

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

An electronic meeting was held beginning at 9:10 A.M. Those persons present were:

TRUSTEES

Rich Seamon
Valerie Hurley
Barry Ruf
Kevin Carson

OTHERS

Margie Adcock, Administrator
Adam Levinson, Attorney (9:45 A.M.)
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 May 8, 2024. A motion was made, seconded, and carried 4-0 to accept the minutes of the meeting of May 8, 2024.

INVESTMENT MONITOR REPORT

Brad Hess appeared before the Board. He discussed the market environment for the quarter ending June 30, 2024. He stated that it was a decent quarter for large cap and particularly growth stocks. He noted that the Fed had increased interest rates from 0 during the pandemic to 5.25% during 2022. The Fed target for inflation is 2% and it is now at 3%. The market was discrediting any sort of recession up until a couple weeks ago. The Fed brought inflation down enough so the market did not go into a recession. However, the market is now starting to see some cracks. The Fed is trying to slow down the economy and it is starting to happen. With growth slowing, the Fed is expected to start lowering interest rates. He expects to see the Fed start cutting rates in September.

Mr. Hess reviewed the performance as of June 30, 2024. He reviewed the asset allocation. He stated that the Fund is within the targets. The Fund is a little overweight in domestic equities but not at a point where it is necessary to rebalance. The total market value of the Fund as of June 30, 2024 was \$59,089,721. The Fund was up .77% net for the quarter while the benchmark was up 1.60%. For the fiscal year through June 30, 2024 the Fund was up 14.70% net so there is a nice cushion if needed to weather a typical weak final fiscal year quarter. He stated that Alger has done a fantastic job during a strong growth market which he would expect.

Mr. Hess discussed Garcia Hamilton and a firm update dated May 24, 2024. He stated that there have been a couple departures from the firm. He stated that Janna Hamilton, who owned 15% of the firm, parted ways with the firm. It was postured as a retirement, but it does not appear to be as amicable as they have portrayed. She was a client service and marketing person. Many clients know her as the face of the firm but she is not part of the investment team. However, the firm would not be where they are without Janna. He reminded the Board that Gilbert Garcia ran for Mayor of Houston about a year ago. Although he lost that election, their performance is low. Some of their clients have thrown in the towel and are leaving them. From an investment perspective, he does not believe Janna leaving will impact the portfolio. They have a succession plan in place which is good. He believes they will be well positioned when interest rates start to come down. He stated that his research team did not visit their firm. He was unsure if they ever talked to Janna about her departure. There was a lengthy discussion. Mr. Hess stated that a minority of their clients are moving away from Garcia Hamilton. He stated that last month 5 of their clients terminated them as their manager. The month before about 4 or 5 terminated them as their manager. He stated that they have 100 total plans with Garcia Hamilton, so about 10% terminated them in the last couple of months. He stated that there is not a mass exodus, but when all things are combined, there is more smoke here than there was a year ago.

Mr. Hess discussed the notification received from Alger regarding trade errors and the resolution. It appears that Alger did not properly code the Fund's Investment Policy Statement in their system and added a couple IPO's to the portfolio. Alger caught the error quickly and made the appropriate changes. The Plan was not disadvantaged and was made whole. Mr. Hess stated that he thinks they took the right action with respect to this matter.

Adam Levinson entered the meeting.

The Board was presented with a Revised Agreement for Investment Performance Monitoring and Advisory Services with Mariner Institutional. It was noted that Mariner acquired AndCo earlier this year and the Agreement was to update for the new name as well as include a couple additional provisions. Mr. Levinson reviewed the agreement and the changes that were made. He stated that he recommended the Board approve the Agreement. A motion was made, seconded and carried 4-0 to approve the Revised Agreement for Investment Performance Monitoring and Advisory Services with Mariner Institutional

ADMINISTRATIVE REPORT

The Board was presented with a list of benefit approvals which included two DROP exits and several 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 June 30, 2024.

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 presented a draft administrative expense budget for fiscal year 2025 that is required by Section 175.061(8)(a)2, Florida Statutes. The Board reviewed the draft budget. 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 presented with the engagement letter for the audit for the fiscal year ending September 30, 2024. Mr. Levinson stated that he reviewed the engagement letter and it was acceptable. It was noted that the Engagement Letter is for the Audit and does not include the engagement for the Annual Report. It was noted that KSDT advised that they would be preparing a separate Engagement Letter for the Annual Report for the Board to consider at the November meeting. A motion was made, seconded and carried 4-0 to approve the engagement letter for the audit for the fiscal year ending September 30, 2024.

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

The Board was provided with correspondence from the State advising that all Valuations have been approved through October 1, 2023. It was noted that the State provided a comment about the assumed rate of return. The current assumed rate of return is 6.7%. Based on the State's review, the State thinks it should be in the range of 5.75% to 6.25%. The Actuary will address this when he presents the next Actuarial Valuation.

The Board was presented with a request from a vested deferred member regarding the early retirement reduction. The member requested the Board not impose an early retirement reduction if he took his benefit when he reached age 50. There was a lengthy discussion. Mr. Levinson stated that the Board does not have any discretion regarding the early retirement reduction. The Board cannot waive, reduce, or remove the reduction. In fact, waiving the annual 3% reduction for an earlier commencement would negatively impact the Fund, since the Fund has not been funding for this benefit to begin earlier. The Plan is very specific regarding the reduction that must be applied for an early retirement.

ATTORNEY REPORT

Mr. Levinson addressed the status of the possibility of extending the maximum DROP period from 7 to 8 years that was discussed at previous meetings. It was noted that the County has not agreed to extend the maximum DROP period. The Union Attorney advised that the County demanded that it be bargained at the negotiation table due to the impact on payroll costs. While he said that they have made progress at the bargaining table, it has not been agreed to by the parties.

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 sent the draft Ordinance amendment to the City yet. He stated that he wanted to wait and see if there is anything that results when regulations related to the cancer presumption are released. It was noted that this Ordinance has been kept on the Agenda for the Board to consider for several years now. Mr. Levinson stated that there is no rush to have this amendment to the Ordinance passed. He wants to give the matter more time before presenting it to the City for passage.

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