

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
August 29, 2019

A meeting was held beginning at 9:05 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
Tim Nash, Investment Monitor

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 May 13, 2019. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of May 13, 2019.

INVESTMENT MONITOR REPORT

Tim Nash appeared before the Board. He discussed the market environment as of June 30, 2019. He stated that growth continued to outperform value. He noted that growth has outperformed value for almost five years now. He stated that small cap value was down for the twelve month trailing period although Cambiar did very well.

Mr. Nash reviewed the performance as of June 30, 2019. The total market value as of June 30, 2019 was \$46,315,671. The asset allocation was comprised of 58.4% in domestic equities; 8.5% in international equities; 18.3% in fixed income; 9.2% in real estate; 4.4% in alternative investments; and 1.2% in cash. The Fund was up 3.29% net of fees for the quarter while the benchmark was up 3.40%. Total equities were up 3.96% while the benchmark was up 3.92%. Domestic equities were up 3.97% while the benchmark was up 4.10%. International was up 3.87% while the benchmark was up 3.22%. Fixed income was up 2.21% while the benchmark was up 3.08%. Mr. Nash stated that the Fund was in line with the Investment Policy Statement. He noted that the Fund was a little underweight to international.

Mr. Nash reviewed the individual managers. Legg Mason Dynamic Large Cap Value was up 2.11% while the Russell 1000 Value was up 3.84%. Mr. Nash stated that the underperformance of Legg Mason was due to their stock selection. Their long term performance is strong. He stated that they really like Legg Mason and think it is a good addition to the Fund's portfolio. Cambiar was up 3.94% while the Russell 2500 Value was up 1.89%. Alger was up 5.36% while the Russell 1000 Growth was up 4.64%. Vanguard Total Stock Market was up 4.10% while the benchmark was up 4.08%.

EuroPacific R6 was up 3.87% while the benchmark was up 3.22%. With respect to fixed income, Garcia Hamilton was up 2.21% while the benchmark was up 3.08%. Mr. Nash stated that Garcia Hamilton underperformed because they have a contrarian view compared to the market. They manage duration and move within sectors of fixed income. They have a short duration of 3.7 years while the Index is at 5 years. As such, they did not capture enough of the upside. Garcia Hamilton believes the economy is strong and unemployment is low. The markets are pricing in a recession but they do not believe the market is anywhere near a recession. American Realty was up 1.53% while the NCREIF was up 1.35%. The PIMCO All Asset Fund was up 2.68% while the benchmark was up 2.53%.

Mr. Nash reviewed the compliance checklist. He stated that he had no recommendation for changing any of the managers or the asset allocation. He thinks the portfolio is properly diversified. He stated that he thinks there will be a lot of volatility through the end of the year.

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.

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

Ms. Adcock presented a draft administrative expense budget for fiscal year 2020 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 3-0 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 a list of benefit approvals which included DROP distributions and retirements. A motion was made, seconded and carried 3-0 to approve the benefit approvals.

The Board was presented with the engagement letter for the audit for the fiscal year ending September 30, 2019. A motion was made, seconded and carried 3-0 to approve the engagement letter for the audit for the fiscal year ending September 30, 2019.

Ms. Adcock reminded the Board that the annual DROP investment earnings elections are due to be postmarked by September 30, 2019. Mr. Nash stated that he would provide the August 31, 2019 performance as soon as possible. Ms. Adcock stated that she would send out a reminder letter to the DROP Participants and put the August 31, 2019 performance on the website as soon as it is received.

Ms. Adcock stated that the City has asked that the name of the Fund be changed to reflect the new name of the City as Lake Worth Beach. There was a lengthy discussion. Mr. Levinson stated that he would include the change in a proposed Ordinance.

ATTORNEY REPORT

Mr. Levinson provided a Memorandum regarding Firefighter Cancer Presumption Bill (SB 426) dated May 21, 2019. He stated that the Bill passed. He reviewed the new law. He stated that it is a very detailed Bill that applies to active firefighters for pension purposes as well as health insurance, disability and death benefits. He stated that an Ordinance needs to be adopted to incorporate the new law. He stated that since an Ordinance needs to be prepared for the Firefighter Cancer Presumption Bill, he will include the name change the City is requesting as well. A motion was made, seconded and carried 3-0 to authorize the Attorney to draft a proposed Ordinance to include the Firefighter Cancer Presumption Bill and the City's requested name change, and forward the proposed Ordinance to the City. Mr. Levinson stated that he would obtain an impact statement from the Actuary.

Mr. Levinson provided a Memorandum regarding Statutory Death Benefits and Expanded Public Records Exemptions (SB 7098 and SB 248) dated May 21, 2019. He reviewed the statutory death benefits. He stated that the new law expands the list of exemptions to protect sensitive information for current and former employees of law enforcement agencies.

Mr. Levinson stated that he would be providing a Memorandum on cyber security for a future meeting. There was a lengthy discussion.

OTHER BUSINESS

It was noted that the term of the 5th Trustee held by Rich Seamon is due to expire on September 30, 2019. This item will be placed on the Agenda for the next meeting as there were not enough Trustees to vote on the appointment at this meeting.

It was also noted that an election will need to be done for the position held by Barry Ruf.

There was continued discussion regarding the status of a possible merger between Division I and Division II. There was discussion on the money received from the State for the Share Accounts. Mr. Levinson stated that since shares are only given to active employees, once there are no longer any active employees the State money could potentially end. He stated that the issue can wait, but something will need to be done. There was discussion on a possible merger transition, including trustee terms.

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

Respectfully submitted,

Rory Kimbrell, Secretary