

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**February 14, 2024**

An electronic meeting was held beginning at 9:03 A.M. Those persons present were:

**TRUSTEES**

Rich Seamon  
Valerie Hurley  
Theodore McMorrough  
Barry Ruf

**OTHERS**

Margie Adcock, Administrator  
Adam Levinson, Attorney  
Brad Hess, Investment Monitor  
Nicolas Lahaye, Actuary  
Eric Leventhal, Auditor

**PUBLIC COMMENTS**

There were no public comments.

**ADDITIONS AND DELETIONS**

There was consensus to move the Attorney Report up to after the Actuary Report as Mr. Levinson advised he needed to leave the meeting after his Report.

**MINUTES**

The Trustees reviewed the minutes of the meeting of November 8, 2023. A motion was made, seconded, and carried 4-0 to accept the minutes of the meeting of November 8, 2023.

**AUDITOR REPORT**

Eric Leventhal appeared before the Board. He presented the draft Annual Audit as of September 30, 2023. He stated that they would be issuing a clean unmodified opinion. He reviewed Management's Discussion and Analysis. He reviewed the Statement of Net Fiduciary Position as of September 30, 2023. The total assets were \$52,550,122 with most of the money in investments. Total liabilities were \$41,112. Total net position restricted for pensions was \$52,509,010, with \$33,384,790 restricted for defined benefits and \$19,124,220 restricted for DROP benefits. He reviewed the Statement of Changes in Net Fiduciary Position. He stated that there were total additions of \$8,259,921 and total deductions of \$5,072,107 leaving an increase in the Plan net position of \$3,187,814.

Mr. Leventhal reviewed the schedule of administrative expenses. He stated that they increased from last year mainly due to legal expenses which were up by almost \$10,000. Mr. Levinson stated that he thought the increased expenses might be due to House Bill 3 compliance reporting but would report on it at the next meeting more thoroughly. Mr. Leventhal stated that he thinks the administrative expenses are reasonable and appropriate compared to what they see in other plans. He stated that this Plan was right in

the middle and within the range of what he would expect. He reviewed the notes to the financial statements. He reviewed the supplementary information. He reviewed the schedules of changes in the employer's net pension liability and related ratios. He stated that there were no substantive changes to any of the disclosures. He stated that they found no significant internal control issues. They received full cooperation from management and the service providers. A motion was made, seconded and carried 4-0 to accept the Annual Audit as of September 30, 2023. A motion was made, seconded and carried 4-0 to authorize the Chair to execute the Management Representation Letter.

Eric Leventhal departed the meeting.

### **ACTUARY REPORT**

Nick Lahaye appeared before the Board. He presented the Actuarial Valuation as of October 1, 2023. He reviewed the annual required contribution. He noted that the assumed rate of return stayed at 6.7%. The total required contribution for the plan year ending September 30, 2025 would be \$3,744,993. This is a slight increase from last year. He stated that with contributions from Division II of \$14,319, the City's contribution would be \$3,730,674 versus the City's contribution from last year of \$3,607,674.

Mr. Lahaye noted that there were no revisions in benefits. There were no changes in the assumptions or methods. He stated that the actuarial assumed rate stayed the same at 6.70%. He stated that given the Plan is closed and consists primarily of retirees collecting a benefit, he thinks this is a fair assumption at this time. Mr. Lahaye stated that there was a net actuarial loss of \$946,852 for the year, which means that the actuarial experience was less favorable than expected. The loss was primarily due to the lower than expected mortality among inactive participants and a lower than expected return on the actuarial smoothed value of assets of 5.7% versus the expected return of 6.7%. The net impact of the experience loss resulted in an increase of \$128,986 in the required contribution. Mr. Lahaye stated that there would be no 13<sup>th</sup> check because the Plan experienced a cumulative actuarial loss. The funded ratio was 79.6% versus 75.9% last year.

Mr. Lahaye reviewed the actuarially determined contribution. He stated that the Plan has three years left on the bulk of the existing amortization payments. The required City contribution is expected to decrease significantly once these amortization payments have concluded. He reviewed the actuarial value of benefits and assets. He reviewed the calculation of the employer normal cost. He reviewed the liquidation of the unfunded actuarial accrued liability. He stated that the unfunded liability is scheduled to be paid off October 1, 2026. He reviewed the historical investment rate of return from 1972 to 2023. He reviewed the calculation of the actuarial value of assets. A motion was made, seconded and carried 4-0 to approve the Actuarial Valuation as of October 1, 2023.

It was noted that the Board needs to formally determine the expected rate of return for the short term and long term, as is required by the State. It was noted that the Board just approved the return of 6.7% in the Valuation. Mr. Hess stated that it was reasonable to assume that the assets would return 6.7% over the short term, mid-term and long term. A

motion was made, seconded and carried 4-0 to determine the expected rate of return using the rate of 6.7%. Mr. Hess stated that they would prepare the letter to be sent to the State.

### **ATTORNEY REPORT**

It was noted that AndCo has announced that it is merging with Mariner, with the acquisition to close on April 2, 2024. The Board was presented with a Consent for Assignment of Investment Advisory Agreement. Mr. Levinson stated that his office has spoken with the compliance department of AndCo and they have no objection to the Board executing the Consent. He stated that AndCo is a fiduciary to the Plan and Mariner will be as well.

Mr. Levinson provided the Board with a Memorandum regarding the 2024 Online Form 1 Filing dated January 2024. He stated that the Trustees are now mandated to file the Form 1 online. He provided the link to the website for them to register online and complete the Form.

Mr. Levinson addressed the possibility of extending the maximum DROP period from 7 to 8 years that was discussed at the last meeting. He stated that at the last meeting the Board was willing to extend the maximum DROP period and he had drafted an Administrative Rule which would allow for such an extension should the County and the Union agree to such a change. He stated that the Union has advised that they should have a response from the County by the summer if they will allow the DROP extension. There was a lengthy discussion. There is nothing further this Board can do unless and until the Union and the County negotiate to allow the extension of the maximum DROP period.

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 not submitted the required Ordinance amendment to the City as of yet and asked that this be placed on the agenda for the next meeting. It was noted that both of these changes need to be made so as not to impact the filing of the next Annual Report.

### **OTHER BUSINESS**

It was noted that Mr. McMorrough asked that an item be placed on this Agenda regarding Wolf Popper Securities Monitoring. Mr. McMorrough stated that he spoke with them at a recent conference he attended, and he thought they could be of assistance to the Board. Mr. Levinson stated that he was pressed for time and could not discuss it further at this meeting but would reach out to Mr. McMorrough in between meetings to discuss and bring back any necessary information.

Adam Levinson departed the meeting.

## **INVESTMENT MONITOR REPORT**

Brad Hess appeared before the Board. He discussed the market environment for the quarter ending December 31, 2023. He stated that it was a great quarter. October was negative for both stocks and bonds but November and December were positive months, so the quarter ended up positive. The one-year performance was positive for all asset classes as well. Everything other than real estate did well for the quarter as well as for the calendar year. Inflation is starting to trend down. Unemployment is still low. Things are slowing economically. The election is coming up at the end of the year. There are two wars the market has absorbed but if they escalate it will not be good for the markets. Geo-political happenings are hard to predict, but economically the market is in a good spot. There was a lengthy discussion on the managers and monitoring the managers.

Mr. Hess reviewed the performance as of December 31, 2023. He reviewed the asset allocation. He stated that the Fund is right in line with the targets for all asset classes, so he was not recommending a rebalance. He stated that the Fund is a little underweight in real estate which helped performance. He thinks real estate will be a soft market for the next few quarters, so he is not recommending putting any more money in real estate right now. The total market value of the Fund as of December 31, 2023 was \$55,856,015. The Fund was up 7.99% for the quarter while the benchmark was up 8.11%. He stated that all managers returned in line with expectations. He stated that Garcia Hamilton was one of the worst managers in the quarter ending September 30, 2023. However, they did a fantastic last quarter. They were up 7.20% versus the benchmark which was up 6.82% and they ranked in the top 17% of their peers.

Mr. Hess discussed further the merger of AndCo with Mariner. He stated that AndCo was being acquired by Mariner. He stated that Mariner is a strategic partner, and they do business in all 50 states. They are a well-resourced firm. Mariner is acquiring everyone at AndCo except for one marketing person, who was offered a job but at a demotion. There are no changes to the services currently offered by AndCo or to the service team. The target date for the merger is April 2, 2024. He stated that the only noticeable change will be to their name. Mr. Hess stated that he is excited about the merger. He thinks it is the best thing for the long term. He stated that all of the partners have rolled their equity into the new firm except one who is going to be retiring. He stated that they are required to notify the Board of such transactions and ask for consent due to SEC regulations. There was a lengthy discussion. The Board was presented with a Consent for Assignment of Investment Advisory Agreement. A motion was made, seconded and carried 4-0 to authorize the Chair to sign the Consent for Assignment of Investment Advisory Agreement.

## **ADMINISTRATIVE REPORT**

The Board was presented with a list of benefit approvals which included DROP distributions. A motion was made, seconded and carried 4-0 to approve the benefit approvals.

The Board reviewed the financial statements for the period ending December 31, 2023.

The Board was presented with disbursements, including the investment manager disbursements. A motion was made, seconded and carried 4-0 to pay the listed disbursements.

Ms. Adcock reported that the comprehensive report that was required to be filed by House Bill 3 was filed prior to the December 15<sup>th</sup> deadline.

Ms. Adcock provided the Board with certification from the Resource Centers that they successfully completed their SOC 1 Type 2 Audit as of September 30, 2023.

It was noted that Barry Ruf was re-elected to the Board for another term.

**OTHER BUSINESS (CONTINUED)**

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

Respectfully submitted,

Rich Seamon, Secretary