

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

A meeting was held beginning at 9:07 A.M. in the Conference Room at Station 91, Lake Worth, Florida. Those persons present were:

TRUSTEES

Rich Seamon
Barry Ruf
Valerie Hurley

OTHERS

Margie Adcock, Administrator
Cassandra Harvey, 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 August 29, 2019. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of August 29, 2019.

INVESTMENT MONITOR REPORT

Tim Nash appeared before the Board. He discussed the market environment as of September 30, 2019. He noted that international was negative for the quarter. Domestic was positive for the quarter except small cap was negative for the quarter and the year. It was a tough period for small cap but Cambiar did well. For this quarter and the June quarter of 2018 value did better than growth, but almost all the other times going back six years growth did better than value. Mr. Nash reviewed the trailing returns as of September 30, 2019. There were three quarters during the fiscal year that were positive but the most challenging quarter was the first fiscal quarter of the fiscal year where the Fund was down 9.68% gross of fees. The Fund ended up 3.48% gross for the fiscal year. The Fund did well in a volatile year.

Mr. Nash reviewed the performance as of September 30, 2019. The total market value as of September 30, 2019 was \$46,175,410. The asset allocation was comprised of 58.1% in domestic equities; 8.3% in international equities; 18.6% in fixed income; 9.2% in real estate; 4.4% in alternative investments; and 1.3% in cash. The Fund was up .67% net of fees for the quarter while the benchmark was up 1.15%. For the fiscal year the Fund was up 3.29% net of fees while the benchmark was up 5.29%. Total equities were up .24% for the quarter while the benchmark was up .59%. Domestic equities were up .50% while the benchmark was up 1.16%. International was down 1.59% while the benchmark was down 1.70%. Fixed income was up 2.42% while the benchmark was up 2.27%.

Mr. Nash reviewed the individual managers. Legg Mason Dynamic Large Cap Value was up 1.20% while the Russell 1000 Value was up 1.36%. Cambiar was up .70% while the

Russell 2500 Value was up .13%. Alger was down .94% while the Russell 1000 Growth was up 1.49%. Vanguard Total Stock Market was up 1.09% while the benchmark was up 1.11%. EuroPacific R6 was down 1.59% while the benchmark was down 1.70%. With respect to fixed income, Garcia Hamilton was up 2.42% while the benchmark was up 2.27%. American Realty was up 1.44% while the NCREIF was up 1.38%. The PIMCO All Asset Fund was down .60% while the benchmark was up .60%. Mr. Nash stated that Alger and Legg Mason were a drag on this fiscal year, but both have solid long term performance. Mr. Nash reported on a property investment that American Realty holds in Delray Beach with IPIC movie theater. He stated that there were some recent issues where IPIC filed for bankruptcy. He stated that this is more of a tenant concern and not a building concern. For the short term they had to write down the property. However, there are 71 properties in the American Core Fund so it is not anticipated to be a huge significant effect on the performance. He stated that American Realty is managing the property and looking for other possible tenants if necessary.

Mr. Nash reviewed financial reconciliation for the fiscal year ending September 30, 2019. Although the Fund earned about \$1.6 million, there were distributions of about \$1.6 million so the beginning and ending market values are about the same. As there are less active members in the Fund, more money will be needed for distributions. The asset allocation will need to move from a 60/40 split to a 50/50 split. Mr. Nash discussed the bond performance. Interest rates are so low now. The Board will need to focus on the portfolio and find ways to de-risk the portfolio. He stated that the Fund will be more challenged going forward.

Mr. Nash reviewed the compliance checklist. For the 3 year period the Fund is fully meeting all guidelines. For the 5 year period it is close but slightly off. Mr. Nash reviewed the fees. He stated that the estimate annual fee is .50 basis points. The estimated annual fee is \$232,742 as of September 30, 2019. The Fund is getting good performance at a low cost.

Mr. Nash discussed a notice from Regions regarding the cash sweep account. He stated that each account has a sweep vehicle. Regions is moving away from two sweep vehicles that they previously offered. Mr. Nash stated that he had no problem with the change. It is still insured and the Fund is still protected. Regions is just providing notice of the change that took effect October 1, 2019. A motion was made, seconded and carried 3-0 to accept the report from the Investment Monitor.

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 September 30, 2019.

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

The City requested the Board authorize the Actuary to use the data of the Plan for their OPEB reporting requirement. A motion was made, seconded and carried 3-0 to authorize the Actuary to provide the necessary information to the City.

Ms. Adcock provided the Board with certification from the Resource Centers that they successfully completed their SSAE 16 SOC 1 Audit as of June 30, 2019.

Ms. Adcock provided the Board with a letter dated October 7, 2019 from the Resource Centers regarding their cyber security measures. There was a lengthy discussion regarding cyber security.

ATTORNEY REPORT

Ms. Harvey provided a proposed Ordinance that incorporated the firefighter cancer presumption and changing the name of the Fund to reflect the new name of the City as Lake Worth Beach. She reviewed the proposed Ordinance and the impact statement that was prepared by the Actuary. A motion was made, seconded and carried 3-0 to forward the proposed Ordinance to the City.

Ms. Harvey provided a Memorandum dated November 2019 regarding the Uniformed Services Employment and Reemployment Rights Act of 1994. She stated that it was not a new law but their office was receiving quite a bit of questions so they wanted to provide an educational memo. It sets forth the rights and responsibilities of employers and retirement plans to protect the rights of those who have served or will serve in the United States Armed Forces.

OTHER BUSINESS

It was noted that the term of the 5th Trustee held by Rich Seamon expired 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 noted that an election is being held for the position held by Barry Ruf. Prospective candidates have until December 3rd to provide a notice of interest. Mr. Ruf expressed interest in remaining on the Board for another term.

An update was provided regarding the status of a possible merger between Division I and Division II. It was noted that Division II is not going to pursue a merger at this time. Division II looked at the cost and was not overly compelled to move forward with a merger. Additionally, several members attended the last Division II meeting and expressed concerns regarding a possible merger.

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

Respectfully submitted,

Rory Kimbrell, Secretary