

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**December 17, 2020**

A meeting was held beginning at 9:13 A.M. in the First Floor Conference Room at City Hall, Lake Worth, Florida. Those persons present were:

**TRUSTEES**

Rich Seamon  
Barry Ruf  
Rory Kimbrell (via electronic)  
Valerie Hurley

**OTHERS**

Margie Adcock, Administrator  
Adam Levinson, Attorney (via electronic)  
Tim Nash, Investment Monitor (via electronic)  
Richelle Hayes Cook, American Realty (via electronic)

**ADDITIONS AND DELETIONS**

A motion was made, seconded, and carried 4-0 to reorder the Agenda and take the items needing Board action first.

**MINUTES**

The Trustees reviewed the minutes of the meeting of August 11, 2020. A motion was made, seconded, and carried 4-0 to accept the minutes of the meeting of August 11, 2020.

**ADMINISTRATIVE REPORT**

The Board was presented with a benefit approval for the retirement of Rory Kimbrell. Mr. Levinson stated that Mr. Kimbrell can vote on the motion as there is no special treatment involved here. He is being treated like anyone else that has applied for retirement. A motion was made, seconded and carried 4-0 to approve the benefit approval for the retirement of Rory Kimbrell.

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 September 30, 2020.

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. The Board discussed the annual membership for the FPPTA and directed Ms. Adcock to renew the Board's membership.

The Board reviewed a draft Notice of Election for the active employee position currently held by Rory Kimbrell. It was noted that there are currently only 9 active employees remaining in the Fund. The Notice recognizes the ability for retirees to hold this position. The Board asked that the timing of the ability to provide interest be extended to allow more time for members to respond if interested. It was noted that there is still a vacancy for a City Trustee. Mr. Levinson stated that the City can appoint who they want as long as they are a City resident,

## **INVESTMENT MANAGER REPORT – AMERICAN REALTY**

Richelle Hayes Cook appeared before the Board electronically. She provided a brief introduction and reviewed the firm. They are headquartered in Los Angeles. There have been no changes in the company. They hired six new employees and are growing substantially. She reviewed the American Core Realty Fund. The return target is a 7% to 9% gross return. They are still on target for the 7% to 9% return over the next couple of years. Ms. Cook reviewed the performance of the portfolio. The Fund started investing in 2011. The total market value as of September 30, 2020 was \$4,137,851. The portfolio was down .41% for the quarter while the benchmark was up .27%. Since inception of June 24, 2011 the portfolio was up 8.14% while the benchmark was up 8.56%.

Ms. Cook discussed more about the American Core Realty Fund. The fund is very strong. They have had strong rent collection results with collections at about 95%. Ms. Cook highlighted what happened in the various sectors of their real estate fund. With respect to industrial, ecommerce has just taken off. It was doing well before COVID but really is outperforming during COVID. A new trend they are seeing is cold storage with 46% of the market ordering groceries online. With respect to multifamily, the stimulus package has helped. There are no major issues in multifamily apartments, and they are seeing more activity right now in this sector. With respect to office, there is currently nothing negative, but they think this sector is going to face a headwind as more people are working from home. However, companies seem to want people to get back in the office as they are more productive in the office and it helps with corporate comradery. The headwind here would be that companies might need more space for social distancing and to get away from the open workstation concept. They are not seeing any major changes in office and no tenants are breaking their leases. With respect to retail this is the area that has been most negatively affected, even prior to January 2020. Ms. Cook stated that their portfolio only has grocery anchored centers which have done well. Regional malls have had more problems and they do not believe they will be coming back any time soon, but this will not affect their fund.

Ms. Cook provided an outlook of the real estate market. She stated that they are very well positioned to outperform in this environment. They have no issues related to retail or hospitality. She stated that they have about 50 clients that have requested redemptions totaling about \$227 million, or less than 5% of the total fund. The requests were made in March, April and May when the market was down, so the allocation to real estate went up and a lot of rebalancing was required under the investment policies of the plans. It was noted that there is a queue to get in the fund of \$33 million.

Richelle Hayes Cook departed the meeting.

## **INVESTMENT MONITOR REPORT**

Tim Nash appeared before the Board electronically. He discussed the market environment. He stated that there was an 8% gain in the last 70 days. Large cap did well while small cap did poorly. Growth did well while value did poorly. However, the market seems to have begun starting to rotate since October. Mr. Nash stated that five stocks drove 58% of the overall return in the twelve-month period: Apple, Facebook, Amazon, Alphabet and Microsoft. The sectors for the year to date that underperformed were energy and industrials. However, energy was the best performing sector for

November and industrials improved substantially in November. The best single month for small cap stocks in ten years was in November.

Mr. Nash reviewed the performance as of September 30, 2020. The total market value as of September 30, 2020 was \$46,878,934. The asset allocation was comprised of 48.4% in domestic equities; 9.5% in international equities; 26.8% in fixed income; 8.8% in real estate; 4.4% in alternative investments; and 2.1% in cash. The Fund was up 6.20% net of fees for the quarter while the benchmark was up 5.61%. Total equities were up 8.97% for the quarter while the benchmark was up 8.64%. Domestic equities were up 8.84% while the benchmark was up 9.21%. International was up 9.66% while the benchmark was up 6.36%. Fixed income was up .80% while the benchmark was up .62%.

Mr. Nash reviewed the individual managers. Legg Mason Dynamic Large Cap Value was up 5.61% while the Russell 1000 Value was up 5.59%. Cambiar was up 7.19% while the Russell 2500 Value was up 3.54%. Alger was up 13.79% while the Russell 1000 Growth was up 13.22%. Vanguard Total Stock Market was up 9.19% while the benchmark was up 9.20%. EuroPacific R6 was up 9.669% while the benchmark was up 6.36%. With respect to fixed income, Garcia Hamilton was up .80% while the benchmark was up .62%. American Realty was down .14% while the NCREIF was up .57%. The PIMCO All Asset Fund was up 2.53% while the benchmark was up 2.51%.

Mr. Nash stated that the Fund has had great returns for the year. There are no issues with any of the managers. The Fund is in line with the asset allocation. Having a diversified portfolio has served the Fund well. The current total market value is \$50.3 million. He noted again that five names drove the S&P for the first nine months. A vaccine is coming out which is great news. If there is not an extension on the moratorium on rents, about 70 million households will be affected. There is uncertainty in the market and the Fund needs to be on top of the long-term allocation. The best way to manage a volatile market is to be on top of asset allocation.

### **ATTORNEY REPORT**

Mr. Levinson appeared before the Board electronically. There was discussion regarding future meetings in relation to the Governor's Executive Order which has not been extended for allowing electronic meetings. Mr. Levinson stated that until the vaccine is readily available, he has no problem if the Board wants to meet electronically. He noted that certain municipalities are allowing meetings to be held remotely. He stated that the opinion of their office is that boards can meet electronically and there is no violation of the Sunshine Law as long as the meeting is properly noticed, and the public is able to join electronically. The issue is really a quorum issue. He stated that if there is an issue raised with actions taken at an electronic meeting, the Board would just have to re-vote on the matters that were voted on at a future in-person meeting.

Mr. Levinson provided a Memorandum dated August 25, 2020 regarding Issues Relating to Disability Applications from Firefighters Utilizing the Cancer Presumption in Florida Statute Section 112.1816. He stated that the Memorandum sets forth the benefits that are provided by the cancer presumption that became effective on July 1, 2019.

Mr. Levinson provided a Memorandum dated August 25, 2020 regarding Safeguarding America's First Responders Act of 2020 – Presumptive Benefit for COVID-19 Becomes Law. He stated that the federal benefit has been updated to include COVID for an in line

of duty death. It would need to be proven that COVID was not caught off duty. The law recognized the dangers first responders are putting themselves in.

### **PUBLIC COMMENTS**

There were no public comments.

### **OTHER BUSINESS**

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

Respectfully submitted,

Rory Kimbrell, Secretary