

**LAKE WORTH DIVISION II FIREFIGHTERS’
RELIEF AND PENSION FUND
MINUTES OF MEETING HELD
August 27, 2024**

The meeting was called to order at 8:38 A.M. in the Commission Chambers at City Hall, Lake Worth, Florida. Those persons present were:

TRUSTEES

James Nevad
Jesse Rivero
Steve Appleby
Philip Puleo

OTHERS

Margie Adcock, The Pension Resource Center
Mark Floyd, Attorney
Jorge Friguls, Investment Monitor
Steve Stack, Investment Manager
Participants

PUBLIC COMMENTS

A motion was made, seconded and carried 4-0 to move Public Comments to the end of the meeting after Other Business.

MINUTES

The Trustees reviewed the minutes of the meeting of May 28, 2024. A motion was made, seconded and carried 4-0 to accept the minutes of the meeting of May 28, 2024.

INVESTMENT MANAGER REPORT

Steve Stack appeared before the Board. He reviewed the market environment as of June 30, 2024. He stated that Value continued to underperform on a relative basis. They continue to see a spread because the mega cap stocks are so heavily concentrated in the top stocks that it is creating a challenge in diversification when not having a highly concentrated portfolio.

Mr. Stack reported on the performance for the quarter ending June 30, 2024. The total market value of the portfolio as of June 30, 2024 was \$2,108,794. The value equity portion of the portfolio was down 2.81% while the Russell 1000 Value benchmark was down 2.17%. The growth equity portion of the portfolio was up 8.86% while the Russell 1000 Growth benchmark was up 8.33%. The international portion of the portfolio was down 2.14% while the EAFE benchmark was up 1.11%. The bond portion of the portfolio was up .74% while the benchmark was up .05%.

Mr. Stack stated that they did not previously expect to see any interest rate cuts this year. Now they think they will see a rate cut in September of either 25 or 50 basis points and are now expecting to see 3 rate cuts this year. They are not taking much risk in the portfolio. They are pleased with how the portfolio has responded to each of the markets so far. A motion was made, seconded and carried 4-0 to accept the Investment Manager Report.

INVESTMENT MONITOR REPORT

Jorge Friguls appeared before the Board. He reviewed the market environment for the quarter ending June 30, 2024. He stated that the market was still near all-time record highs. Volatility is coming back into the market. They think the Fed will start cutting rates beginning in September. Consumers were under stress, but it was not showing in the economic market. Unemployment continues to tick up. Wage gains are slowing down. The GDP continues to slow. However, all of these things are needed to get inflation under control. He thinks the Fed will cut rates by 50 to 75 basis points by the end of the year.

Mr. Friguls reviewed the performance as of June 30, 2024. The total market value of the total Fund as of June 30, 2024 was \$2,108,411. The asset allocation at market as of June 30, 2024 was 49.2% in domestic equities; 37.4% in fixed income; 11.1% in international; and 2.4% in cash.. Mr. Friguls stated that there was no need to rebalance at this time.

Mr. Friguls reported that the Fund was up 1.52% net of fees for the quarter while the benchmark was up 1.94%. Domestic equities were up 3.70% for the quarter while the benchmark was up 3.57%. International was down 2.44% for the quarter while the benchmark was up 1.17%. Fixed income was up .83% for the quarter while the benchmark was up .07%. Mr. Friguls stated that the Fund is in the top quartile and a lot of that has to do with the success of the large cap growth portfolio. A motion was made, seconded and carried 4-0 to accept the Investment Monitor Report.

Mr. Friguls made a request to change the meeting dates for 2025 back to the 2nd Tuesday of the second month of each quarter. It was noted that the Board had met on the 2nd Tuesday of the second month of each quarter for years. The meeting dates were changed last year to accommodate Brad Hess. There was discussion on the meeting dates. The Board decided to move the meeting dates for 2025 back to the 2nd Tuesday of the second month of each quarter.

ATTORNEY REPORT

Mr. Floyd noted that there was an item under his Report regarding 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 he would save this for later in the meeting when there is discussion regarding the Share Account allocations,

Mr. Floyd reviewed the analysis of utilization of legal services from January 1, 1998 through June 30, 2024. He stated that the average fees credited under the flat fee retainer agreement have exceeded the flat fees billed by a monthly average of \$81.82. A motion was made, seconded and carried 4-0 to accept the Attorney Report.

ADMINISTRATIVE REPORT

It was noted that the 2023 Annual Report was approved by the State.

Ms. Adcock presented a list of disbursements for approval. A motion was made, seconded and carried 4-0 to pay all of the listed disbursements.

Ms. Adcock presented a draft administrative expense budget for fiscal year 2024 that is required by Section 175.061(8)(a)2, Florida Statutes. The Board reviewed the draft budget. It was noted that a new line item for the Annual Report was added as KSDT has advised that they would be preparing a separate Engagement Letter for the Annual Report for the Board to consider at the November meeting, although the fee was unknown at this time. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to adopt the administrative expense budget and provide the budget to the City in compliance with Section 175.061(8)(a)2, Florida Statutes.

The Board was provided with two notices from Salem Trust regarding firm announcements. A motion was made, seconded and carried 4-0 to accept the Administrative Report.

OTHER BUSINESS

It was noted that the term for the 5th Trustee was up on September 30, 2024. A motion was made, seconded and carried 3-0 to reappoint Philip Puleo for the position of the 5th Trustee for another term which will expire on September 30, 2025.

It was noted that the term for the Trustee position held by James Nevad was up on September 30, 2024. An election will be held after the election for Division I has been completed.

There was discussion based on the topic brought up at the last meeting regarding possible changes to the Share Account Allocations and Payment of Benefits. Mr. Nevad stated that he raised the issue of the last man standing at the last meeting. He stated that he was trying to make sure the 175 monies still come into the Plan and the retirees receive the money. If nothing is done, the last man standing would receive a tremendous windfall and the 175 monies would go to Division I to defray costs after that. He did not think the perception of the last man standing would be a good look for the County, the City or the Union. There was a lengthy discussion. It was noted that the benefit under this Plan does not impact the retirees receiving their monthly pension under Division I at all. The last person standing does not affect the retirees in Division I. The benefit under the Share Account was negotiated and what the members expect. It is possible the money could go down in the account before the last man standing retires and that person could be left with nothing or an amount lower than what others have been getting all along. There were retirees in attendance at the meeting. Mr. Floyd stated that the Board has no authority to change the Ordinance or do anything except make recommendations to the appropriate parties. It is a topic that needs to be bargained between the Union and the County. He stated that he sees big obstacles. He noted that the County and the Union have been fighting regarding extending the DROP by one additional year for over a year. He noted that 99% of the County employees have an 8-year DROP and there were only 19

employees that do not and there was zero impact to the Plan in extending the DROP one additional year. Mr. Nevad stated that he was bringing the issue up now because, although nothing can happen for 3 years when the next collective bargaining agreement is negotiated, that is only 12 Board meetings away. Mr. Floyd stated that the next collective bargaining agreement will still have active employees in the Fund. There was further discussion. It was noted that a plan is needed. Mr. Floyd stated that the Board would need to make a recommendation to the Union and start laying the groundwork for 2027 negotiations. Once the Board comes up with a plan, it would need to be sent to the Actuary for analysis. It was noted that the Board Members and/or retirees should come back with options to develop a plan for 2027 collective bargaining negotiations. A motion was made, seconded and carried 4-0 for Board Members and/or retirees to come back with options to develop a plan for 2027 collective bargaining negotiations.

PUBLIC COMMENTS

There were no public comments.

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

Respectfully submitted,

James Nevad, Secretary