

# ST. LUCIE COUNTY FIRE DISTRICT FIREFIGHTERS' RETIREMENT FUND



## Minutes: November 16, 2023

1. Chairman Tony Napolitano called the November 16, 2023, Quarterly Board Meeting to order at 2:30 PM.

### TRUSTEES

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

### OTHERS

Albert Lovingood and Scott Baur, Administrators (Resource Centers)  
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)  
Burgess Chambers, Consultant (Burgess Chambers Assoc)  
Jose Briones, Pete Mitchell & Brian Kendall, Investment Manager  
(PennantPark)

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

All Trustees in attendance were physically present.

## 3. MINUTES

The Trustees reviewed the Quarterly Board Meeting Minutes Dated September 21, 2023.

Serge Greene made a motion to approve the Minutes for the Meeting of September 21, 2023, as amended. The motion received a second from Chief Spera, approved by the Trustees 5-0.

## 4. BENEFIT APPROVALS

The Trustees reviewed the Benefit Approvals Dated November 16, 2023.

Chief Lee made a motion to approve the Benefit Approvals Dated November 16, 2023. The motion received a second from Chief Spera, approved by the Trustees 5-0.

## 5. PLAN FINANCIALS

### Interim Financial Statements

The Board received the interim financial statement through August 31, 2023.

### Disbursements

The Board reviewed the Warrant Dated November 16, 2023.

Serge Greene made a motion to approve the Warrant Dated November 16, 2023. The motion received a second from Ryan Sapp, approved by the Trustees 5-0

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## 6. REPORTS

### PennantPark Presentation (Brian Kendall, Pete Mitchell, and Jose Briones)

Investment Monitor, Burgess Chambers introduced the Board to PennantPark, a private credit manager.

Brian Kendall thanked the Board for allowing PennantPark to come and give the Board a presentation on their investment product. Mr. Kendall informed the Board that he is a retired police officer from the City of Plantation and is a former Pension Board Member. Mr. Kendall then introduced the PennantPark team. Pete Mitchell provided the Board with an overview of the Firm, noting that PennantPark is a private lender that has been offering loans since 2007 and currently has \$6.6 Billion in assets under management. The firm has a total of 66 employees located in six offices. Jose Briones then explained the Firm's investment strategy, which lends money to mid-market companies for acquisitions with some loans backed by assets with up to a 50% loan to value ratio, and some loans can also include a private equity co-investment. Mr. Briones reviewed the type of opportunities followed by PennantPark. PennantPark offers senior debt and opportunistic credit portfolios. The opportunistic credit strategy uses leverage up to 40% to increase returns by an estimated 2%. The opportunities for private lending increased following 2008-2009 due to increased banking regulations. Mr. Briones then reviewed the processes in further detail with the Board of Trustees. The asset class historically provides low volatility and strong returns, even in low interest environments.

The PennantPark Fund IV targets a 13% net return with a four-year investment period and another three-years to wind down. Mr. Briones further explained the use of leverage within the portfolio. The historical performance was then reviewed in detail with the Board of Trustees and Mr. Michell reviewed the details of the Fund. Mr. Chambers advised that PennantPark falls into the alternative strategy category of investments and stated that he would like to take funds from equities to fund an investment in PennantPark, should the Board wish to move forward.

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

#### Quarterly Performance Report Dated June 30, 2023

Mr. Chambers started his presentation by reviewing the Plan's investment performance. The assets returned -2.6% (-2.8% net) for the quarter ending September 30, 2023, which outperformed the benchmark rate of -2.8%. For the Fiscal-Year, the Plan earned 8.7% (8.1% net) compared to the benchmark rate of 9.1% and ranked in the top 27<sup>th</sup> percentile. Mr. Chambers recommended replacement for the Fidelity Mid Cap Index, which does not track the benchmark closely. The replacement recommendation presented by Mr. Chambers was the SPDR Portfolio S&P 400 Mid Cap and recommended that the conversion take place in three tranches.

**Chief Spera made a motion based on the Investment Monitor's recommendation to liquidate the Fidelity Mid Capi Index Fund and use those proceeds to purchase the SPDR Portfolio S&P Mid Cap Fund. The motion received a second from Chief Lee, approved by the Trustees 5-0**

The Five-Year Returns were 6.3%, which outperformed the benchmark rate of 6.1%. and the Plan ranked in the top 18<sup>th</sup> percentile. The performances of the Plan's Investment Managers were reviewed in detail

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with the Board along with Mr. Burgess noting that the Plan closed the Fiscal Year with a total of \$342,841,020 in total assets.

The Board discussed the PennantPark private credit investment in detail and considered an investment of \$5 Million that would be taking from the Plan's convertible investments. Mr. Chambers recommended that he and one or two Trustees go on a due diligence trip down to PennantPark's Miami Office. Mr. Chambers noted that the \$5 Million investment should not limit liquidity, even with over \$61.3 Million in DROP Assets. The Board will discuss the allocation in greater detail at the January 19, 2024, Board Meeting.

Serge Greene made a motion based on the Investment Monitor's recommendation to allocate \$5 Million to PennantPark Fund IV by drawing the assets from convertibles. The motion received a second from Ryan Sapp, approved by the Trustees 5-0

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

**Jensen Memo – Comprehensive State Report Due December 15<sup>th</sup> Pursuant to FS 112.662:** Attorney Bonni Jensen reported that the Division of Retirement issued vague guidance for the Comprehensive Bi-Annual Report that is due on December 15, 2023, to comply with House Bill 3. Mrs. Jensen reported that Pension Plan Attorneys throughout the state collaborated to create a uniform filing that includes an affidavit of compliance along with a copy of the updated investment policy.

Ryan Sapp made a motion to approve the signing of the Negative Consent Notice – Assignment of Investment Advisory Agreement for SSI as presented. The motion received a second from Rayn Sapp, approved by the Trustees 5-0

## Administrator Report (Albert Lovingood, Resource Centers)

**2024 Trustee Conference and School List:** Albert Lovingood presented the Board with the 2024 Trustee Conference and School List and reminded the Board that if anyone is interested in attending any of the conferences or schools to let him know so that he can register them for the event.

**Bi-Annual Comprehensive Report Authorized Delegation Registration:** Scott Baur informed the Board that his firm has completed the registration to file the Comprehensive Report.

**Member On-Site One-On-One Meetings:** Mr. Baur informed the Board that his firm started the onsite appointments for members on the second Tuesday of every month.

**Trusit Credit Card Update:** Mr. Lovingood informed the Board of Trustees that he finally has authority to speak with Truist Bank with regards to the Trustee Credit Cards and will be starting the process of updating the Trustee Cards which includes getting cards for those Trustees who do not have one.

## 7. NEW BUSINESS

There was no new business to discuss.

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## 8. OTHER BUSINESS

There was no other business to discuss.

## 9. ADDITIONAL REPORTS

There were no additional reports.

## 10. PUBLIC COMMENTS

No members of the public had any comment.

## 11. NEXT MEETING

The next Quarterly Board Meeting is scheduled for Friday, January 19, 2024, at 2:30PM.

## 12. ADJOURNMENT

There being no further business, Serge Greene made a motion to adjourn the meeting at 4:05 PM. The motion received a second from Ryan Sapp, passed 5-0 by the Trustees.

Respectfully submitted,

Chief Jeff Lee, Secretary