

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
November 4, 2021

The meeting was called to order at 9:14 A.M. in the Commission Chambers at City Hall, Lake Worth, Florida. Those persons present were:

TRUSTEES

Rich Seamon

Barry Ruf

Rory Kimbrell (via teleconference)

Valerie Hurley

OTHERS

Margie Adcock, Administrator

Bonni Jensen, Attorney

Tim Nash, Investment Monitor (via teleconference)

PUBLIC COMMENTS

There were no public comments.

ADDITIONS AND DELETIONS

The Board wanted to add an item regarding the City Trustee vacancy under Other Business. A motion was made, seconded and carried 3-0 to add an item regarding the City Trustee vacancy under Other Business.

MINUTES

The Trustees reviewed the minutes of the meeting of August 5, 2021. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of August 5, 2021.

It was noted there was a quorum in the room; however, Rory Kimbrell was participating via teleconference. Ms. Jensen stated that the Board would need to make a motion to allow Mr. Kimbrell to participate electronically. A motion was made, seconded and carried 3-0 to allow Rory Kimbrell to participate electronically.

INVESTMENT MONITOR REPORT

Tim Nash appeared before the Board. He discussed the market environment for the quarter ending September 30, 2021. He stated that there were tremendous results for the fiscal year. It has been a wild ride over the last 18 months. There has been an incredible amount of stimulus out in the economy. The overall inflation is higher than expected. The Fed spoke yesterday about how they might address inflation. While the Fed did not raise rates, the Fed stated that they will slow down bond buying purchases this year. It is likely that there will be a higher rate of inflation than the Fed targeted. A lot of states have moved to raise the minimum raise to \$15 which results in a labor cost that will not go back down. It is a permanent increase. There are larger signing bonus and benefit packages and it is likely that some changes will stay in place. As such, he thinks the labor costs will have some permanent cost in inflation. There are also higher energy costs which he does not anticipate will be reduced. The Fed said there would be no short term interest rate increases at this time. They said it would be the summer 2022 and beyond

before there would be any actual short term Fed increases. The market is pricing in two Fed rate hikes midyear 2022 of .25 each. The market outlook is positive. There are a lot of available jobs out there. There are flat to positive market developments for the rest of this year and the beginning of next year. Mr. Nash stated that equity markets were negative for the quarter, but for the one year it was double digit returns for all equity markets. The only negative asset class was US bonds. He thinks long term inflation will be about 2.5% which can have negative affects long term. He noted that 1.5 million more people retired than expected between 2020 and 2021. Another element is the shrinking supply of workers. There is a decline of woman in the workforce as many stayed home and took care of the kids who were out of school. There are definitely some challenges on the labor side. Mr. Nash stated that equity markets and real estate can help offset inflation, and these inflation protected asset classes are already in the portfolio.

Mr. Nash reviewed the performance as of September 30, 2021. The total market value as of September 30, 2021 was \$57,453,267. The asset allocation was comprised of 48.5% in domestic equities; 10.1% in international equities; 25.8% in fixed income; 7.9% in real estate; 4.5% in alternative investments; and 3.3% in cash. The Fund was down .59% net of fees for the quarter while the benchmark was up .50%. For the fiscal year, the Fund was up 20.41% while the benchmark was up 19.55%. Total equities were down 1.45% for the quarter while the benchmark was down .65%. Domestic equities were down 1.29% while the benchmark was down .10%. International was down 2.35% while the benchmark was down 2.88%. Fixed income was down .36% while the benchmark was up .05%.

Mr. Nash reviewed the individual managers. Legg Mason Dynamic Large Cap Value was down .58% while the Russell 1000 Value was down .78%. Cambiar was down 4.99% while the Russell 2500 Value was down 2.07%. Alger was down .39% while the Russell 1000 Growth was up 1.16%. Vanguard Total Stock Market was down .06% while the benchmark was down .06%. EuroPacific R6 was down 2.35% while the benchmark was down 2.88%. With respect to fixed income, Garcia Hamilton was down .36% while the benchmark was up .05%. Mr. Nash noted that Garcia Hamilton was below the benchmark but has outperformed in the 3 and 5 year time periods. Mr. Nash stated that he is not concerned with Garcia Hamilton. The manager is extremely concerned with inflation and they expected interest rates to increase last year so they shortened the duration. They also invest in high quality names which have not been in favor. American Realty was up 5.62% while the NCREIF was up 6.95%. The PIMCO All Asset Fund was down .59% while the benchmark was up 1.68%. There was further discussion on Garcia Hamilton, Cambiar and Alger, which are all behind the benchmark. Mr. Nash discussed in detail the issues. He stated that he does not recommend any changes at this time. He reviewed the compliance checklist and stated that there have been excellent performance results. He reviewed the fees and stated that it was a good fee structure. 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 August 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. The Board was presented with the invoice from the Attorney for September 2021. It was noted that there was a charge for \$700 related to a question that was emailed to the Attorney from a retiree regarding the cost of living under the Plan. The bill stated that Mr. Levinson spent 2 hours reviewing Valuations and sending emails regarding this matter. The Board expressed concern that the Attorney was researching and responding to a member and billing the Fund without prior approval. The Board stated that if the Attorney receives anything from anyone outside of a Board member regarding information that would be billable, it needs to go through the Board first. A motion was made, seconded and carried 4-0 to approve the September 2021 invoice from the Attorney with the understanding that any further such similar situation that would be billable would need prior approval from the Board.

ATTORNEY REPORT

Ms. Jensen discussed the status of the proposed Ordinance regarding the firefighter cancer presumption and the SECURE Act. She stated that Mr. Levinson has been working to get the Ordinance before the City Commission.

Ms. Jensen provided the Board with a Memorandum dated September 2021 regarding the Federal, State, and Local Death Benefits. She stated that it provides a summary of the benefits available to first responders.

Ms. Jensen provided the Board with a Memorandum dated September 2021 regarding Federal and State COVID Benefits for Public Safety Officers. She stated that a law was enacted on August 14, 2020 which provides presumptive line of duty death and disability benefits to qualifying police officers and firefighters who contract COVID.

OTHER BUSINESS

Ms. Jensen stated that the Board needed to ratify actions that were taken by the Board at any electronic meetings that occurred after October 31, 2020, as the Governor did not extend the authority to have remote meetings after that date. The Board needs to approve any motions to make them official. She stated that Ms. Adcock prepared a list of those meeting dates and the motions made at those meetings for the Board to review. It was noted that the Board needed to ratify motions from electronic Board meetings of March 9, 2021; May 27, 2021; and August 5, 2021. The Board reviewed each motion from the specified meetings. A motion was made, seconded and carried 4-0 to ratify the motions made at the March 9, 2021; May 27, 2021; and August 5, 2021 meetings.

There was discussion on Trustee elections. It was noted that an election needed to be done for the member position currently held by Barry Ruf. Rory Kimbrell stated that he will be moving out of Florida and will not be able to attend meetings after his term is up in May 2022.

There was discussion on the vacant City Trustee position. It was noted that a person applied to be on the Board and the City responded that "the vacant position is for a citizen member and their concern is that Mr. Maki is currently a PBCFR, Lieutenant, as he indicated in his application." There was a lengthy discussion. The Board directed the Administrator to respond to the City and copy the City Commission advising that Mr.

Maki is a citizen of Lake Worth Beach as it was unclear whether the City Commission was aware of this when making its decision. Additionally, to note that while Mr. Maki might work for PBCFR, advising that he has never been associated with, and is not a member of, the Lake Worth Beach Firefighters Pension Plan. The Board wanted the Commission to be aware that the Board has had a vacancy in this City Trustee position since August 1, 2015. This continued vacancy makes it difficult to schedule meetings due to the quorum requirements. Also, the State Division of Retirement that approves the Annual Reports every year has previously noted that there is a vacancy on the Board and reminded that the Florida Statutes require a five-member board. Section 175.061 (1)(a), Florida Statutes. The Board would like the Commission to fill this vacancy with Mr. Maki as he is a citizen of the City and made application to fill the vacancy. It is the Board's understanding that this is the first citizen of the City to apply for this position in over six years.

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

Respectfully submitted,

Rory Kimbrell, Secretary