

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
February 19, 2019

A meeting was held beginning at 9:11 A.M. in the Conference Room at Station 91, Lake Worth, Florida. Those persons present were:

TRUSTEES

Rich Seamon
Barry Ruf
Rory Kimbrell

OTHERS

Margie Adcock, Administrator
Adam Levinson, Attorney
John Thinnes, Investment Monitor
Eric Leventhal, Auditor

PUBLIC COMMENTS

There were no public comments.

ADDITIONS AND DELETIONS

There were no additions or deletions to the Agenda.

MINUTES

The Trustees reviewed the minutes of the meeting of October 30, 2018. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of October 30, 2018.

AUDITOR REPORT

Eric Leventhal appeared before the Board. He presented the draft Annual Audit as of September 30, 2018. He stated that they were waiting on information from the Actuary. 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, 2018. The total assets were \$53,380,364 with most of the money in investments. Total liabilities were \$6,257,958. Total net position restricted for pensions was \$47,122,406, with \$28,753,392 restricted for defined benefits and \$18,369,014 restricted for DROP benefits. Mr. Leventhal reviewed the Statement of Changes in Net Fiduciary Position. He stated that there were total additions of \$8,285,496 and total deductions of \$5,426,783 leaving an increase in the Plan net position of \$2,858,713.

Mr. Leventhal reviewed the schedule of administrative expenses. He stated that he thinks they are reasonable and appropriate as compared to what he has seen in other plans. Out of 16 plans where he has presented the financial statements so far, this Plan is the 5th lowest in administrative expenses. He stated that in looking at the investment expense compared to the other 16 plans, this Plan is tied for the lowest at .24%. There was discussion on a possible merger of Division I and Division II. Mr. Leventhal stated that it would save money. It would definitely save on the Audit fee. Mr. Leventhal stated that there were no substantive changes to any of the disclosures. Mr. Leventhal stated that he found no significant internal control issues. He received full cooperation from

management and the service providers. There were no material weaknesses. Mr. Leventhal stated that he was just waiting on the GASB 67 information from the Actuary that he was expecting very shortly in order to finalize the Audit. A motion was made, seconded and carried 3-0 to accept the Annual Audit as of September 30, 2018 subject to the receipt of information from the Actuary. Mr. Leventhal stated that he would be sending the Management Representation Letter. A motion was made, seconded and carried 3-0 to authorize the Chair to execute the Management Representation Letter once received, subject to review by the Attorney.

Eric Leventhal departed the meeting.

INVESTMENT MONITOR REPORT

John Thinnes appeared before the Board. He reviewed a letter from the CEO/President of AndCo. He stated that they monitor over \$90 billion in client assets. They have 89 employees with 15 professionals on their research team.

Mr. Thinnes discussed the market environment as of December 31, 2018. He stated that it was a tough quarter. He stated that the market was pretty negative for the quarter and the year. US equities were down 14%. It was the worst December since 1931. There was no real safe place in the quarter. All equity classes were negative for the quarter and the year.

Mr. Thinnes reviewed the performance as of December 31, 2018. The total market value as of December 31, 2018 was \$41,637,634. The asset allocation was comprised of 56.5% in domestic equities; 8.0% in international equities; 19.6% in fixed income; 10.2% in real estate; 4.5% in alternative investments; and 1.2% in cash. He stated that the Fund was pretty close to the target so there was no need to rebalance. The Fund was down 9.72% net of fees for the quarter while the benchmark was down 7.72%. Total equities were down 14.45% while the benchmark was down 13.71%. Domestic equities were down 14.70% while the benchmark was down 14.30%. International was down 12.59% while the benchmark was down 11.41%. Fixed income was up .97% while the benchmark was up 1.64%.

Mr. Thinnes reviewed the individual managers. Legg Mason Dynamic Large Cap Value was down 13.84% while the Russell 1000 Value was down 11.72%. Cambiar was down 11.59% while the Russell 2500 Value was down 17.12%. Mr. Thinnes noted that Cambiar protected well on the downside. Alger was down 15.95% while the Russell 1000 Growth was down 15.89%. Vanguard Total Stock Market was down 14.26% while the benchmark was down 14.26%. EuroPacific R6 was down 12.59% while the benchmark was down 11.41%. With respect to fixed income, Garcia Hamilton was up .97% while the benchmark was up 1.64%. American Realty was up 1.94% while the NCREIF was up 1.62%. The PIMCO All Asset Fund was down 3.28% while the benchmark was down .05%. Mr. Thinnes stated that they still like the portfolio. Managers have been performing well over the last year. It was a tough quarter but the Fund has gained about 90% of that back so far.

ATTORNEY REPORT

Mr. Levinson stated that he would be sending out some memos for the Board to review. One was related to the Division of Retirement and Annual Report. He stated that it was a top down analysis of the plans. It was an informational memo.

Mr. Levinson departed the meeting due to a conference call.

ADMINISTRATIVE REPORT

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.

Mr. Levinson re-entered the meeting.

The Board reviewed the financial statements for the period ending January 31, 2019.

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

Ms. Adcock reported on the status of the City's update of the premium tax database. The City stated that they had updated the database file and would have it uploaded to the website by February 28, 2019. She stated that they did not provide what the changes were.

Mr. Levinson departed the meeting due to a conference call.

Ms. Adcock stated that the Valuation would be ready in early March. A motion was made, seconded and carried 3-0 to provide the draft Valuation to the City when it becomes available.

OTHER BUSINESS

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

Respectfully submitted,

Rory Kimbrell, Secretary