

# WEST PALM BEACH FIREFIGHTERS' PENSION FUND

## MINUTES OF MEETING HELD

November 3, 2022

1. Dave Merrell called a workshop of the Board to order at 1:30 PM. Those persons present included:

### TRUSTEES

Dave Merrell, Chair  
Brian Walker, Secretary  
Jeff Stefaniak

### OTHERS

Scott Baur, Administrator (Resource Centers)  
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)  
Rick Dorey, Plan Member  
Brendon Vavrica, Investment Consultant (AndCo)  
Janna Hamilton, Investment Manager (Garcia Hamilton)

## 2. APPOINTMENT OF 5<sup>th</sup> TRUSTEE

The Board deferred the appointment of the 5<sup>th</sup> Trustee.

## 3. APPROVAL OF MINUTES

The Board reviewed the draft minutes for the October 6, 2022 meeting.

- Jeff Stefaniak made a motion to approve the Minutes for the meeting of October 6, 2022, amended to note that the Board had a quorum when Elizabeth Fugler joined the meeting. The motion received a second from Brian Walker, approved by the Trustees 3-0.

## 4. REPORTS

### Investment Manager: Garcia Hamilton (Janna Hamilton)

Janna Hamilton reported that the fixed income manager performed under the benchmark slightly for the September 30 quarter as the manager repositioned the portfolio. For other trailing periods, the returns for the fixed income portfolio exceed the US Bloomberg Aggregate benchmark. Garcia Hamilton believes the pace of current interest rate increases should begin to diminish. The fixed income manager can now capture higher coupons on bond holdings going forward as well. The manager also believes the US has entered a recession already. The fixed income portfolio had a prior period of performance under the benchmark when the manager shortened the duration of the portfolio ahead of the market, anticipating higher interest rates.

Ms. Hamilton reviewed the stimulus during COVID in historic terms. The US government poured greater stimulus into the market in a shorter period than any other time in history. The money supply has moved to a negative growth position, likely to bring a recession. Anticipating that interest rates will begin to decrease, the manager increased duration slightly longer than the benchmark. Home affordability has declined significantly, and consumer sentiment also remains depressed. Ms. Hamilton reviewed recent adjustments to the fixed income portfolio.

Brendon Vavrica noted that without the addition of government spending, the US economy already has a negative GDP.

### Investment Consultant: AndCo (Brendon Vavrica)

Mr. Vavrica reported that markets had a really bad year. He reviewed the growth history of the plan assets. The asset allocation remains in line with Policy targets. The portfolio returned -4.2% for the September 30 quarter compared to a return of -4.63% for the benchmark to rank in the top 35%. For the fiscal year ending September 30, the assets returned -14.75% compared to -13.66% for the benchmark. The 8.07% average annual gain for the trailing 10-year period ranks in the top 2% of the public fund universe. Mr. Vavrica reviewed the individual manager performance. Managers outperformed their benchmarks but still had negative returns. The assets recovered substantially in October with a 5.1% gain, led by the value managers.

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Mr. Vavrica reported that PIMCO may establish an evergreen version of the PIMCO Disco Fund. He also provided a chart showing annual returns for stocks and bonds. Stocks typically gain when bonds decline, and bonds gain when stocks lose. In the past year, both stocks and bonds sold off substantially. He also reviewed the duration of historic bull and bear markets. Even with periodic drawdowns and bear markets, the market gains substantially over longer periods.

Brendon Vavrica reviewed the Crawford Global Tactical Asset Allocation manager analysis for possible further diversification of the Pension Fund assets. Crawford invests 100% in US issues, although the manager takes more risk than the JP Morgan or Blackrock multi-asset allocations with equity-like volatility. AndCo classifies the asset as an alternative holding. Mr. Vavrica recommended a \$6,000,000 allocation in a separate account held by Salem Trust. The Board asked Mr. Vavrica to have Crawford schedule a presentation.

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

Ms. Jensen reported that the administrator served the Board order denying the pension benefit to Rick Curtis in person. Mr. Curtis appealed the decision. Ms. Jensen also requested that Mr. Curtis extend the 45-day requirement for the Board to hold a hearing to allow time for the Board to retain separate counsel. She recommended the Board retain Bob Sugarman, another local attorney with substantial pension experience. Mr. Sugarman agreed to the same hourly rate that the Board now pays the firm for Ms. Jensen.

- **Brian Walker made a motion to retain Sugarman & Susskind for counsel in the appeal of the decision denying the application for pension benefits to Rick Curtis. The motion received a second from Jeff Stefaniak, approved by the Trustees 3-0.**

Ms. Jensen reviewed the letter of appeal provided by Mr. Curtis, and she noted some matters that she clarified for Mr. Curtis. The Board considered the timing and the procedure for the formal appeal process. Once the Board holds a hearing, the Trustees have 5 days to make a decision to grant or deny a benefit. Ms. Jensen also further explained the role of the additional counsel in the process. Following a final decision by the Board, the person has another 30 days to make a further appeal.

Deerpath asked the Board to acknowledge some changes to the agreement reviewed by AndCo.

- **Jeff Stefankiak made a motion to approve the changes to the Deerpath agreement. The motion received a second from Brian Walker, approved by the Trustees 3-0.**

Ms. Jensen advised that death benefits for suicide resulting from PTSD were added to the federal line-of-duty benefits for public safety officers.

**Administrator Report: Resource Centers (Scott Baur)**

Mr. Baur reported that his office completed the annual SOC 1 Type 2 audit report, an external audit of the internal controls and procedures in place at the administrative firm. The audit requires substantial time and resources to complete, with extensive testing of the control objectives each year. His firm has completed an annual SOC 1 audit report now for 15 years with no exceptions noted.

Mr. Baur presented the updated 2023 regular and quarterly meeting schedule.

- **Brian Walker made a motion to approve the 2023 meeting dates. The motion received a second from Jeff Stefaniak, approved by the Trustees 3-0.**

The Board directed the administrator to renew the CPPT designation for Trustees and the Board annual FPPTA membership.

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5. PLAN FINANCIAL REPORTS

The Board received and reviewed the interim financial statement through September 30, 2022. The Trustees then reviewed the warrants for payment of plan expenses.

- Brian Walker made a motion to approve the Warrant dated November 3, 2022, for payment of invoices. The motion received a second from Jeff Stefaniak, approved by the Trustees 3-0.

6. BENEFIT APPROVALS

The Board had no benefits for approval.

7. OTHER BUSINESS

Brian Walker provided the Board with updates for the April 15, 2023 retirement dinner. The hotel will offer a discounted block of rooms for the event.

The Board considered replacement tablets and asked the administrator to purchase iPad pro tablets for the Trustees with 128 mb of memory, the Verizon cellular plan, and the optional keyboards.

- Brian Walker made a motion to approve the purchase of 5 iPads. The motion received a second from Jeff Stefaniak, approved by the Trustees 3-0.

8. ADDITIONAL REPORTS

The Trustees received additional investment manager reports.

9. PUBLIC COMMENTS

No members of the public had any comment.

10. ADJOURNMENT

There being no further business and the Board having previously scheduled the next regular meeting for Thursday, December 1, 2022 @ 1:30 PM, the Chair adjourned the meeting at 3:38 PM. The December 1 meeting will begin with a holiday lunch at 12:15 PM.

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Brian Walker, Secretary