

City of Melbourne



Financial Services • 900 E. Strawbridge Avenue, Melbourne, FL 32901
(321) 608-7030 • Fax (321) 608-7048 • E-Mail: finance@mlbfl.org

MINUTES - MELBOURNE MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

City Hall Council Chamber
900 E. Strawbridge Avenue
Melbourne, FL 32901

August 13, 2025 • 10:00 AM

Board Members Present:

Anthony Mauro, Chair
Payton Jones, Secretary
Thomas Quinn, Board Member
Jerry Balter, Board Member

Absent:

Tim Olsen, Vice-Chair

Also Present:

Bonni Jensen, Board Attorney
Kerry Richardville, Mariner Institutional
Tom Venezia, Earnest Partners
Christopher Caputo, Integrity Fixed Income
Michael Fleisher, Brandywine Global
Gregory Zavoyna, Brandywine Global

A. OPENING

1. Call to Order

The meeting was called to order by Anthony Mauro, Chair at 10:33 p.m.

2. Public Comments

There were no public comments.

3. Approval of Minutes Dated May 14, 2025

Mr. Mauro asked the Board members if they had reviewed the minutes dated May 14, 2025. All Board members had reviewed the minutes.

Jerry Balter/Thomas Quinn moved to approve the minutes dated May 14, 2025. All were in favor. Motion carried.



B. NEW BUSINESS

4. Approval of Invoices

- a. Klausner, Kaufman, Jensen & Levinson Dated April 30, 2025 for \$280.00, May 31, 2025 for \$1,805.00, and June 30, 2025 for \$920.00
- b. Mariner Institutional, LLC Dated June 30, 2025 for \$6,500.00
- c. Lazard Asset Management Dated July 10, 2025 for \$12,545.54
- d. Garcia Hamilton & Associates Dated July 1, 2025 for \$8,915.11
- e. Brandywine Global Management Dated July 31, 2025 for \$10,618.00
- f. DePrince Race & Zollo Inc. Dated July 11, 2025 for \$11,466.00
- g. Fred Alger Management Dated July 8, 2025 for \$17,538.20
- h. Fifth Third Bank Dated July 7, 2025 for \$6,919.77
- i. City of Melbourne Revenue Office Dated July 1, 2025 for \$3,600.00
- j. Freiman Little Actuaries Dated July 29, 2025 for \$12,951.00

Mr. Mauro asked the Board members if they had reviewed the invoices. All Board members had reviewed the invoices. He added another invoice dated August 8, 2025 from Gabriel, Roeder, Smith & Company for \$4,712.00.

Thomas Quinn/Jerry Balter moved to approve payment of the invoices to Klausner, Kaufman, Jensen & Levinson, Mariner Institutional, LLC, Lazard Asset Management, Garcia Hamilton & Associates, Brandywine Global Management, DePrince Race & Zollo, Fred Alger Management, Fifth Third Bank, City of Melbourne, Freiman Little Actuaries, and Gabriel, Roeder, Smith & Company. All were in favor. Motion carried.

5. Quarterly Reports

Brandywine Global Investment Management, LLC

Mr. Gregory Zavoyna, Investment Director of Client Portfolio Solutions, provided the firm overview of Brandywine Global, a Franklyn Templeton Company.



He explained that this special investment relationship provided cost efficiencies and scale gained from shared corporate services. The firm was founded in 1986 with headquarters in Philadelphia and locations in Columbus, Singapore, London, and Sydney with \$65.1 billion in assets under management.

Mr. Michael Fleisher, Portfolio Manager, stated that their deep broad value investment philosophy included a dynamic shifting tool that factored value, quality, and sentiment. The portfolio shifted from deep value to broad value in the middle of 2022 due to COVID and increased economic stimulus. Mr. Jones asked how long it typically took the shifting to occur. Mr. Fleisher replied that the dynamic shift took approximately one week. The market value of the fund ending June 30, 2025 was \$10,418,275 and the performance was 4.92% compared to the Russell 1000 Value Index of 3.79%. The portfolio return since inception on June 29, 2021 was 6.65%. Mr. Fleisher reviewed the top 10 contributors and detractors to the portfolio, noting that IBM and Jabil were among the best while Lockheed Martin and General Mills were among the worst. He concluded with the portfolio characteristics and the sector weightings compared to the index.

6. Core Fixed Income Interviews

Ernest Partners Fixed Income

Mr. Tom Venezia, CFA and Director, provided a brief overview of the firm. He stated that Ernest Partners was headquartered in Atlanta, Georgia, 100% employee owned, and had over 250 institutional clients. He described their fixed income investment vehicle as a high-quality strategy with low volatility and consistent income that drove returns. The strategy provided capital availability in difficult markets with net excess returns verses the Bloomberg Aggregate. He stated that an optimal portfolio identified potential bond universe, return preservation, portfolio construction, and downside management. The US bond universe had \$31 trillion possibilities consisting of government, mortgage, investment grade credit, and high yield credit. Government guaranteed Treasury sector was used as the baseline, with Small Business Access Partners (SBAP) above the baseline at 70 basis points and Mortgage-Backed Securities 40 basis points above the Treasury. Mr. Venezia stated that through sector scrutiny, they never sacrificed capital and kept a strong preservation profile. He provided an example of single family versus multi-family mortgage-backed securities, and how the yield curve and prepayment affected the yield to reality.

Ms. Richardville asked about risk posture. Mr. Venezia replied that they had zero high yield credit and reduced corporate exposure because investment grade spreads were tight. Mr. Quinn asked about the shape of the yield curve.



Mr. Venezia replied the rate cuts were still unpredictable, but interest rate movement was already priced into the yield curve. He concluded by reviewing the highly diversified and high credit quality sample portfolio compared to the Bloomberg Aggregate Bond Index. He thanked the Board for their consideration.

Integrity Fixed Income Management

Mr. Christopher Caputo, Founding Partner and Chief Investment Officer, provided a brief overview of the firm. He stated that Integrity Fixed Income Management was founded in 2005 and headquartered in Orlando Florida, with \$874,608,464 in assets under management. The portfolio management team was led by Earl Denney who previously managed \$65 billion at Trusco Capital Management before founding the firm with Mr. Caputo. He described their core fixed income investment philosophy as a dynamic process, consistent approach, excess yield, and capital appreciation. The investment process since inception focused on duration management, sector allocations, yield curve distribution, and security selection. The portfolio characteristics had a higher average coupon, higher yield to maturity, and effective duration close to the benchmark. The trailing net of fees performance since inception was 3.85% compared to the Bloomberg Aggregate Bond Index of 3.05%. Mr. Caputo concluded that the firm strived to maintain less risk than the benchmark, and provided strong protection through upside and downside markets.

Mr. Balter asked about future economic concerns. Mr. Caputo replied that the uncertainty surrounding tariffs, deregulation, interest rates, and AI were a few top concerns. Mr. Mauro asked about fiscal year returns. Mr. Caputo replied that the core fixed income fund had beat the index over the last 10 calendar years.

Mariner Institutional

Kerry Richardville discussed the results of the interviews with the Board members. She stated that the current domestic fixed income portfolio of \$14 million with Garcia Hamilton & Associates (GHA) was an extreme, long duration, light Corporates, and heavy on Treasuries and Mortgage-Backed Securities. She feared that their portfolio although very liquid, may not hold up well during a market invent. She recommended that the Board consider fully replacing the GHA strategy or split the domestic fixed income mandate. She stated that Earnest Partners were not part of the benchmark, provided some alternative options, were less defensive, and historical returns not as strong. She stated that Integrity was a small enhanced family shop of 8-10 employees, more defensive, and their three-year return was 3.2% versus Earnest Partners of 2.6%



Mr. Jones stated that the investment strategy with Integrity had a proven track record, and he was impressed after meeting Earl Denney, who appeared to pay attention to details. Mr. Mauro agreed that the historical performance with Integrity exceeded Earnest Partners. Mr. Olsen asked if Integrity had any departures from the firm since 2005. Ms. Richardville replied that there was no employee turnover, and the firm was looking at succession planning and possibly hiring another portfolio manager. She was also impressed by the fostering and mentoring of employees by Mr. Denney.

Payton Jones/Jerry Balter moved to hire Integrity Fixed Income Management and move 50% or \$7.0 million of the GHA portfolio "in kind" to avoid additional costs. All were favor. Motion carried.

Ms. Richardville continued with the quarterly results ending June 30, 2025. She informed the Board that the firm once again received the Coalition Greenwich Best Investment Consultant Award for 2024-2025, which recognized quality leaders in institutional investment consulting services. She stated that since AndCo Consulting joined Mariner a year ago, the firm had attained a client retention rate and employee retention rate of 99% through March 2025, and expanded resources with multiple support teams in finance, accounting, research, compliance, technology, and marketing.

Ms. Richardville stated that AI trading led the market, the US dollar weakened, interest rates moved slightly, and Germany continued to spend on defense and infrastructure. The major market index performance was strong, with domestic and international equity benchmarks in double-digits and fixed income had positive but muted returns. The ending market value of the portfolio was \$101,072,435 with an allocation of 52.3% domestic equity, 14.5% international equity, 14.1% domestic fixed income, 3.1% global fixed income, 4.9% non-core fixed, 8.9% real estate, and 2.2% cash. Ms. Richardville stated that the asset allocation was within the investment policy targets.

Ms. Richardville reviewed the portfolio returns. The total fund net of fees returned 8.53% for the quarter and 6.04% for the fiscal year. The domestic equity composite returned 13.37% especially from the growth managers that held Technology and AI holdings. SMID managers continued to struggle against the index, so Ms. Richardville recommended that the Board consider replacing Conestoga and Allsprings. The international equity composite returned 11.11% with a good balance between Lazard and DFA. Domestic fixed income with Garcia Hamilton returned 1.19% and global fixed income with PIMCO returned 2.45% for the quarter. She concluded that non-core fixed and real estate were flat against their respective indexes.



Ms. Richardville provided an alternative investment review through March 31, 2025. AEW Partners returned 9.8% since 2013 inception, with \$103,541 remaining capital commitment. Angelo Gordon returned 8.0% since 2014 inception, with \$53,000 remaining capital commitment. Bain Capital returned 4.7% since 2013 inception, with \$137,500 remaining capital commitment. PIMCO Bravo IV experienced a slow start returning -9.5% since 2021 inception, with \$350,000 remaining capital commitment. Ms. Richardville stated that the current Investment Policy Statement allowed 0%-10% in alternative investments. She recommended that the Board consider other alternative investment vehicles in private equity, private debt, and infrastructure. The Board agreed to review material on all three options at the next quarterly meeting.

Ms. Richardville thanked the Board members for their continued business under the same contract since being hired in 2011 at an annual retainer of \$26,000. She reviewed the 6/30/2011 market value of the portfolio at \$45,471,546 compared to the 6/30/25 market value of \$101,072,435. She respectfully asked the Board to revisit the fee arrangement based on the size and complexity of the portfolio, and proposed an annual retainer fee of \$46,000 effective 10/1/2025, with a 2.5% annual escalator every October 1st. The Board members discussed the proposal and Mr. Mauro asked for a more gradual increase over the next 3 years.

Payton Jones/Tom Quinn moved to approve the new fee schedule with Mariner Institutional of \$36,000 effective 10/1/2025, \$46,000 effective 10/1/2026, and start the 2.5% escalator effective 10/1/2027. All were in favor. Motion carried.

B. TRUSTEES COMMENTS

Mr. Jones thanked the Board members for their continued support throughout his term ending September 2, 2025, and welcomed his replacement, Timothy Jorgensen, to the Board. He said that he would be interested to serve as a Committee Member now or as a Fifth Member in the future. Mr. Quinn informed the Board that he was moving out of the City limits, so his last meeting would be November 12, 2025.

C. ATTORNEY COMMENTS

Ms. Bonni Jensen informed the Board that after speaking with the City Attorney, there may be a potential conflict with the term "Advisory Committee" as it relates to the Florida Sunshine Law. She recommended that the Board consider changing the name of the committee on the contract to alleviate any issues.

Payton Jones/Anthony Mauro moved to change the statement of policy to "Trustee Training Committee". All were in favor. Motion carried.



Ms. Jensen reviewed Florida House Bill 1519 effective July 1, 2025, "Entities that Boycott Israel" amending Chapter 215.4725 Florida Statutes. The bill expanded state public investment and contracting prohibitions to include local governments, and prohibited contracts of \$100,000 or more with companies or other entities that boycott Israel. New or renewed contracts after July 1, 2025 must contain a termination provision if the company or entity is placed on the Scrutinized Companies or Other Entities that Boycott Israel list. The bill also required the State Board of Administration (SBA) and the Department of Management Services (DMS) to collaborate and identify those companies or entities that the state currently contracts or had grant agreements. Ms. Jensen recommended that the Plan's Investment Consultant add language to the current Investment Policy Statement and distribute the information to all investment managers.

Ms. Jensen reviewed the June 20, 2025 Supreme Court opinion on *Stanley versus City of Sanford*, which held that retirees were not "qualified individuals" under the Americans with Disabilities Act (ADA). Stanley, a former firefighter, who had retired under non-duty disability, alleged disability discrimination in violation of the ADA and other state and federal laws based on the City of Sanford's health insurance related benefits. The Supreme Court held that to prevail under ADA, the plaintiff must plead or prove that they could perform the essential functions with or without reasonable accommodation, at the time the employer's alleged act of disability-based discrimination. Ms. Jensen stated that the case was only relevant should the Board be faced with a disability applicant who at the same time, brings an ADA complaint against the plan sponsor.

Ms. Jensen concluded that the 54th Annual Police and Fire State of Florida conference in Daytona Beach on September 9-11, 2025 was provided at no cost to members. She also informed the Board that the 2024 State Premium Distribution was \$694,005.21.

D. ADJOURNMENT

The meeting was adjourned by Anthony Mauro, Chair at 12:17 p.m.

A handwritten signature in blue ink that reads "Jennifer Chase".

Jennifer Chase, Recording Secretary
Melbourne Municipal Firefighters'
Retirement Trust Fund Board