

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
November 13, 2024

An electronic meeting was held beginning at 9:15 A.M. Those persons present were:

TRUSTEES

Rich Seamon
Valerie Hurley
Barry Ruf

OTHERS

Margie Adcock, Administrator
Adam Levinson, Attorney
Brad Hess, Investment Monitor

PUBLIC COMMENTS

There were no public comments.

ADDITIONS AND DELETIONS

There were no additions or deletions.

MINUTES

The Trustees reviewed the minutes of the meeting of August 14, 2024. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of August 14, 2024.

INVESTMENT MONITOR REPORT

Brad Hess appeared before the Board. He discussed the market environment for the quarter ending September 30, 2024. He stated that it ended up being a tremendous fiscal year, one of the best the Fund has ever had. The big story was that the Fed started to cut interest rates. There was a little bit of an uptick in unemployment and it is now slightly below 4%. The market has responded strongly. In an environment where there is tamer inflation, at least statistically, prices are not dropping but they are not increasing either. In a more normalized environment it allows the Fed to shift its policy stance. He thinks the Fed might not cut rates as much as originally thought because the economy is still strong. The stock market reacted very positively after the election. Valuations are high right now. Things are very expensive for stocks right now. Mr. Hess noted that 90% of the time the market has been cheaper than it is now. The market is pricing in not to see any sort of recession. Unemployment will continue to be low and the market will continue to be strong.

Mr. Hess reviewed the performance as of September 30, 2024. He reviewed the asset allocation. He stated that the Fund is within the targets. He thinks adding some money to fixed income would be a good idea. Fixed income would still maintain a slight overweight to equities, but it will capture some gains. He recommended rebalancing the portfolio by moving 1.5% of the total portfolio from Alger and 1.5% of the total portfolio from the Vanguard Total Stock to Garcia Hamilton. There was discussion. A motion was

made, seconded and carried 3-0 to move 1.5% of the total portfolio from Alger and 1.5% of the total portfolio from the Vanguard Total Stock to Garcia Hamilton.

The total market value of the Fund as of September 30, 2024 was \$60,776,133. The Fund was up 5.90% net for the quarter while the benchmark was up 5.35%. For the fiscal year through September 30, 2024 the Fund was up 21.47% while the benchmark was up 20.91%. Mr. Hess stated that returns were great. He noted that the Fund had a tough fiscal year 2022. The Fund has more than made up for that in the last two years. The only manager that is terribly disappointing is Cambiar who has underperformed by almost 10% this year. The lower quality stocks have done better and Cambiar has a high quality portfolio. There have been no changes at Cambiar in terms of people or how they manage the portfolio. He recommended the Board be patient with them and he will continue to monitor them. It was noted that Alger was one of the best growth managers out there. He noted that there was a long discussion at the last meeting regarding Garcia Hamilton. They are positioned for rate declines and for volatility. For two quarters they were among the worst managers but last quarter they were among the best. They are now outperforming for all trailing time periods. He stated that he had a conversation with Gilbert Garcia after the last meeting. Mr. Garcia stated that he thought it was his civic duty to run for Mayor and he wanted some things to get on the City agenda. He stated that the thought there might have been some slight disagreements regarding Janna Hamilton that just ran its course. He does not think it is an issue with the remaining people at Garcia Hamilton. They are doing what the Board hired them to do as a manager. He feels good about them and has had his concerns addressed. He is happy to retain them as a manager and does not think the Board should make a change at this time. Mr. Hess discussed real estate. There have been 8 negative quarters, and this quarter was slightly positive. The portfolio is underweight in real estate. However, he thinks it is premature to put more money into real estate right now.

ADMINISTRATIVE REPORT

The Board was presented with a list of benefit approvals which included a DROP exit and several DROP distributions. A motion was made, seconded and carried 3-0 to approve the benefit approvals.

The Board reviewed the financial statements for the period ending September 30, 2024.

The Board was presented with disbursements, including the investment manager disbursements. A motion was made, seconded and carried 3-0 to pay the listed disbursements.

The Board was presented with the engagement letter from KSDT for the Annual Report for the fiscal year ending September 30, 2024. The total fee was \$4,500.00. The Board noted that at the last meeting a new line item for the Annual Report was added to the required budget as KSDT had advised that they would be preparing a separate Engagement Letter for the Annual Report for the Board to consider, although the fee was unknown at that time. It was noted that the prior fee by KSDT was \$1,400. Due to the

Board's concerns regarding the cost and timeliness of filing the Annual Report, the Administrator stated that they could prepare the Annual Report for a fee not to exceed \$3,000 should the Auditor come back with a much higher fee or advise that they were not going to prepare the Share Account at all. There was a lengthy discussion. A motion was made, seconded and carried 3-0 to have KSDT prepare the Annual Report for the fiscal year ending September 30, 2024.

The Board was presented with the upcoming a conference list for 2025.

ATTORNEY REPORT

Mr. Levinson provided a Memorandum regarding New Florida Laws Sections 287.138 and 787.06, Florida Statutes dated October 1, 2024. He stated that there were changes to the Florida Statutes effective July 1, 2024 regarding new contract requirements. He reviewed the changes with the Board.

There was discussion on the Ordinance amendment for the cancer presumption and the City's name change to include "Beach". Mr. Levinson stated that he has been holding this Ordinance in abeyance. He stated that he was waiting until after the first of the year to see if there is anything else he needs to add to the Ordinance. He anticipates sometime next year he will move forward with this Ordinance.

It was noted that the Union and the County approved the collective bargaining agreement which has extended the maximum DROP period from 7 to 8 years. Mr. Levinson stated that he would update the Administrative Rule for the DROP now that the maximum DROP period has been extended. He stated that he would also draft an Election Form for any current DROP Member to extend their DROP period to 8 years. He stated that he would provide these documents to the Board for review prior to the next meeting.

OTHER BUSINESS

It was noted that an election will need to be held for the Trustee position held by Kevin Carson as his term was up.

There being no further business, the Trustees adjourned the meeting.

Respectfully submitted,

Rich Seamon, Secretary