

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
May 10, 2023

An electronic meeting was held beginning at 9:09 A.M. Those persons present were:

TRUSTEES

Rich Seamon
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 February 24, 2023. A motion was made, seconded, and carried 3-0 to accept the minutes of the meeting of February 24, 2023.

INVESTMENT MONITOR REPORT

Brad Hess appeared before the Board. He discussed the market environment for the quarter ending March 31, 2023. He stated that it was another good bounce back quarter in the market. It was a good quarter. Domestically it was a narrow market with 8 stocks contributing to 75% of the return in the quarter. The quarter was dominated by large cap. He stated that the market in fixed income is getting back to more of a normal market. The Fed continued to raise rates. There were three increases of 25 basis points each. There has been significant change in the rhetoric and language of the Fed which indicates that they might not continue to raise rates going forward. They are starting to see a slowdown in inflation from 9% to 5%. However, it appears that while the Fed might not continue to raise rates, they might keep interest rates higher for longer than originally anticipated. He stated that a few banks went under and went into receivership. In any market cycle there are banks that fail as they take on too much risk.

Mr. Hess reviewed the performance as of March 31, 2023. He reviewed the asset allocation. He stated that at the last meeting the allocation was changed and fixed income was increased from 25% to 30% and domestic equities was reduced from 50% to 45%. Mr. Hess stated that equities were a little underweight for the quarter while fixed income was a little overweight. He stated that he thinks it is an appropriate position and he did not recommend rebalancing at this time. The total market value as of March 31, 2023 was

\$53,036,550. Mr. Hess stated that there was a nice bounce back from last year. The longer term results continue to be good. The Fund ranks well above average for all long term periods. He is very pleased with the results. He stated that all of the managers performed in line with expectations. Smid cap value had a lot of regional banks and they navigated it very well. Mr. Hess discussed Alger. He stated that if he did not see some more momentum in outperforming the Index, there might be the need for further discussion. At this point he wants to be more patient with them. He stated that he had no recommendations with regard to any of the managers.

Mr. Hess provided a Revised Investment Policy Statement. He stated that the IPS was updated at the last meeting and this document reflects the changes that were made. He reviewed the changes with the Board. The domestic equity target was reduced from 50% to 45% and the fixed income target was increased from 25% to 30%. The assumed rate of return was changed to reflect the current assumption of 6.70%. Mr. Levinson stated that he reviewed the document and is comfortable with all of the revisions made. He noted that House Bill 3 was just adopted and will require further changes to the IPS at a future meeting. A motion was made, seconded and carried 3-0 to adopt the Revised 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 March 31, 2023.

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.

ATTORNEY REPORT

Mr. Levinson reported that House Bill 3 was just adopted. He will be sending out a memorandum shortly regarding the new law. He stated that House Bill 3 makes sure that governmental pension plans are only being invested for pecuniary means. He stated that the term pecuniary means risk and return. There can be no other consideration taken such as those related to ESG. Mr. Hess stated that they only take risk and return into consideration when evaluating investments. They do not take any other factors into consideration other than risk and return. As such, House Bill 3 has no impact in terms of how the Board functions. Mr. Levinson stated that the Board has never focused on other considerations other than risk and return, so there is no impact on how the Fund is investing. He stated that there are reporting requirements that the Board will need to comply with. He stated that with respect to proxy voting the Board needs to make sure proxies are voted on with regard to pecuniary interests. He noted that this only applies when the Board votes the proxies. There are 3 managers that vote proxies: Cambiar,

Brandywine and Alger. There will also be additional reporting requirements that will be due by December 15, 2023 and every odd year thereafter.

The Board was provided again with four Memorandums that were provided at the last meeting. The Memorandums were: Memorandum Regarding Delaware Law Change Permits Companies to Insulate Corporate Officers from Liability for Reckless Conduct dated November 2022; Memorandum Regarding SEC Proxy Voting Disclosure Rules dated November 2022; Memorandum Regarding the SECURE 2.0 Act dated January 5, 2023; and Memorandum Regarding Maintaining Internal Controls to Protect Against Fraud and Abuse Regarding Public Safety Officer Support Act of 2022 dated November 2022. Mr. Levinson reviewed the Memorandums with the Board.

OTHER BUSINESS

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

Respectfully submitted,

Rich Seamon, Secretary