

ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Minutes: May 19, 2022

1. Chairman Tony Napolitano called the May 19, 2022 Quarterly Board Meeting to order at 2:30 PM.

<u>TRUSTEES</u>	<u>OTHERS</u>
Tony Napolitano, Chair	Scott Baur & Albert Lovingood, Administrator (Resource Centers)
Jeff Lee, Secretary	Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)
Serge Greene	Burgess Chambers, Consultant (Burgess Chambers Assoc)
Chief Nate Spera (Electronic)	Jay McBee, Auditor (DiBartolomeo, McBee, Hartley & Barnes)
Ryan Sapp	

2. EXTRAORDINARY (EXIGENT) CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

Attorney Bonni Jensen reviewed the exigent circumstances for Trustees to Join the Board Meeting Electronically.

Ryan Sapp made a motion to allow Trustee Chief Spera to join the Board Meeting Electronically due to exigent circumstances. The motion received a second from Serge Greene, approved by the Trustees 4-0.

3. MINUTES

The Trustees reviewed the Quarterly Board Meeting Minutes Dated: March 10, 2022.

Chief Spera made a motion to approve the Minutes for the Meeting of March 10, 2022, as presented. The motion received a second from Jeff Lee, approved by the Trustees 5-0.

4. BENEFIT APPROVALS

The Trustees reviewed the Benefit Approvals Dated May 19, 2022.

Jeff Lee made a motion to approve the Benefit Approvals Dated May 19, 2022. The motion received a second from Serge Greene, approved by the Trustees 5-0.

The Trustees reviewed the Benefit Approval for Trustee Chief Nate Spera.

Jeff Lee made a motion to approve the Benefit Approval Dated March 10, 2022, for Chief Nate Spera. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

5. PLAN FINANCIALS

Interim Financial Statements

The Board received the interim financial statement through March 31, 2022.

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Disbursements

The Board reviewed the Warrant Dated May 19, 2022.

Jeff Lee made a motion to approve the Warrant Dated May 19, 2022. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

6. REPORTS

Annual Audit Report (Jay McBee, Dibartolomeo, McBee, Hartley & Barnes)

Jay McBee presented the opinion letter by the auditor, offering an unmodified (clean) opinion of the Board financial statements as of September 30, 2021. Mr. McBee then reviewed the required audit disclosures in detail with the Board. Mr. McBee reported that the Retirement Fund had total net assets of \$356,382,827 as of September 30, 2021. Mr. McBee then reviewed the changes to net assets from the prior year, with additions from contributions and investment results, with outflows to pay benefits and expenses. The Retirement Fund had an increase of \$69,658,503 to net assets from the prior year. He further reviewed the notes and required disclosures in detail with the Board. The audit notes contain additional sections describing plan benefits, contributions and funding status, investments, and related notes with classifications for liquidity, DROP activity, and details of changes to the benefits over time and the audit includes schedules from the Annual Valuation Report.

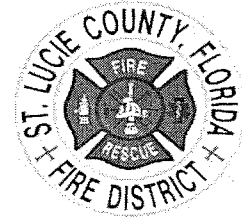
Mike Grace made a motion to approve the September 30, 2021 Annual Audit as presented. The motion received a second from Linda Gaskill, passed by the Board 5-0.

Investment Consultant (Burgess Chambers, Burgess Chambers & Associates)

Burgess Chambers started his presentation by reviewing the current economic environment and inflation in detail with the Trustees, noting that his firm has been anticipating this for a while in the value sector. Mr. Chambers reported on the assets as of March 31, 2022, noting that the market has had losses due to increased volatility. Mr. Chambers reviewed the market performance by sector in detail with the Board, noting that Real Estate did well. For the quarter, the Retirement System was down \$14.7 Million or -3.7% (-3.9% net), but did meet the benchmark rate of -3.7% and ranked in the top 30th percentile. The best performing assets were ARA American Core Realty at 8.5%, Intercontinental US Real Estate at 5.6%, TerraCap Partners at 4.0%, and Cohen & Steers Global Infrastructure at 3.5%. For the One-Year trailing return, the Plan earned \$19.3 Million or 6.3% (5.6% net), outperforming the benchmark rate of 5.2%. The Three-Year trailing returns 12.4% (11.8% net), compared to the benchmark rate of 12.2%, the Five-Year trailing returns earned 9.9%, which was ahead the benchmark rate of 9.7%. Mr. Chambers then reviewed each investment manager's quarterly results in detail with the Board.

Mr. Chambers then presented the Board with Manager Analysis that compared Westwood Management Large Cap Value Fund with Aristotle Capital Value Equity, DePrince, Race Large Cap Value Fund, Atlanta Capital HOGF Fund, Voya Investments VOYA LCG Fund, the Russell 1000 Growth, and the Russell 1000 Value. Mr. Chambers reviewed the handout in detail with the Board and made a recommendation to split

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Westwood Large Cap Value with the Aristotle Capital Value Equity Fund. The Board discussed the recommendation made by the Investment Monitor.

Serge Green made a motion based on the recommendation of the Investment Monitor to take half of the assets invested in the Westwood Large Cap Value Fund and invest those proceeds in the Aristotle Capital Value Equity Fund. The motion received a second from Jeff Lee, approved by the Trustees 5-0.

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

Jensen Memo - Form 1: Attorney Bonni Jensen reminded the Board that the Trustee's Form 1 needs to be submitted by July 1, 2022. Mrs. Jensen also informed the Board that the State is testing out the ability to submit Form 1's electronically.

Jensen Memo - IRS Milage Rate for 2022: Mrs. Jensen informed the Board that the Internal Revenue Service released its updated Standard Milage Rate for 2022. The new rate is 58.5 cents per mile for miles driven on or after January 1, 2022. This is up 2.5 cents from last year. Mrs. Jensen noted that in previous years, the milage rate can fluctuate within the same year and that her firm will do their best to keep the Trustees and Plan Administrator informed of any changes.

Jensen Memo - IRS RMD Guidance + Crypto Investments: Mrs. Jensen reviewed the IRS proposed regulations revising the required minimum distribution regulations to align with the SECURE Act, as well as providing additional guidance.

Mrs. Jensen also informed the Board that on March 10, 2022, the U.S. Department of Labor published a compliance assistance release concerning 401(k) plans investing in cryptocurrencies and related products due to significant risk of fraud, theft, and loss because of their speculative nature custodial, recordkeeping, and valuation concerns, in addition to evolving regulatory market.

Jensen Memo – Generic Signature Authorization Forms: Mrs. Jensen also informed the Board that there are instances where the Signature Authorization Forms in the possession of existing service providers are no longer up to date as Trustee terms expire every two to four years, depending on the language of the plan ordinance. To that end, Mrs. Jensen stated that she is recommending that the Plan Administrator maintain a generic Signature Authorization Form for the Fund and update the signers annually.

Jensen Memo – Disability Review Procedure: Mrs. Jensen presented the Board with a draft version of the Disability Review Procedure informing the Board that the Plan Ordinance has a section regarding being gainfully employed, noting that if a member who went out on disability was already working another job, they would be able to continue employment.

Heart and Lung Bill Update: Mrs. Jensen informed the Board that the Heart and Lung Bill was signed into law, noting that the new Bill fixe several issues that existed in the prior bill and that the new bill grandfatheres those without a pre-employment physical.

Kenny Dean – Pension Payment Corrections: Mrs. Jensen informed the Board that she asked both Actuaries on how to correct out Kenny Dean's split pension between the Firefighters' and General Employees' Pension Plans. Mrs. Jensen explained the options and noted that the Actuaries for both Pension Plans agree

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that a simplified approach of having Mr. Dean's benefit split moving forward with each Plan paying their respective amounts, noting that going back and calculation the differences back to when Mr. Dean retired would become very costly for both Pension Plans.

Jeff Lee made a motion based on the recommendation of the Plan Attorney and Plan Actuary to separate Kenny Dean's Firefighter Pension from his General Employees' Pension and have each Plan pay their respective portion of Mr. Dean's Pension moving forward. The motion received a second from Ryan Sapp, passed by the Board 5-0.

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

Resource Centers Memo – Office Lease Rollover Example: Scott Baur presented the Board with a Memo regarding office lease rollovers as it has been a continuous discussion with the Boards who have Real Estate investments. Mr. Baur informed the Board that his firm is eliminating approximately one-third of the office space that is currently being used. Mr. Baur explained that that way the Administrators work within his company has changed for the long-term and the upcoming lease renewal was an opportune moment to jettison the unused space.

Signature Authorization Updates: Mr. Baur informed the Board that Mr. Lovingood has updated Signature Authorization Forms for the Trustees to sign and that updating the Signature Authorizations will become an annual exercise.

Fee Comparison: Mr. Baur presented the Board with a Pension Plan Fee Comparison Sheet to the Board for review.

Resource Centers Fee Increase Request: Mr. Baur reviewed the Fee Increase request that was presented at the last Board Meeting in detail with the Trustees. Mr. Baur reminded the Board that they approve separating the \$750 monthly charge for the interim financial statements as a separate line-item charge. The Board discussed the retainer fee increase while referencing the Fee Comparison that Mr. Baur provided.

Jeff Lee made a motion to approve the \$1,700 monthly retainer fee increase. The motion received a second from Ryan Sapp, passed 5-0 by the Trustees.

7. NEW BUSINESS

There was no new business to discuss at this time.

8. OTHER BUSINESS

There was no other business to discuss at this time.

9. ADDITIONAL REPORTS

There were no additional reports at this time.

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10. PUBLIC COMMENTS

No members of the public had any comment.

11. NEXT MEETING

The next Quarterly Board Meeting is scheduled for Friday, July 22, 2022, at 2:30PM.

12. ADJOURNMENT

There being no further business, Serge Greene made a motion to adjourn the meeting at 4:55 PM. The motion received a second from Jeff Lee, passed 5-0 by the Trustees.

Respectfully submitted,

Jeff Lee, Secretary

