

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

September 8, 2022

1. Dave Merrell called a quarterly meeting of the Board to order at 1:33 PM. Mr. Baur called roll for the Board. Those persons present included:

TRUSTEES

Dave Merrell, Chair
Brian Walker, Secretary
Elizabeth Fugler
Jeff Stefaniak

OTHERS PHYSICALLY

Scott Baur, Administrator (Resource Centers)
Brendon Vavrica, Investment Consultant (AndCo)
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)
Steve Atkins, Investment Manager (Polen Capital)
Rick Dorey, Plan Member
Jason French, Plan Member
Rick and April Curtis

OTHERS ELECTRONICALLY

Brad Armstrong, Actuary (GRS)
Additional Public Electronically

2. APPROVAL ITEMS

The Board reviewed the minutes for the August 4, 2022 quarterly meeting, noting a correction to the next meeting date..

- **Brian Walker made a motion to approve the minutes for the meeting on August 4, 2022 as amended. The motion received a second from Jeff Stefaniak, approved by the Trustees 4-0.**

3. REPORTS

Retirement Application: Rick Curtis

Ms. Jensen provided the background for an application for retirement benefits submitted by Rick Curtis, a former member of the Pension Fund. Mr. Curtis took a full refund of his member contributions in 2011, following his separation from service in the Fire Department at the City of West Palm Beach. Prior to taking the refund, Mr. Curtis had a vested interest in his benefits from the Pension Fund. He appeared before the Board in 2011 with his legal counsel present when he applied to receive a refund of contributions. The Board of Trustees for the Pension Fund in 2011 advised Mr. Curtis not to take a refund of his contributions in lieu of other benefits from the Pension Fund. The Board approved his refund after Mr. Curtis signed a detailed waiver stating that he understood that he would receive the refund of his own contributions in place of any other benefits that he might otherwise receive from the Pension Fund. Ms. Jensen stated that Pension Fund contained no provisions allowing the Board to approve his application for pension benefits now. She therefore recommended that the Board deny his application to receive a pension benefit.

Mr. Curtis addressed the Board. He stated that he was charged with a crime in 2011 that he did not commit. We was found not guilty of the charges. Following his acquittal, the City ultimately chose not to rehire him in the Fire Department. As a result, he could not return his refund contributions to the Pension Fund to restore his prior service credit. The Firefighter Local 727 declined to represent him in his employment matter with the City of West Palm Beach. Mr. Curtis held the rank of Captain prior to his termination from employment.

The Trustees questions Mr. Curtis. Chair Dave Merrell asked why he waited over 10 years to apply for a retirement benefit from the Pension Fund, and Mr. Curtis responded that he waited until he turned age 55 to apply for the benefit. Mr. Curtis acknowledged in 2011 that he received the refund of his own contributions from the Pension Fund with the advice of his own qualified legal, tax, and financial counsel. Mr. Curtis provided a detailed explanation of his circumstances at the time. He expected to prevail against the City of West Palm Beach and return to his employment in the Fire Department. Ms. Jensen advised the Board does not have the authority to hire or terminate employees of the City, but rather, the Board can only

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administer the Pension Fund per the provisions of the Special Act. The stated that the Board cannot restore benefits to Mr. Curtis contrary to the provisions of the Special Act. Mr. Curtis did not forfeit his pension benefits because he was charged with a crime or terminated from his employment at the City of West Palm Beach. Mr. Curtis chose to take a refund of his own contributions from the Pension Fund instead of other benefits he may have been due.

Mr. Curtis stated that the City of West Palm Beach may have rehired other employees terminated previously in other circumstances. The City did not rehire Mr. Curtis. Mr. Curtis ultimately reached a settlement with the City of West Palm Beach regarding his employment.

- **Brian Walker made a motion to deny the application for retirement benefits for Mr. Curtis. The motion received a second from Jeff Stefaniak, approved by the Trustees 4-0.**

Ms. Jensen stated that she would provide an order for the Board denying a benefit to Mr. Curtis. Mr. Curtis and his wife April departed the meeting.

Steve Atkins, Polen Capital

Mr. Atkins reported that Polen Capital runs a very concentrated large company growth equity portfolio for the Pension Fund. He serves as a member of the investment team. The portfolio typically invests in 20-30 companies, so the portfolio does not look like or behave like the benchmark. Some holdings can exceed over 10% of the overall portfolio. The strategy represents the best ideas of the investment team, but due to the concentrated holdings, requires a longer-term investment period of at least 5 years. The strategy has low turnover and holds an investment on average from 4 to 5 years. In 32 years, the strategy has invested in only 125 companies. The manager stays fully invested over all market cycles.

Mr. Atkins reviewed the process to filter the large cap equity universe of about 3,000 companies. The team continuously monitors a shorter list of companies to identify potential holdings. The portfolio as of June 30, 2022 consisted of a mix of safer "great" companies and future growth opportunities. The West Palm Beach Fire portfolio had total assets of \$31,146,287 as of July 31 with a year-to-date return of -26.34% compared to -19.44% for the benchmark. In July the portfolio gained 11.46% compared to 12% for the benchmark. The strategy gained 12.94% on average annually since the June 5, 2018 inception date. Mr. Atkins attributed the recent under performance to stock selection and timing. The manager remains committed to the investment process and the longer-term outlook. Mr. Atkins expects market volatility to continue.

Asked about the sell discipline, Mr. Atkins stated that the manager sells a holding if either the fundamentals change or the team identifies a better investment prospect. The portfolio has an investment management team, but the 6 portfolio managers have the ultimate say over the holdings. Mr. Atkins then discussed changes to the portfolio in the current market. Brendon Vavrica noted the portfolio strongly outperformed the benchmark over most periods since 2018, and the Pension Fund regularly took substantial profits from the strategy to raise cash as needed.

Investment Consultant: AndCo (Brendon Vavrica)

Mr. Vavrica provided a preliminary update on performance through August. Value investments substantially outperformed growth holdings recently.

He reviewed a possible investment managed by Crawford. Crawford offers a multi-asset strategy similar to current JP Morgan and Blackrock holdings, except Crawford invested in only domestic securities. The strategy managed by Crawford also takes more risk to generate equity-like returns. Mr. Vavrica will bring further details regarding the investment to the Board.

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

Ms. Jensen reported that she will notify the City of the decision by the Board to deny a benefit to Rick Curtis.

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Administrator Report: Resource Centers (Scott Baur)

The administrator mailed a notice to eligible active and retired members to change earnings elections for Share and DROP Accounts prior to September 30. He reviewed the proposed 2023 meeting schedule with the Board.

4. PLAN FINANCIAL REPORTS

The Board received and reviewed the interim financial statement through July 31, 2022. The Trustees then reviewed the warrants for payment of plan expenses.

- Elizabeth Fugler made a motion to approve the Warrants dated September 8, 2022, for paid invoices. The motion received a second from Brian Walker, approved by the Trustees 4-0.

5. BENEFIT APPROVALS

The Board reviewed the benefits for approval.

- Brian Walker made a motion to approve the benefits. The motion received a second from Elizabeth Fugler, approved by the Trustees 4-0.

6. OTHER BUSINESS

Brad Armstrong addressed the Board. IAFF Local 727 requested that he complete benefit studies, although the union asked to keep the studies confidential during the contract negotiations. Jason French stated that the Local would pay for the studies and receive the results. The Board will receive a copy of any negotiated benefit changes.

- Elizabeth Fugler made a motion to approve IAFF Local 727 to use the Board actuary for benefit studies, at no expense to the Board. The motion received a second from Brian Walker, approved by the Trustees 4-0.

Brian Walker updated the Board on the status of plans for the next Retirement Dinner.

7. ADDITIONAL REPORTS

The Trustees received additional investment manager reports.

8. PUBLIC COMMENTS

Jason French thanked the Board for the professionalism exhibited by the Trustees when dealing with members of the Pension Fund. He also provided newly produced brochures describing the VEBA Plan.

9. ADJOURNMENT

There being no further business and the Board having previously scheduled the next regular meeting for Thursday, October 6, 2022 @ 1:30 PM, the Chair adjourned the meeting at 3:45 PM.

Brian Walker, Secretary