

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD
December 3, 2020

1. Dave Merrell called a meeting of the Board to order at 1:32 PM. Mr. Baur called roll for the Board. Those persons present included:

TRUSTEES

Dave Merrell, Chair
Guy Montante
Mark Parks

OTHERS

Scott Baur, Administrator (Resource Centers)
Brendon Vavrica, Investment Consultant (AndCo)
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)
David Kaplan, Investment Manager (Baron Capital)
Rick Dorey, Plan Member

2. **EXIGENT CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY**

The Board had no Trustees joining electronically.

3. **APPROVAL OF MINUTES**

The Trustees reviewed the Minutes for the meeting of October 1, 2020.

- Guy Montante made a motion to approve the Minutes for October 1, 2020. The motion received a second from Mark Parks, approved by the Trustees 3-0.

4. **REPORTS**

Investment Manager: Baron Capital (David Kaplan)

Dave Kaplan reported that staff at Baron continue to work remotely. Baron delivers superior returns over time with less risk by holding to the investment discipline. The firm watches how businesses adapt and change over time to maintain and adjust the portfolio holdings. The manager also continues to monitor fundamentals for holdings in the portfolio carefully.

Baron looks for growth potential, a sustainable competitive advantage, excellent management, and compelling valuations. Mr. Kaplan reported that the management team continued to add to research staff. The portfolio exceeded the benchmark performance with a cumulative gain of 550% compared to 285% since inception of the West Palm Beach Fire portfolio. The manager also out-performed the benchmark over all rolling 5-year periods. Mr. Kaplan reviewed performance attribution, highlighting both the top holdings and the holdings that detracted most from gains. Some hotel and resort holdings performed poorly during the pandemic, but the manager makes all adjustments to holdings looking forward. The manager continues to hold these names, therefore, based on future expectations and not past results. Mr. Kaplan also reviewed portfolio performance by sector. The top holdings in the portfolio all became the top holdings through appreciation. Baron invests in small cap stocks and trims positions as those stocks appreciate in value.

Investment Consultant: AndCo (Brendon Vavrica)

Brendon Vavrica reported good news as the market continued to post strong results through November, reacting to both the election results and expectations for a vaccine. For the fiscal year to date, the assets gained 7.8% led by the value and small cap holdings over the large growth issues driving performance for much of 2020. November capped the best month for gains in the market in the last 30 years. The portfolio now has an overweight to equities as a result, and Mr. Vavrica recommended rebalancing assets while continuing to underweight real estate holdings. The Board considered the recommendations as Mr. Vavrica noted that asset allocation drives 90% of performance.

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- **Guy Montante made a motion to accept the rebalancing recommendations. The motion received a second from Mark Parks, approved by the Trustees 3-0.**

Mr. Vavrica reviewed the performance of market indices, noting the weighting of the top 5 stocks responsible for 85% of the overall gains in the market. He also reported that Fidelity now offered a market index holding with a lower fee than the 4 bp assessed by the Vanguard Total Stock Index. The Fidelity Total Market holding and the Vanguard Total Stock Index actually track slightly different indices, but the Fidelity option has a slightly lower tracking error to the index. Both Fidelity and Vanguard engage in securities lending. To trade, however, the money allocated to the index might sit out of the market for a day in transition. The market value difference, therefore, could possibly dwarf the fee savings. The Board will revisit the index allocation at the next meeting.

Attorney Report: Klausner Kaufman Jensen & Levinson (Bonni Jensen)

Ms. Jensen updated the Board on the progress on the disability application filed by active member Jeff Barndt, new hire physicals, and a QDRO submitted by a member. She also reported that the City of West Palm Beach declared its own local emergency suspending the requirement for Boards to meet with a physical quorum. The Board will therefore meet electronically as long as the City continues to extend the local emergency week by week.

Administrator Report: Resource Centers (Scott Baur)

Mr. Baur explained options to the Board for the renewal of the cyber liability coverage and fiduciary liability policies. Ulico indicated that the fiduciary liability insurance would renew without a substantial change in the premium, and the Board considered options on the renewal of the cyber policy related to additional protection for fund transfers by the Trustees. The Board noted that the Trustees do not initiate such transactions, currently handled by the administrator.

- **Guy Montante made a motion to renew the fiduciary liability insurance and accept the cyber policy offered through Ulico without the additional protection to cover fund transfers. The motion received a second from Mark Parks, approved by the Trustees 3-0.**

5. PLAN FINANCIAL REPORTS

The Board reviewed the interim financial statement through September 30, 2020. The Board received and filed the financial statement.

The Board then reviewed the Warrants for paid and pending invoices dated November 5, 2020 and December 3, 2020 for payment of expenses.

- ***Guy Montante made a motion to approve the Warrants dated November 5, 2020 and December 3, 2020. The motion received a second from Mark Parks, approved by the Trustees 3-0.***

6. BENEFIT APPROVALS

The Board reviewed the benefits pending approval, including details of a distribution to retired member Pierre Czernowski.

- ***Guy Montante made a motion to approve the corrected benefit approval for October 1, 2020 and additional benefit approvals for November 5, 2020 and December 3, 2020. The motion received a second from Mark Parks, approved by the Trustees 3-0.***

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7. OTHER BUSINESS

The Board reviewed the status of class action litigation against GCI.

Guy Montante also reported that the Department will hire an additional 30-35 firefighters using a SAFR grant.

8. PUBLIC COMMENTS

No members of the public had any comment.

9. ADJOURNMENT

There being no further business and the Board having previously scheduled the next regular meeting for Thursday, January 7, 2021 @ 1:30 P.M., the meeting adjourned at 3:01 PM.

Brian Walker, Secretary