

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**March 9, 2021**

An electronic meeting was held beginning at 9:05 A.M. Those persons present were:

**TRUSTEES**

Rich Seamon  
Barry Ruf  
Rory Kimbrell  
Valerie Hurley

**OTHERS**

Margie Adcock, Administrator  
Adam Levinson, Attorney  
Tim Nash, Investment Monitor  
Eric Leventhal, Auditor  
Nicolas Lahaye, Actuary

**ADDITIONS AND DELETIONS**

There were no additions or deletions.

**MINUTES**

The Trustees reviewed the minutes of the meeting of December 17, 2020. A motion was made, seconded, and carried 4-0 to accept the minutes of the meeting of December 17, 2020.

**AUDITOR REPORT**

Eric Leventhal appeared before the Board. He presented the draft Annual Audit as of September 30, 2020. 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, 2020. The total assets were \$50,888,723 with most of the money in investments. Total liabilities were \$16,512. Total net position restricted for pensions was \$50,872,211, with \$32,213,193 restricted for defined benefits and \$18,659,018 restricted for DROP benefits. There was discussion on the City's contribution. It was noted that the City paid their contribution after the end of the fiscal year. There was a lot of turnover in the City last year which led to the delay in payment for all three pension plans. While the City has paid, there is still a slight shortfall from the prior year. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to have the Actuary determine the contribution amounts still pending and advise the City accordingly. Mr. Leventhal reviewed the Statement of Changes in Net Fiduciary Position. He stated that there were total additions of \$8,770,941 and total deductions of \$4,901,101 leaving an increase in the Plan net position of \$3,869,840.

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. As a total of the Fund expenses, the administrative expenses were 0.18% of the Fund. He reviewed the notes to the financial statements. He reviewed the supplementary information. He reviewed the schedules of changes in the employer's net pension liability and related ratios. 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. A motion was made, seconded and carried 4-0 to accept the Annual Audit as of September 30, 2020. A

motion was made, seconded and carried 4-0 to authorize the Chair to execute the Management Representation Letter.

### **ACTUARY REPORT**

Nick Lahaye appeared before the Board. He presented the Actuarial Valuation as of October 1, 2020. He reviewed the annual required contribution. He noted that the total required contribution increased from last year. Mr. Lahaye stated that the total required contribution for the plan year ending September 30, 2022 would be \$3,659,567. He stated that with contributions from Division II of \$15,180, the City's contribution would be \$3,634,387 versus the City's contribution from last year of \$3,419,118.

Mr. Lahaye noted that there were no revisions in benefits. He stated that the actuarial assumed rate decreased from 7.00% to 6.90% and the mortality tables were updated to those used by FRS. Additionally, the amortization period was reduced by an extra year. Mr. Lahaye stated that there was a net actuarial gain of \$40,890 for the year, which means that the actuarial experience was more favorable than expected. The gain was primarily due to the higher than expected return. The actuarial loss was offset by lower than expected inactive mortality. Mr. Lahaye stated that there would be no 13<sup>th</sup> check because the Plan experienced a cumulative actuarial loss. The funded ratio was 63.6% versus 58.27 last year.

Mr. Lahaye reviewed the actuarially determined contribution. He reviewed the actuarial value of benefits and assets. He reviewed the calculation of the employer normal cost. He reviewed the liquidation of the unfunded actuarial accrued liability. He reviewed the historical investment rate of return from 1972 to 2020. A motion was made, seconded and carried 4-0 to approve the Actuarial Valuation as of October 1, 2020.

### **INVESTMENT MONITOR REPORT**

Tim Nash appeared before the Board. He provided an update on the firm. He stated that the firm has \$100 billion in client assets under advisement. They have 91 team members. In 2020 they added two more partners for a total of eleven partners.

Mr. Nash discussed the market environment. He stated that last year ended very well and the market is off to a tremendous start this year. The S&P 500 was up 12.1% for the quarter and up 18.4% for the calendar year. He stated that the market really turned around from the negative 33.7% low last year. He noted that international did well for the quarter and the year. He stated that there has been a rotation from growth to value. For the quarter, value did better than growth while energy was one of the best performing sectors. For the calendar year growth was definitely the leader being up 38.5% versus value at 2.8%. Mr. Nash reviewed the top performing stocks in the market, noting that technology continued to drive the market.

Mr. Nash reviewed the performance as of December 31, 2020. The total market value as of December 31, 2020 was \$53,368,921. The asset allocation was comprised of 52.2% in domestic equities; 10.0% in international equities; 24.1% in fixed income; 7.8% in real estate; 4.3% in alternative investments; and 1.7% in cash. Mr. Nash stated that the Fund was in line with the targets.

The Fund was up 9.87% net of fees for the quarter while the benchmark was up 9.39%. Total equities were up 15.76% for the quarter while the benchmark was up 15.16%. Domestic equities were up 14.95% while the benchmark was up 14.68%. International was up 19.95% while the benchmark was up 17.08%. Fixed income was up .77% while the benchmark was up .67%.

Mr. Nash reviewed the individual managers. Legg Mason Dynamic Large Cap Value was up 15.85% while the Russell 1000 Value was up 16.25%. Cambiar was up 22.65% while the Russell 2500 Value was up 28.51%. Alger was up 9.70% while the Russell 1000 Growth was up 11.39%. Vanguard Total Stock Market was up 14.69% while the benchmark was up 14.70%. EuroPacific R6 was up 19.95% while the benchmark was up 17.08%. With respect to fixed income, Garcia Hamilton was up .77% while the benchmark was up .67%. American Realty was up 1.42% while the NCREIF was up 1.36%. The PIMCO All Asset Fund was up 12.15% while the benchmark was up 1.60%.

Mr. Nash stated that for the one year all Fund managers substantially outperformed the benchmarks. The performance was phenomenal for the calendar year. There was a little underperformance for the quarter. The quarter ending December 31, 2020 was the best quarter for small and mid cap since 1979. Mr. Nash reviewed the compliance checklist. He reviewed the fees. He stated that he had no recommendations for any changes at this time. A motion was made, seconded and carried 4-0 to accept the Investment Monitor Report.

### **ADMINISTRATIVE REPORT**

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 January 31, 2021.

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.

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, 2020.

Ms. Adcock advised that Rory Kimbrell was re-elected to the Board. It was noted that there was one retiree that expressed interest it was after the deadline for submitting a notice of interest.

### **ATTORNEY REPORT**

Mr. Levinson provided a Memorandum regarding Best Practices for Locating Missing or Nonresponsive Participants and Beneficiaries dated February 2021. He stated that the Memorandum summarizes the Department of Labor guidelines on the steps to take according to the IRS to locate missing and nonresponsive participants. He reviewed the steps with the Board. He stated that the Memorandum was for informational purposes.

Mr. Levinson presented a Memorandum regarding New Florida Law Requirement Section 448.095 – Registration and Use of E-Verify dated January 8, 2021. He stated that the law became effective January 1, 2021. It requires all public employers to register with the E-Verify System which is a federal system that verifies all employees of a public employer. He stated that even though the Fund does not have any employees, it is still considered a public employer. In addition to requiring the Fund to register as a public entity, it also requires vendors to register, and future agreements to have a provision in the contract related to E-Verify.

Mr. Levinson discussed the status of the proposed Ordinance regarding the firefighter cancer presumption. He stated that the issue is currently being litigated with regard to another pension plan. He stated that he is not moving the proposed Ordinance to the City while there is pending litigation on the matter. He stated that there was no urgency in moving on the proposed Ordinance. He will keep the Board updated on the litigation. A motion was made, seconded and carried 4-0 to accept the Attorney Report.

### **PUBLIC COMMENTS**

There were no public comments.

### **OTHER BUSINESS**

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

Respectfully submitted,

Rory Kimbrell, Secretary