

***LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND***  
**MINUTES OF MEETING HELD**  
**August 19, 2022**

An electronic meeting was held beginning at 9:03 A.M. Those persons present were:

**TRUSTEES**

Rich Seamon  
Barry Ruf  
Valerie Hurley  
Theodore McMorrough  
Kevin Carson

**OTHERS**

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

**WELCOME NEW TRUSTEES**

It was noted that the City appointed Theodore McMorrough to the Board to fill the City vacancy. The City also re-appointed Valerie Hurley for another term. An election was done for the position that was previously held by Rory Kimbrell and it was reported that Kevin Carson was elected to this position.

**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 May 6, 2022. A motion was made, seconded, and carried 5-0 to accept the minutes of the meeting of May 6, 2022.

**ATTORNEY REPORT**

Mr. Levinson stated that everything was quiet on their end. He noted that the Division of Retirement has reported the 175 premium tax amounts for 2021. He discussed the premium tax monies and noted that Division II will receive \$185,329, which is \$416 lower than last year.

Valerie Hurley departed the meeting.

Mr. Levinson discussed the status of the proposed Ordinance regarding the firefighter cancer presumption and the SECURE Act. He stated that the House passed a tax bill that extended the deadline for the RMD from age 72 to 75. The Bill has not passed the Senate yet. He stated that he will wait to see the outcome of the Bill before moving forward to amend the Plan.

There was discussion on the format for the next meeting, whether the Board needed to meet in person or whether it could continue to meet electronically. The Board expressed a desire to continue to meet electronically if that was still allowed. Mr. Levinson stated that some municipalities are strict about boards meeting in person, and some are not strict about that. He stated that the Board can continue to meet electronically as the City does not require boards to meet in person. The Board decided to meet electronically for the next quarterly meeting based on the Attorney's opinion that meeting electronically was allowed.

Adam Levinson departed the meeting. Valerie Hurley re-entered the meeting.

### **INVESTMENT MONITOR REPORT**

Brad Hess appeared before the Board. He introduced himself to the new Trustees and discussed his role as the investment consultant, noting that he does not manage the Fund's money. He discussed the market environment for the quarter ending June 30, 2022. He stated that both stocks and bonds were down for the quarter. There was nowhere to hide. The Fed raised rates in the quarter. Private real estate was the bright spot, up 30% over last year. Wages are going up a little but wages are not going up as much as inflation is. If the market goes into a recession, he thinks it will be a shallow recession. He thinks there will be a recession in the next 18 months but it will be manageable. Mr. Hess stated that there has been a rally since June 30<sup>th</sup>. The stock market is up about 13%. He is seeing signs of inflation easing as inflation decreased from 9% at the end of June to 8.5% now.

Mr. Hess reviewed the performance as of June 30, 2022. The total market value as of June 30, 2022 was \$51,898,720. He reviewed the asset allocation. The portfolio is underweight equities and overweight fixed income. He stated that there was no recommendation to rebalance the portfolio at this time. He noted that Dodge & Cox was added to the portfolio during the quarter. The Fund was down 10.52% net of fees for the quarter while the benchmark was down 10.74%. Mr. Hess stated that the long-term results of the Fund continue to be really strong. He reviewed the individual managers. He stated that all of the managers performed in line with expectations. He stated that he has his eye on Alger. They have more small cap names than the Index and they have some riskier names. Given their underperformance in the down market, if he does not see outperformance from them when things turn around, he will need to have a conversation with them. He stated that it was understandable that they underperformed in the last year, but if in a recovery period they do not outperform, he thinks the Board will need to look at other alternatives. Mr. Hess stated that he has no recommendation for any changes other than just keeping an eye on Alger. Overall the portfolio is structured well. The portfolio is in a strong position to weather the storm.

Mr. Hess discussed doing a formal asset allocation study. He stated that such a study would be based on JP Morgan numbers, which he expects to get at the end of this year or the beginning of 2023. He stated that he will do a formal asset allocation study to be presented at the meeting in the first quarter of 2023. A motion was made, seconded and carried 5-0 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 5-0 to approve the benefit approvals.

The Board reviewed the financial statements for the period ending June 30, 2022.

The Board was presented with disbursements, including the investment manager disbursements. It was noted that the invoice for the Actuary included a cost-of-living increase. It was also noted that the invoice for the Auditor included fees for prior Annual Reports that were inadvertently not previously billed. A motion was made, seconded and carried 5-0 to pay the listed disbursements.

Ms. Adcock presented a draft administrative expense budget for fiscal year 2023 that is required by Section 175.061(8)(a)2, Florida Statutes. The Board reviewed the draft budget. There was a lengthy discussion. A motion was made, seconded and carried 5-0 to adopt the administrative expense budget and provide the budget to the City in compliance with Section 175.061(8)(a)2, Florida Statutes.

The Board was presented with the engagement letter for the audit for the fiscal year ending September 30, 2022. A motion was made, seconded and carried 5-0 to approve the engagement letter for the audit for the fiscal year ending September 30, 2022.

## **OTHER BUSINESS**

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

Respectfully submitted,

Barry Ruf, Chair