

LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND
MINUTES OF MEETING HELD
November 8, 2023

An electronic meeting was held beginning at 9:07 A.M. Those persons present were:

TRUSTEES

Rich Seamon
Valerie Hurley
Theodore McMorrough
Barry Ruf

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 29, 2023. A motion was made, seconded, and carried 4-0 to accept the minutes of the meeting of August 29, 2023.

INVESTMENT MONITOR REPORT

Brad Hess appeared before the Board. He discussed the market environment for the quarter ending September 30, 2023. He stated that the quarter was a little bit weak but the first three quarters were strong, so the market was positive for year. All markets were down for the quarter. Interest rates went up in the quarter pretty significantly. Last fiscal year was one of the worst years where both stocks and bonds were down significantly for 2022. There has been a very strong bounce back. There was a concern of a recession, but they have not seen that in the data. Inflation is coming down and seems to be coming under control. They are starting to see signs of slowing. Unemployment has ticked up a little bit but they are starting to see some softening. They expect slower growth over the next couple of quarters. The data is not suggesting that there will be a major recession unless something else happens. The long-term thought was that the Fed would be cutting interest rates by now and there would be a recession but that it not the case.

Mr. Hess reviewed the performance as of September 30, 2023. He reviewed the asset allocation. He stated that the Fund is right on top of the targets for all asset classes, so he was not recommending a rebalance. He stated that the Fund is a little underweight in real estate. Given the real estate dynamics right now, he is happy to be underweight there. He still thinks it is going to be a weak real estate market for the next several quarters. As such, it is too early to put money back to work in real estate.

The total market value of the Fund as of September 30, 2023 was \$52,031,218. Overall, Mr. Hess stated that the investment managers have performed in line with expectations. Garcia Hamilton struggled in the quarter. Last year they held up better than the market and protected more than the benchmark. Starting in the summer Garcia Hamilton started increasing their interest rate sensitivity thinking the Fed was at the end of increasing interest rates. However, they were a little too early on that move because the Fed continued to raise rates. He stated that at the last meeting he had mentioned that Gilbert Garcia was running for Mayor of Houston. Last night Mr. Garcia lost that race, so he is back 100% at managing the portfolio. Garcia Hamilton has a number of good people on the team that lessen Mr. Hess' concern a bit if Mr. Garcia had won the race for Mayor, but he is glad Mr. Garcia did not win because of the concern for the Fund being an investor of his firm.

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, 2023.

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 2024 conference list.

ATTORNEY REPORT

Mr. Levinson provided the Board with Memorandums regarding House Bill 3 and the required comprehensive state report. He stated that her office has worked with other public pension attorneys in the State and it was determined that all of the plans would file the same cover sheet and attach the IPS to fulfill the comprehensive report requirement. The report has to be filed with the State by December 15. Ms. Adcock advised that her office registered as the contact for the Fund and will file the required report on time.

Mr. Levinson provided a draft Administrative Rule to extend the maximum DROP period from 7 to 8 years in anticipation of the County and the Union agreeing to such a change. He stated that the DROP was created by Administrative Rule rather than Ordinance. As such, the change just has to be reflected in the Administrative Rule. The Board reviewed the draft Administrative Rule. It was noted that the Rule should include the three investment options that are available now. It appeared that a prior version of the Rule was used to draft the update. There was a lengthy discussion. The Board was provided with an Actuarial Impact Statement to increase the DROP maximum period to 8 years. The Impact Statement stated that there would be no impact. However, there was a question on interest earned after the 7th year given some language in the Impact Statement. Mr.

Levinson stated that he would discuss the matter with the Actuary. A motion was made, seconded and carried 4-0 to proceed with the changes to the DROP Administrative Rule, making sure to add the proper name of the City, include all of the investment options, make sure interest is earned for all time periods in the DROP, and allow anyone currently in the DROP to extend their DROP period to 8 years as well.

There was discussion on the Ordinance amendment for the cancer presumption and the City's name change to include "Beach". Mr. Levinson stated that he would move forward and submit the required Ordinance amendment to the City. He had held off due to the change in the DROP maximum period thinking that he had to include that in the Ordinance as well. Since it was determined that any change in the maximum DROP period does not require an Ordinance change, Mr. Levinson stated that he would move forward the Ordinance amendment for the City's name change and the cancer presumption right away so the changes could be made and not impact the filing of the next Annual Report.

OTHER BUSINESS

There was discussion on Trustee elections. It was noted that an election was currently being conducted for the member position held by Barry Ruf as his term was up.

There was discussion on the next meeting date. It was noted that the Board will meet electronically on the second Wednesday of the second month of the quarter. Mr. Levinson stated that he had no problem with continuing to meet remotely.

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

Respectfully submitted,

Rich Seamon, Secretary