

# ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



## Minutes: January 20, 2023

1. Chairman Tony Napolitano called the November 17, 2022, Quarterly Board Meeting to order at 2:35 PM.

### TRUSTEES

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

### OTHERS

Scott Baur & Albert Lovingood, Administrator (Resource Centers)  
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)  
Burgess Chambers, Consultant (Burgess Chambers Assoc)  
Paul Lundmark, Investment Manager (Richmond Capital)  
Roland Bergeron (Retired Firefighter)

### 2. EXTRAORDINARY (EXIGENT) CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY

### 3. MINUTES

The Trustees reviewed the Quarterly Board Meeting Minutes Dated: November 17, 2022.

Chief Spera made a motion to approve the Minutes for the Meeting of November 17, 2022, as presented. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

### 4. BENEFIT APPROVALS

The Trustees reviewed the Benefit Approvals Dated January 20, 2023.

Chief Spera made a motion to approve the Benefit Approvals Dated January 20, 2023. 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 November 30, 2022.

#### Disbursements

The Board reviewed the Warrant Dated January 20, 2023.

Serge Greene made a motion to approve the Warrant Dated January 20, 2023. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

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## 6. REPORTS

### Richmond Capital Presentation (Paul Lundmark, Richmond Capital Management)

Paul Lundmark started his presentation with reviewing the 2022 Intermediate Aggregate Index Return of -9.51% and what happened to cause this. The Treasury Yield Curve was reviewed with the Board in detail along with the U.S. Inflation trends, including the Total CPI Inflation Rate and the Core Inflation Rate from 2017 through December 31, 2022. Mr. Lundmark then reviewed the Federal Funds Target Rate Increases in detail with the Trustees along with where the Portfolio was at on December 31, 2021, compared to December 31, 2022. As of December 31, 2022, Richmond Capital believes that the investment grade bond market offers opportunity as yields are significantly higher than they've been over the prior decade, and volatility favors security selection opportunities that arise from tenders, new issues, and technical factors. Volatility in the corporate bond market has allowed the firm to buy low and sell high to some degree while paying careful attention to the spread reward that the corporate sector provides. Mr. Lundmark stated that Richmond Capital mitigates the risk of all their spread product investments through diversification and a bias to the higher end of investment grade ratings spectrum by favoring A-rated and high BBB-rated companies along with all of the mortgage-backed holdings being AAA-rated. Mr. Lundmark concluded his presentation with stating that they expect to remain neutral relative to the benchmark and that his firm believes that the path of the Federal Reserve rate hikes is still uncertain.

### Investment Consultant (Burgess Chambers, Burgess Chambers & Associates)

Burgess Chambers gave the Board an update on the current market environment and noted that at the next Board Meeting, the rate of inflation will be discussed both domestically and internationally.

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

**Jensen Memo – Internal Controls:** Attorney Bonni Jensen presented the Board with the Internal Controls Memo for review. Mrs. Jensen informed the Board that in November of 2022, a long-time administrator of a South Florida Pension Fund was arrested and charged with theft of Pension Fund Assets along with other related offenses. Mrs. Jensen then reviewed the recommendations for pension Board of Trustees to adopt to guard against fraud and misuse of pension funds in detail with the Trustees, which included separation of duties, periodic reviews, implementation of security control layers, policies and procedures, the use of an independent auditor, and self-evaluation of existing internal controls, procedures, and policies.

**Jensen Memo – IRS Milage Rate for 2023:** Mrs. Jensen informed the Board that the Internal Revenue Service released its updated Standard Milage Rate for 2023. The new rate is \$0.655 centers per mile for miles driven on or after January 1, 2023. Mrs. Jensen also noted that the milage rate can fluctuate within the same year and that their Firm will do their best to keep the Trustees and Plan Administrator informed of any changes.

**Jensen Memo – SECURE 2.0 Final Section-by-Section:** Mrs. Jensen presented the Board with a memo detailing the sections of SECURE Act 2.0. Mrs. Jensen reviewed the memo in detail with the Board and reviewing the sections that have a direct impact on the Plan and its members.

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**Letter to Atlanta Capital Regarding Delaware Law Change for Officer Liability:** Mrs. Jensen presented the Board with the Letter to Atlanta Capital Regarding Delaware Law Change for Officer Liability. Mrs. Jensen reviewed the letter in detail with the Trustees and noted that no action needed to be taken on this by the Board.

**Letter from the State of Florida, Department of Management Services, Division of Retirement 12-01-2022:** Mrs. Jensen reviewed the letter from the State of Florida, Department of Management Services, Division of Retirement dated December 1, 2022. Mrs. Jensen reported that the Division of Retirement indicated that based on the Plan's Balance Sheet Asset Allocation, a more reasonable 50<sup>th</sup> percentile Assumed Rate of Return is in the range of 5.25% to 6.50%.

**Order Granting Disability at Initial Hearing – Scott Adams:** Mrs. Jensen provided the Board with the Scott Adams Order Granting Disability at Initial Hearing for signature.

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

**Resource Centers Internal Controls:** Scott Baur and Albert Lovingood reviewed the Resource Centers Internal Controls in detail with the Board of Trustees. Mr. Baur noted that Fifth Third Bank requires two signatures on any payments issued to vendors, service providers, and members of the Plan along with the weekly Death Search performed by Fifth Third Bank to mitigate payments to those members who have passed away. Mr. Baur noted that his firm's SOC 1 Type 2 Audit is an independent audit that checks and verifies that the policies and procedures are being followed.

## **7. NEW BUSINESS**

**IAFF Local 1377 Pension Request Letter 01-16-2023:** Trustee Serge Greene presented the Board with a letter from the Professional Fire Fighters & Paramedics of St. Lucie County IAFF Local 1377 requesting permission to use pension fund data to complete actuarial calculations to compile numbers for potential changes to the pension for the upcoming collective bargaining negotiations, noting that the IAFF Local 1377 would cover the costs incurred from the actuary.

Jeff Lee made a motion to allow the IAFF Local 1377 to engage with the Plan's Actuary in performing an Actuarial Impact Study for potential Pension changes for the upcoming collective bargaining negotiations. The motion received a second from Chief Spera, approved by the Trustees 5-0.

## **8. OTHER BUSINESS**

**Proposed COLA Update:** Chief Spera gave the Board of Trustees an update regarding the Proposed COLAs for retirees and stated that more details will be known on how this matter will proceed in the next week weeks.

## **9. ADDITIONAL REPORTS**

There were no additional reports for the January 20, 2023, Quarterly Board Meeting.

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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 Thursday, March 23, 2023, at 2:30PM.

## 12. ADJOURNMENT

There being no further business, Jeff Lee made a motion to adjourn the meeting at 3:38 PM. The motion received a second from Ryan Sapp, passed 5-0 by the Trustees.

Respectfully submitted,

Jeff Lee, Secretary