

City of Melbourne



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MINUTES - MELBOURNE MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

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

November 12, 2025 • 10:00 AM

Board Members Present:

Anthony Mauro, Chair
Tim Olsen, Vice-Chair
Timothy Jorgensen, Secretary
Jerry Balter, Board Member

Absent:

Thomas Quinn, Board Member

Also Present:

Bonni Jensen, Board Attorney
Kerry Richardville, Mariner Institutional
Connie Davis, Garcia Hamilton & Assoc.
Jeff Detwiler, Garcia Hamilton & Assoc.
Mark Delaney, Garcia Hamilton & Assoc.
Pete Strong, Gabriel, Roeder, Smith & Co.

A. OPENING

1. Call to Order

The meeting was called to order by Anthony Mauro, Chair at 10:01 a.m.

2. Public Comments

There were no public comments.

3. Approval of Minutes Dated August 13, 2025

Mr. Mauro asked the Board members if they had reviewed the minutes dated August 13, 2025. All Board members had reviewed the minutes.

Tim Olsen/Jerry Balter moved to approve the minutes dated August 13, 2025.
All were in favor. Motion carried.



B. NEW BUSINESS

4. Approval of Invoices

- a. Klausner, Kaufman, Jensen & Levinson Dated August 31, 2025 for \$2,482.50, and September 30, 2025 for \$755.00
- b. Mariner Institutional, LLC Dated September 30, 2025 for \$6,500.00
- c. Lazard Asset Management Dated October 16, 2025 for \$12,801.44
- d. Garcia Hamilton & Associates Dated October 1, 2025 for \$9,112.84
- e. Brandywine Global Management Dated October 22, 2025 for \$10,861.80
- f. DePrince Race & Zollo Inc. Dated October 16, 2025 for \$12,245.63
- g. Fred Alger Management Dated October 8, 2025 for \$20,518.21
- h. Fifth Third Bank Dated October 10, 2025 for \$7,334.04
- i. City of Melbourne Revenue Office Dated October 1, 2025 for \$3,600.00
- j. Gabriel, Roeder, Smith & Company Dated October 5, 2025 for \$16,463.00

Mr. Mauro asked the Board members if they had reviewed the invoices. All Board members had reviewed the invoices.

Tim Jorgensen/Tim Olsen 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, and Gabriel, Roeder, Smith & Company. All were in favor. Motion carried.

5. Quarterly Reports

Garcia Hamilton & Associates

Ms. Connie Davis, Investment Analyst, informed the Board that Stephanie Roberts with Marketing & Client Services was retiring after 26 years with the firm. Her ownership would be redistributed to the other partners at Garcia Hamilton.



Mr. Mark Delaney, Senior Portfolio Manager, reviewed the quarterly performance of the fixed income portfolio ending September 30, 2025. The gross of fees quarterly return was 2.22% compared to the Bloomberg US Aggregate of 2.03%, and the year-to-date return was 7.05% compared to the index of 6.13%. The market value of the portfolio was \$14,580,551.71. He compared the 30-year real interest rates to the 10-year growth of working age population (ages 25 to 54), with a high correlation of .88%. The average effective tariff rate was near 100-year high at 18.6%, which ultimately wiped out any discretionary household income within the first year.

Mr. Detwiler reviewed the long-term average spread of 2.0% on the yield curve, compared to the current rate of .79%. He explained that short-term rates were moving higher than long-term rates. The Fed tightening caused the yield curve to flatten, while the Fed easing would cause the yield curve to steepen. He stated that the Bloomberg US Corporate average was 74 basis points, spreads were very tight, nowhere near recession levels. Mortgage-Backed Securities were discounted and Agency Securities were attractive relative to credit at a long-term average of .45%. Mr. Detwiler explained that the current portfolio was overweight to MBS and underweight to Corporates, with high quality and longer durations, compared to the Bloomberg US Aggregate.

Mr. Mauro asked about investment strategy moving forward. Mr. Detwiler replied that they continued to move further toward their conviction as market returns become more driven. Ms. Jensen asked about Federal Reserve predictions. Mr. Detwiler replied that they anticipated the Fed would cut rates 25 basis points in December and another 50 basis points next year, and predicted that rates may go neutral and beyond to stimulate the economy.

Gabriel, Roeder, Smith & Company

Mr. Pete Strong presented the Proposed Assumption Study and Experience Investigation for the six years ended September 30, 2024. He explained that there were 768 exposures, which was sufficient to provide partial credibility to the observed experience. New mortality rates used by the Florida Retirement System were required to be implemented in 2025. Mr. Strong began with the current salary increase assumption of 6.0%, compared to the observed real pay increases that were somewhat lower than expected during the experience investigation period, but higher than expected during the first 7 years of service. The proposed real annual salary increase was 2.89% of payroll. He continued with the observed number of retirements that were generally lower than expected, with the exception of members who had 20-24 years of service under age 55. Mr. Mauro believed that the proposed rate of 50% for those members under age 55 with 26-28 years of service was too low. Mr. Strong replied that they could amend the proposed rates based on members reaching the \$90,000 cap.



Mr. Strong continued with the rates of mortality that were mandated under Florida Statutes used by the Florida Retirement System. The new mortality assumption distinguished between healthy the disabled lives and male versus female, set forward one year. The observed rate of employment separations was higher than expected for members under 5 years of service. The proposed rates were 6.5% for members under 1 year of service and 4.50% for members between 1-4 years of service, regardless of age. The actual number of disabilities was only two in the last ten years, but was somewhat higher than expected at age 50 and above, so they recommended a 1/3 reduction in the assumed disability rates. Lastly, Mr. Strong reviewed the factors used to determine the assumed net long-term expected rate of return for the Plan. He explained that GRS maintained a survey of the forecasts of capital market assumptions from 13 major national investment consulting and forecasting firms to obtain a consensus, along with asset allocation, inflation, and investment related expense considerations. Based on arithmetic and geometric means, the best estimate for the long-term compound average investment return assumption was 6.75%. Mr. Strong recommended that the Board consider reducing the current level of 7.125% to somewhere in the range of 6.25% to 7.25%.

Mr. Strong reviewed the summary of findings and the combined effect of the assumption changes plus the change in the investment return assumption to 7.0%. The estimated first year impact on the annual contribution requirement was \$35,135 or .01% of covered payroll and a decrease of (1.7%) of the funded ratio. The Board members discussed the recommendation and agreed that it was a good time to reduce the investment return assumption.

Tim Olsen/Tim Jorgensen moved to make the recommended assumption changes and reduce the investment return assumption on a sliding scale, starting with 6.9% and ending at 6.75% in five years. All were in favor. Motion carried.

Mariner Institutional

Ms. Kerry Richardville presented the quarterly results ending September 30, 2025. She stated that the major market index performance was strong and positive in all asset classes, with the same narrow leadership and AI themed returns. The ending market value of the portfolio was \$105,568,362 with an allocation of 53.5% domestic equity, 14.6% international equity, 13.8% domestic fixed income, 3.1% global fixed income, 4.5% non-core fixed, 8.4% real estate, and 2.1% cash. Ms. Richardville stated that the asset allocation was within the investment policy targets. The total fund net of fees returned 4.86% for the quarter and 10.76% for the fiscal year. DRZ and Brandywine complimented each other in the value space and Winslow and Alger complimented each other in the growth space. Ms. Richardville recommended that the Board review the SMID allocation with Conestoga and All Springs and consider other options for the international allocation next meeting. Domestic fixed income returned 2.22% and global fixed income returned 2.69% for the quarter.



Ms. Richardville provided a proposed revision to the Investment Policy Statement that adopted compliance language prohibiting direct investments in “Entities that Boycott Israel” identified by the State Board of Administration in conjunction with the Department of Management Services. Securities identified on the list must be divested within twelve months of the company’s initial appearance on the list.

Tim Jorgensen/Jerry Balter moved to approve the revised Investment Policy Statement that adopted compliance language prohibiting direct investments in “Entities that Boycott Israel”. All were favor. Motion carried.

Ms. Richardville reviewed the US Small Cap Core Manager Analysis to replace the SMID allocation of \$2.3 million with Conestoga and \$2.9 million with All Springs. Dimensional Fund Advisors, Mass Mutual, and JP Morgan were all mutual fund options with various management fees. DFA had a quantitative screen, decision committee, at lower fees. Mass Mutual and JP Morgan had a fundamental approach, portfolio management, with a higher fee structure. The Board members agreed that DFA provided predictability, lower fees, and a team phased approach.

Tim Olsen/Tim Jorgensen moved to replace Conestoga and All Springs with Dimensional Fund Advisors at 27 basis points. All were in favor. Motion carried.

The Board members reviewed a handout that compared the current asset category mix with three additional options that included Private Debt and Global Core Infrastructure as alternative investments within the Investment Policy Guidelines.

Tim Jorgensen/Jerry Balter moved to change the investment policy mix to include the option of 7.5% in Private Debt and 7.5% in Global Core Infrastructure. All were in favor. Motion carried.

C. TRUSTEES COMMENTS

Mr. Olsen informed the Board Members that FPPTA had performed a case study of the Palm Beach Gardens pension plan at no cost, if they were interested in the future.

D. ATTORNEY COMMENTS

Ms. Jensen reminded the Board to submit the Comprehensive State Report through the state portal by December 15, 2025. The proposed meeting dates for the calendar year were February 11, 2026, May 13, 2026, August 12, 2026 and November 16, 2026.

E. ADJOURNMENT

The meeting was adjourned by Anthony Mauro, Chair at 11:45 a.m.

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

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