

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**November 8, 2022**

An electronic meeting was held beginning at 9:00 A.M. Those persons present were:

**TRUSTEES**

Rich Seamon  
Barry Ruf  
Valerie Hurley  
Theodore McMorrough

**OTHERS**

Margie Adcock, Administrator  
Adam Levinson, Attorney  
Brad Hess, Investment Monitor

**PUBLIC COMMENTS**

There were no public comments.

**ADDITIONS AND DELETIONS**

There were no additions or deletions.

**MINUTES**

The Trustees reviewed the minutes of the meeting of August 19, 2022. A motion was made, seconded, and carried 4-0 to accept the minutes of the meeting of August 19, 2022.

**INVESTMENT MONITOR REPORT**

Brad Hess appeared before the Board. He discussed the market environment for the quarter ending September 30, 2022. He stated that there has not been a fiscal year like this since 2008. It has been an unprecedented year with stocks down almost 25% and bonds down 14.5%. The very significant increase in interest rates has driven bond prices down. The Fund has banked some very strong returns in the last several years to help offset the negative returns that are being experienced now. There was no place to hide in the quarter. Both stocks and bonds were negative for the quarter and the year. Cash was the only thing that was positive, and real estate did very well. The Fed continues to be very aggressive with drawing money out of the system with raising interest rates. In their last four meetings the Fed has raised rates by 75 basis points each time. The Fed was slow to act but is now being very aggressive. Unemployment is still very low. The labor market is very strong, which helps provide a backdrop for the Fed to raise rates. Mr. Hess stated that he thinks there will be a recession, but there are not signs of one right now. The data does not indicate there is a recession right now, which gives the Fed the ability to increase rates to slow down inflation. The election today creates short term volatility. Typically, midterm elections are good for the stock market as historically it is usually a good year after midterm elections for the stock market. Growth outperformed value for the quarter, but value outperformed growth for the one-year period.

Mr. Levinson discussed an email that was sent from a Commissioner inquiring about investment managers Garcia Hamilton and Cambiar, as they are out of state managers. It was noted that Scott Baur responded to the Commissioner. Mr. Hess stated that he might have worded the response differently, but the response was appropriate. He stated that both Garcia Hamilton and Cambiar outperformed the passive index since inception. They

have added significant value to the Fund. He stated that the Commissioner had a perfectly valid question. He stated that if the Fund just tried to find Florida managers, it would really restrict the universe. It is not the best practice. It cannot be the only reason, or principal reason, to pick a manager. Mr. Hess stated that both Garcia Hamilton and Cambiar have done a good job on an absolute and relative basis. The Board asked Mr. Hess to send a follow up letter to the Commissioner addressing the performance of the two managers.

Mr. Hess reviewed the performance as of September 30, 2022. The total market value as of September 30, 2022 was \$48,779,392. He reviewed the asset allocation. He stated that the allocation was pretty much on top of the target with everything. He stated that he had no recommendation to rebalance the portfolio at this time. The Fund was down 4.65% net of fees for the quarter while the benchmark was down 4.41%. For the fiscal year, the Fund was down 15.55% while the benchmark was down 13.38%. Mr. Hess stated that there was nowhere to hide other than in real estate.

Mr. Hess discussed the managers. He stated that Alger outperformed a little in the quarter (-3.0% versus the benchmark -3.60%) but was down for the fiscal year (-32.46% versus the benchmark -22.59%). It was disappointing that their underperformance for the one year was to such an extent that it is bleeding into the three year number. He stated that if the market recovers, he expects this manager to bounce back. If they do not, he stated that he will recommend taking action to make a change. For now, he is comfortable with keeping them in the portfolio. With respect to Cambiar, they are doing better than the benchmark for the year and since inception. They are beating their peers and outperforming the Index. This has been a very good investment for the Fund. With respect to Garcia Hamilton, while they underperformed a little for the quarter, they did great for the year. They are in the top 8<sup>th</sup> percentile for the year. American Realty has been the bright spot of the portfolio. He reviewed an email provided by Richelle Cook of American Realty regarding an update on their properties in the path of Hurricane Ian. It was noted that they have 19 properties in Florida and 11 of those properties were not in the path of Hurricane Ian. Of the others, none were impacted by the storm or had operational interruptions.

Mr. Hess thinks the market is down to the end of the decline versus still at the beginning of it. He does think there will be a recession at the end of 2023 and/or beginning of 2024, but thinks it will be shallow. There was a lengthy discussion. He noted that the stock market has not gone down this much since 2008. He provided information on the long term perspective between bear and bull markets. There have been 14 bear markets since 1945 with an average loss of 33% and an average lengthy of 13 months. There have been 14 bull markets with an average gain of 155% over an average of four years. Mr. Hess stated that he would prepare an asset allocation study for the next meeting. 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 September 30, 2022.

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 provided with a 2023 upcoming conference list.

The Board was provided with certification from the Resource Centers that they successfully completed their SSAE 18 SOC 1 Audit and received a clean opinion as of June 30, 2022.

Ms. Adcock discussed the Earnings Election Method of Steve Gelman. She stated that the annual Earnings Election Method has to be postmarked by September 30<sup>th</sup> of each year. She stated that Mr. Gelman's Election was signed and notarized on September 30<sup>th</sup> but was postmarked October 1. It was noted that Mr. Gelman had the form signed and notarized on September 30<sup>th</sup> and dropped it off at the same UPS store on that same day. It appears that the UPS store might have held it for some reason and mailed it the following day. It was also noted that the mailout to the members was later this year than in years past. Mr. Levinson stated that he did get it notarized on September 30<sup>th</sup>, so it was notarized on a timely basis. There is no specific precedent on the issue. He stated that he was comfortable with making a one-time exception given all of the circumstances. There was a lengthy discussion. The Board decided to accept Mr. Gelman's Earnings Election Form due to the specific facts of his situation and make a one-time exception to the September 30<sup>th</sup> deadline. The Board stated that they wanted Mr. Gelman to be advised that this was a one-time exception and that the deadline should be complied with in the future. A motion was made, seconded and carried 4-0 to accept Steve Gelman's Earnings Election Form based on the specific circumstances discussed as a one-time exception to the September 30<sup>th</sup> deadline.

### **ATTORNEY REPORT**

Mr. Levinson provided a Memorandum Regarding Public Safety Officer Support Act of 2022 dated November 2022. He stated that the Act authorizes death benefits to officers suffering PTSD or acute stress disorder. It was noted that the Act is retroactive to January 1, 2019.

Mr. Levinson discussed the status of the proposed Ordinance regarding the firefighter cancer presumption and the SECURE Act. He stated that once Congress adopts the SECURE 2.0 Act he will move forward to amend the Plan.

### **OTHER BUSINESS**

It was noted that the Board needed to elect a Secretary as Rory Kimbrell is no longer on the Board and he was the Secretary. A motion was made, seconded and carried unanimously to appoint Rich Seamon as the Secretary.

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

Respectfully submitted,

Rich Seamon, Secretary