

**LAKE WORTH DIVISION II FIREFIGHTERS’
RELIEF AND PENSION FUND
MINUTES OF MEETING HELD
May 28, 2024**

The meeting was called to order at 8:53 A.M. in the Commission Chambers at City Hall, Lake Worth, Florida. Those persons present were:

TRUSTEES

James Nevad
Jesse Rivero
Chief Kim Hude

OTHERS

Margie Adcock, The Pension Resource Center
Mark Floyd, Attorney
Jorge Friguls, Investment Monitor
Eric Leventhal, Auditor
Karen Russo, Custodian

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Trustees reviewed the minutes of the meeting of February 27, 2024. A motion was made, seconded and carried 3-0 to accept the minutes of the meeting of February 27, 2024.

AUDITOR REPORT

Eric Leventhal appeared before the Board. He presented the draft Annual Audit for the period ending December 31, 2023. He stated that they were issuing a clean unmodified opinion. He reviewed the Management’s Discussion and Analysis. He reviewed the statement of fiduciary net position. The total assets of the Fund as of December 31, 2023 were \$2,298,852 with total liabilities of \$15,637, leaving a total net position of \$2,283,215. He noted that virtually all of the assets were in investments. He reviewed the statement of changes in the fiduciary net position. He stated that there were total additions of \$808,332 with total deductions of \$69,318, resulting in a net increase in the net position of \$739,014. Mr. Leventhal noted that there was an increase in both the State premium tax monies as well as an increase in investment returns from last year. He reviewed the notes to the financial statements. He reviewed the schedule of administrative expenses. He noted that the administrative expenses did not fluctuate much from last year and there were no red flags. Mr. Leventhal reviewed the compliance report. He stated that they did not find any internal control deficiencies during the audit. They also did not find any instances of noncompliance or other matters that are required under Government Accounting Standards. A motion was made, seconded and carried 3-0 to accept the Annual Audit for the period ending December 31, 2023.

Mr. Leventhal provided the Management Representation Letter for the Board to execute. A motion was made, seconded and carried 3-0 to authorize the Board to execute the Management Representation Letter.

The Board was provided with the Share Account allocations as of December 31, 2023. It was noted that the Administrator prepared the allocations, and the Auditor reviewed them. A motion was made, seconded and carried 3-0 to approve the Share Account allocations as of December 31, 2023.

Eric Leventhal departed the meeting.

INVESTMENT MONITOR REPORT

Jorge Friguls appeared before the Board. He stated that the acquisition he discussed at the last meeting with Mariner became official on April 2, 2024. He stated that everything is going smoothly. There is no real change except for their name.

Mr. Friguls reviewed the market environment for the quarter ending March 31, 2024. He stated that the economic numbers are good. There are good corporate earnings. GDP is growing above average. The employment numbers are strong, although he noted that some are part time jobs where people are holding two and three jobs as they are struggling to make ends meet. He noted that while the economy is good, people are spending less so there is a two-track economy going on. The market is chugging along. They are seeing market highs. He stated that he is not sure what the Fed will do with respect to interest rate cuts. He believes there will be a soft landing. The margin of error is very tight. He stated that there will be interest rate cuts at some point, probably after the election but maybe in September. Inflation is the key issue.

Mr. Friguls reviewed the performance as of March 31, 2024. The total market value of the total Fund as of March 31, 2024 was \$2,261,456. The asset allocation at market as of March 31, 2024 was 49.9% in domestic equities; 36.3% in fixed income; 11.5% in international; and 2.3% in cash. The asset allocation is very close to the IPS targets. Mr. Friguls stated that there was no need to rebalance at this time.

Mr. Friguls reported that the Fund was up 5.92% net of fees for the quarter while the benchmark was up 5.25%. Domestic equities were up 11.44% for the quarter while the benchmark was up 10.30%. International was up 5.24% for the quarter while the benchmark was up 4.81%. Fixed income was down .17% for the quarter while the benchmark was down .78%. Mr. Friguls stated that Highland is compatible with the benchmark performance. He is not seeing anything alarming with their positioning at all. A motion was made, seconded and carried 3-0 to accept the Investment Monitor Report.

CUSTODIAN REPORT

Karen Russo appeared before the Board. She stated that they have been providing custodial services for the Fund since 1998. She stated that they merged with Argent Financial Group on August 29, 2023. She stated that nothing changed as a result of the merger. The employees of Salem remain the same and there was no system conversion. There was no impact to the Fund. She noted that Highland is also owned by Argent Financial Group. It was noted that Steve Stack also advised the Board of this at a prior meeting. Mr. Floyd stated that there is no conflict.

ATTORNEY REPORT

Mr. Floyd reported on the status of the proposed Ordinance to amend Section 16.02(a) to clarify that the firefighter Trustees can be active or retired firefighters in accordance with Chapter 175 of the Florida Statutes, to include the new name of the City, as well as include the requirements of some recent legislation that took effect of January 1, 2023 related to the SECURE Act 2.0. He stated that, in discussion with the Chair, he has not moved forward with the Ordinance change. He stated that he understood that the Board wanted to discuss the Share Account allocations, so they decided to hold off on the proposed Ordinance for now. A motion was made, seconded and carried 3-0 to accept the Attorney Report.

ADMINISTRATIVE REPORT

Ms. Adcock presented a list of disbursements for approval. A motion was made, seconded and carried 3-0 to pay all of the listed disbursements.

The Board was reminded to file their Form 1 Financial Disclosure by July 1. Mr. Floyd discussed the new electronic reporting requirement for the Form 1 Financial Disclosure. He stated that the firefighter trustees can request an exemption for their addresses. In order to obtain the exemption, they have to request and obtain it before filing the Form 1. A motion was made, seconded and carried 3-0 to accept the Administrative Report.

OTHER BUSINESS

Mr. Nevad raised the issue of the last man standing. He noted that this was discussed in the past due to the concern of a windfall to the last man standing and the Fund losing the State premium tax monies once there are no more active members. He stated that the amounts that are being received now are much larger and there is a concern from many about these amounts. It was noted that the Board never approved the previous proposal that was discussed. It was noted that it is a Union matter so needs to go through the Union. Mr. Nevad stated that he thought this was something that the Board really needed to think about. It was noted that Mr. Appleby met with the Union representative to discuss the issue. It was thought that the Board would bring back the same proposal as last time. The Board would need to send it to the Union and the Union would need to decide if they wanted to advance the proposal. Even if it is 2 or 3 years until the next collective bargaining agreement, the Board only meets 4 times a year and should not wait until the last minute to address it. It was noted that once Mr. Rivero enters the DROP, he will be the last one and the clock will be ticking at 7 years. There was a lengthy discussion. The Board asked that this be placed for discussion at the next meeting.

There being no further business, and the next meeting being scheduled, the meeting was adjourned.

Respectfully submitted,

James Nevad, Secretary