

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
August 11, 2020

An electronic meeting was held beginning at 9:02 A.M. Those persons present were:

TRUSTEES

Rich Seamon
Barry Ruf
Rory Kimbrell

OTHERS

Margie Adcock, Administrator
Adam Levinson, Attorney
Tim Nash, Investment Monitor

ADDITIONS AND DELETIONS

There were no additions or deletions.

MINUTES

The Trustees reviewed the minutes of the meeting of June 15, 2020. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of June 15, 2020.

INVESTMENT MONITOR REPORT

Tim Nash appeared before the Board. He discussed the market environment as of June 30, 2020. He stated that the market rebounded nicely in the 2nd quarter and ended with a positive return. The biggest driver was the Fed and the government stimulus programs. There was over \$4 trillion in stimulus, which money came back into the economy during the quarter. For the quarter, growth and value managers did well. For the fiscal year to date, there was a wide disparity between growth and value. For the quarter and the year, growth outperformed value. The market is in the sixth year of a cycle where growth has outperformed. The stocks that had a technology advantage clearly had leadership in the 1st and 2nd quarters. With the low interest rates, value stocks would typically be at lower prices and people would typically not make big purchases. Yet people are not gravitating to value stocks. The best performing stocks are in technology and health care. Purchases are up 72% in RV and recreational boats. It is normally out of the realm to make larger purchases in a time of great uncertainty. People are also investing in their homes. There is a little bit of a disconnect as it would be expected that value would do better during a time like this. It was noted that airlines restaurants, and hotels have really been hurt. There was discussion on real estate. Office space is a concern that real estate managers will be watching closely. Multifamily is a place to watch as well.

Mr. Nash reviewed the performance as of June 30, 2020. The total market value as of June 30, 2020 was \$45,563,521. The asset allocation was comprised of 57.3% in domestic equities; 8.9% in international equities; 18.6% in fixed income; 9.2% in real estate; 4.4% in alternative investments; and 1.7% in cash. The Fund was up 13.93% net of fees for the quarter while the benchmark was up 13.43%. Total equities were up 23.22% for the quarter while the benchmark was up 20.89%. Domestic equities were up 23.29% while the benchmark was up 22.03%. International was up 22.77% while the benchmark was up 16.30%. Fixed income was up 4.99% while the benchmark was up 2.90%. Mr. Nash stated that the Fund did extremely well in spite of everything. All

equity managers outperformed for the quarter. The Fund is above where it was last June even with the distributions the Fund has had.

There was a discussion on American Realty. Mr. Nash noted that this is the first negative quarter they have had in nine years. They had strong performance for the fiscal year though. Their income outlook has been lowered. He still thinks private real estate makes sense even though there is some uncertainty. The return is generally higher than bonds and the risk factors are better. They are seeing a turnaround in rent collections. He thinks September will be flat to negative for them. Mr. Nash stated that it makes sense to have American Realty at the next meeting. He stated that he still likes real estate and likes the income it gives. He stated that real estate is 10% of the overall portfolio which makes sense because it is not a liquid security. He noted that 90% of the Fund is very liquid. Mr. Nash noted that American Realty can limit redemptions although it has not put in a limit yet. The inflows and outflows are being managed without issue. The Fund receives dividends each quarter which is about 4.5% annually. Mr. Nash reviewed the compliance checklist. He stated that he has no recommendations or changes. He stated that the best thing to have in this type of environment is a diversified portfolio which the Fund has and to stay close to the Investment Policy Statement.

ADMINISTRATIVE REPORT

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 Board reviewed the financial statements for the period ending June 30, 2020.

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.

Ms. Adcock presented a draft administrative expense budget for fiscal year 2021 that is required by Section 175.061(8)(a)2, Florida Statutes. The Board reviewed the draft budget. There was a lengthy discussion. The Board wanted to keep the total budgeted amount the same as last year and decided to reduce the amount from legal to obtain that result. 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 as amended.

ATTORNEY REPORT

There was discussion on the Trustee positions and the number of active employees currently in the Fund. Mr. Levinson stated that he has no problem with retirees serving in active slots if there are only 9 actives remaining. He noted that Rory Kimbrell can hold over in his position on the Board. There was discussion on doing an election and sending it to all of the retirees as well. It was noted that the retirees would be able to vote in future elections as well. 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 it is a City resident,

There was discussion regarding future meetings in relation to the Governor's Executive Order allowing for electronic meetings, which Order is set to expire on September 1, 2020. It was noted that when the Order expires, at least 3 Trustees will need to be physically present for the meeting.

Mr. Levinson provided an update on the 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. He stated that he has not yet forwarded it to the City. He stated that still needs to incorporate the new laws related to the SECURE Act which raises the age to 72 ½ on mandatory distributions. He stated that there was no urgency regarding this Ordinance. He stated that he would rather do all changes at one time and is waiting to see if a second round of legislation is going to be passed. He stated that he would recommend the Board hold off until the next meeting. He will prepare an updated Ordinance for the November meeting for the Board to consider.

PUBLIC COMMENTS

There were no public comments.

OTHER BUSINESS

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

Respectfully submitted,

Rory Kimbrell, Secretary