargaining agreement. Mrs. Jensen stated that the final average salary is now based on a consecutive five-year final average salary, disability benefits were decreased from 75%, down to 66 and 2/3%, which will become effective upon passage, and the DROP changed from five to six years. Mrs. Jensen noted that members that are currently in the DROP have a one-time election to move into the six-year DROP, which needs to be done by March 31, 2021. Mrs. Jensen also stated that the six-year DROP has

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a different interest rate for those members who enter the six-year DROP. Mrs. Jensen informed the Board that the Plan Documents should go before the District in April.

American Financial Corporation Financial Securities Litigation Update: Mrs. Jensen informed the Board that The Plan is now the lead plaintiff and that Pomerantz, LLP will be the lead counsel.

SW Energy Co Litigation Update: Mrs. Jensen informed the Board that a packet regarding this case is in the meeting packets and informed the Board that this case continues to move slowly forward.

Memo: Missing and Nonresponsive Participants: Mrs. Jensen presented the Board with the Missing and Nonresponsive Participant Memo. Mrs. Jensen reviewed the best practices with attempting to locate a missing or nonresponsive member of the Pension Plan along with the potential costs associated with these services.

Policy for Investment Manager Agreements: Mrs. Jensen presented the Board with the Proposed Policy Regarding Contractual Provisions for Investment Manager Agreements for approval. Mrs. Jensen stated that this Policy gives her base set of provisions when negotiating Investment Manager Agreements and allows her to present the potential Investment Managers with a base set of provisions that the Board will require. Mrs. Jensen further explained that she included an additional provision that allows the Board to make exceptions if needed.

Serge Greene made a motion to approve the move of the Policy for Investment Manager Agreements as presented. The motion received a second from Chief Spera, approved by the Trustees 4-0.

IRS Milage Rate for 2021: Mrs. Jensen informed the Board that the IRS released its updated Standard Milage Rate for 2021. The new rate is \$0.56 per mile for miles driven after January 1, 2021. Mrs. Jensen noted that this amount is down 1.5 cents from last year. Mrs. Jensen then noted that the milage rate can fluctuate within the same year and that her firm will do their best to inform the Board and the Administrator of any changes.

Jeff Lee made a motion to approve the IRS milage Rate for 2021 as presented. The motion received a second from Chief Spera, approved by the Trustees 4-0.

Administrator Report (Scott Baur and Albert Lovingood, Resource Centers)

DROP Election Form and Progress: Mr. Baur presented the Board with the Irrevocable Election to transfer to 6 Year DROP election form for the Board to review and discussed the reasons for sending this form out to members that are active in the DROP and what options they have to choose from. Mr. Baur then gave the Board a status update on the submission of these forms.

FPPTA Updates & NCPERS Renewal: Mr. Baur reviewed the FPPTA renewals and updates for the FPPTA Trustee Schools and CPPT certification changes. T

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Ulico Cyber Bulletin & Renewal: Mr. Baur informed the Board that the Plan's Cyber Security policy is up for renewal and that Mr. Lovingood is working on the application in addition to obtaining comparison quotes due to Lloyds of London changing their minimum policy amount of \$250,000.

7. **NEW BUSINESS**

The Board had no new business for discussion.

8. **OTHER BUSINESS**

Member Workshop: Mr. Baur, Attorney Bonni Jensen, and the Board discussed the details of the upcoming Member Workshop. It was proposed to have a one-hour workshop with half of the time allocated to the Plan's Actuary, Pete Strong and the other half of the time allocated to the Plan's Investment Monitor, Burgess Chambers, with Pete Strong being the one to lead the workshop. Mrs. Jensen stated that she feels that having the Valuation Report approved before the workshop would be valuable. A lengthy discussion ensued on what matters to discuss at the workshop including the Assumed Rate of Return, changes to the investments within the Plan, and the changes made to the Plan because of the recent bargaining agreement.

TeraCap Distributions: Mr. Baur informed the Board that the TeraCap distributions for the St. Lucie County Fire District General Employees' Pension Fund have been credited to the Firefighters' Pension Fund in error. It has been determined that this error has occurred four times over the past year. There was a discussion into why this was occurring and how to prevent this error from happening in the future. Mr. Baur noted that the instructions that TeraCap provides for the disbursements are correct and that the posting error is occurring on Custodian's end.

Retirement and DROP Exit Processing Time: Chief Spera informed Mr. Baur that he has received some complaints on the time it is taking to process members who exit the DROP or retire. Chief Spera asked how this issue can be addressed to mitigate the lag time that members are experiencing. Mr. Baur informed that Board that he is aware of the issue that Chief Spera brought up, which mostly occurred this past fall. Mr. Baur explained that his firm has made some modifications on the way that retirements, DROP entries, and DROP exits are processed, noting that one of major setbacks is the calculation of the supplemental benefit piece. Chief Spera informed Mr. Baur that he recently looked at the list of members who are in the drop and noted that there will be a large number of members who will be exiting soon.

9. **PUBLIC COMMENTS**

No members of the public had any comment.

10. **NEXT MEETING**

The next Quarterly Board Meeting is scheduled for Thursday, May 20, 2021, at 2:30PM.

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11. ADJOURNMENT

There being no further business, Jeff Lee made a motion to adjourn the meeting at 4:14 PM. The motion received a second from Chief Spera, passed 4-0 by the Trustees.

Respectfully submitted,

Jeff Lee, Secretary