

# ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



## Minutes: March 23, 2023

1. Chairman Tony Napolitano called the November 17, 2022, Quarterly Board Meeting to order at 2:31 PM.

### TRUSTEES

Tony Napolitano, Chair  
Jeff Lee, Secretary (via Zoom 2:34pm)  
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)  
Pete Strong, Actuary (GRS Consulting)  
Roland Bergeron (Retired Firefighter)

### 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 Secretary Jeff Lee 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 January 20, 2023.

**Chief Spera made a motion to approve the Minutes for the Meeting of January 20, 2023, as presented. The motion received a second from Serge Greene, approved by the Trustees 5-0.**

### 4. BENEFIT APPROVALS

The Trustees reviewed the Benefit Approvals Dated March 23, 2023. Mr. Lovingood informed the Board that he had separated out Grady Christopher's Benefit Approval due to the Plan DROP Policy and the large amount for Mr. Christopher's DROP Distribution.

**Chief Spera made a motion to approve the Benefit Approvals Dated March 23, 2023. The motion received a second from Serge Greene, approved by the Trustees 5-0.**

The Board reviewed Mr. Christopher's DROP Distribution and Chief Spera expressed concern regarding DROP Distribution Amounts and its effect on the Pension Plan. Pete Strong with GRS Consulting informed the Board that 12-13% of the Plan's liability are DROP Accounts, noting that the lower the DROP Account balances are, the lower the Plan's liability will be.

# ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



Serge Greene made a motion to approve the Benefit Approval Dated March 23, 2023, for Grady Christopher. The motion received a second from Ryan Sapp, approved by the Trustees 4-0.

## 5. PLAN FINANCIALS

### Interim Financial Statements

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

### Disbursements

The Board reviewed the Warrant Dated March 23, 2023.

Serge Greene made a motion to approve the Warrant Dated March 23, 2023. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

## 6. REPORTS

### 2022 Actuarial Valuation Report (Pete Strong, GRS Consulting)

Pete Strong presented the Board with the 2022 Annual Valuation results with the Board and reported the following: The required employer contribution for Fiscal-Year End 2024 is \$16,706,581, which was \$1,711,546 higher than the previous year and reminded the Board that the Fire District has a prepaid contribution of \$524,380 available to offset the employer contribution requirement. Mr. Strong then reviewed the Plan's Assumed Rate of Return, which was lowered from 7.40% down to 7.30% and is expected to decrease annually by 0.10% per year until the Assumed Rate of Return reaches 7.00%. The Plan's funded ratio is 75.80%, compared to 75.90% last year. Mr. Strong informed the Board that he believes that an Assumed Rate of Return set at 7.00% is reasonable with looking at historical investment returns. Mr. Strong then reviewed the asset reconciliation along with the smoothing of investment gains and losses in detail with the Board. The Plan's Actuarial Value of Benefits and Assets was reviewed with the Trustees with Mr. Strong noting that DROP Account Balances consist of 16.67% of the Plan's Assets. The Plan's discretionary cost-of-living adjustment (COLA) using investment returns of the fund in excess of the Assumed Rate of Return was reviewed in detail with the Board. Mr. Strong concluded his presentation by reviewing the Reconciliation of Plan Assets, Actuarial Value of Assets, along with the Reconciliation of DROP Accounts and historical Investment Rate of Return with the Trustees.

Serge Greene made a motion to approve the 2023 Actuarial Valuation Report as presented. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

Chief Spera made a motion based on the advice of the Investment Monitor and Plan Actuary that the Board expects to achieve a 7.30% Assumed Rate of Return for the next year, next several years, and the long-term thereafter. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.

# ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



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

Burgess Chambers started his presentation with the Board by reviewing the recent collapse of SVB and Signature Bank in detail with the Board by going into detail on what had occurred to cause these two banks to fail along with noting the mass DROP Account withdrawals and the effect it had on the Dallas Pension Plan. Mr. Chambers then presented the Board with the Quarterly Performance Report dated December 31, 2023, and reported the following:

For the quarter, the Plan was up \$14.7 million or 4.90% (4.70% net), slightly trailing the benchmark rate of 5.10%. The best performing assets were: Ceredex Small Cap Value at 14.0%, American Funds EuroPacific Growth at 13.9%, William Blair International Growth at 12.9%, Westwood Large Cap Value at 11.3%, and Aristotle Large Cap Value at 10.6%. The Three-Year trailing returns 5.9% (5.3% net), compared to the benchmark rate of 5.6%, and the Five-Year trailing returns earned 6.4%, beating the benchmark rate of 6.1%. Mr. Chambers then reviewed each investment manager's quarterly results in detail with the Board and noted that the Voya large Cap Growth Fund is in the 80<sup>th</sup> percentile of its peers and has not been performing very well for a while now. Mr. Chambers made the recommendation to reduce the Plan's allocation in Voya to \$0.00 and place half of the funds into Atlanta Capital and half in the Russell 1000 Growth Index Fund.

**Serge Greene made a motion to authorize BCA to reduce the Plan's Voya allocation down to \$0.00 and place half of the proceeds into Atlantic Capital and the remaining 50% into the Russell 1000 Growth Index Fund. The motion received a second from Ryan Sapp, approved by the Trustees 5-0.**

Mr. Chambers then stated that this Plan has more experience with equities than 88% of its peers with an underweight to international, and fixed income. Mr. Chambers discussed the private equity allocations in detail and stated that he believes international equities will perform better going forward and he expects that the Federal Reserve will start to lower interest rates by the end of 2023. Mr. Chambers concluded his presentation by reviewing the Plan cash outflows with the Trustees.

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

**Legislative Updates:** Attorney Bonni Jensen informed the Board that pending legislation would restrict government entities from making investment decisions based on Environmental, Social, and Governance and only allow for the investment decisions based on pecuniary investment returns.

## Administrator Report (Scott Baur & A.C. Lovingood, Resource Centers)

**Cyber Security Policy Renewal:** A.C. Lovingood informed the Board that the Plan's Cyber Security Policy is expiring; however, he has not received quotes for the renewal and the Policy.

**Dewar, Colin – DROP Entry Final Calculation:** Scott Baur presented the Board with the DROP entry Final Estimate Calculation. Mr. Baur reported that Mr. Dewar had purchased prior service time and reviewed in detail how his Firm calculates the Final Average Salary for a member who is either retiring or entering into the DROP.

# ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



## 7. NEW BUSINESS

No new business to report at this time.

## 8. OTHER BUSINESS

**Proposed COLA Update:** Chief Spera gave the Board of Trustees an update regarding the Proposed COLAs for retirees.

## 9. ADDITIONAL REPORTS

There were no additional reports for the March 23, 2023, Quarterly Board Meeting.

## 10. PUBLIC COMMENTS

No members of the public had any comment.

## 11. NEXT MEETING

The next Quarterly Board Meeting is scheduled for Thursday, May 18, 2023, at 2:30PM.

## 12. ADJOURNMENT

There being no further business, Jeff Lee made a motion to adjourn the meeting at 4:21 PM. The motion received a second from Ryan Sapp, passed 5-0 by the Trustees.

Respectfully submitted,

Jeff Lee, Secretary