

*WEST PALM BEACH FIREFIGHTERS' PENSION FUND*  
**MINUTES OF MEETING HELD**

**March 9, 2023**

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

**TRUSTEES**

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

**OTHERS**

Scott Baur, Administrator (Resource Centers)  
Bonni Jensen, Attorney  
(Klausner Kaufman Jensen & Levinson)  
Brendon Vavrica, Investment Consultant (AndCo)  
Geoffrey Bowers & Casey Finneran, Investment Manager  
(PIMCO)  
Chuck Landers, Auditor (Saltmarsh)  
Rick Dorey, Plan Member  
Matt McCue, Financial News

2. **APPROVAL OF MINUTES**

The Board reviewed the draft minutes for the January 12, 2023 Regular Meeting and the February 2, 2023 Quarterly Meeting. The Trustees noted a spelling correction on the February 2 draft minutes.

- **Brian Walker made a motion to approve the January 12, 2023 and February 2, 2023 minutes as amended. The motion received a second from Elizabeth Fugler, approved by the Trustees 4-0.**

3. **REPORTS**

**Investment Manager: PIMCO (Geoffrey Bowers and Casey Finneran)**

Casey Finneran reported that the PIMCO Disco III Fund is now winding down. The manager expects to distribute all proceeds by mid-2023. JP Morgan does not anticipate using any of the available extensions. PIMCO released the remaining commitment for uncalled capital as well. The Disco III Fund had a 13% gain since inception in 2020.

Geoffrey Bowers reviewed the Income Builder Fund. The strategy captures best ideas across multiple credit sectors. The portfolio has delivered better returns with less volatility than the various fixed income sectors, with a 5.7% average annual return since 2003. All asset classes, however, had significant losses in 2022. For the 12 months ending January 31, 2023, the Fund returned -7.43% compared to -8.18% for the benchmark. The portfolio now has a 5.53% yield.

JP Morgan decreased exposure to credit risk more recently. The manager expects higher rates to persist for longer. With continued geopolitical uncertainty, the manager also underweighted emerging market holdings in the portfolio. The supply of high yield credit decreased in recent years with fewer defaults. Higher rates and floating rate resets will likely add pressure to bank and consumer debt.

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

Ms. Jensen reported that the Board will not likely become the lead plaintiff in the Zymergen litigation, but will likely remain as a plaintiff in the matter.

Saxena White approached the Board about another corporate governance issue. The CEO for Moelis & Company has a stock holder agreement with veto powers over the Board in likely violation of Delaware law. The securities counsel requested that the Pension Board file a derivative action. Baron holds the security in the small cap growth portfolio. The Trustees considered the role of the Board and the fiduciary obligations of the Trustees in such matters.

- **Brian Walker made a motion to allow Saxena White to file an action to challenge and reform the Stockholder Agreement. The motion received a second from Jeff Stefaniak, approved by the Trustees 4-0.**

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**Auditor: Saltmarsh (Chuck Landers)**

Chuck Landers thanked the Board, the administrator, and the consultant for a very smooth audit engagement. He presented an unmodified (clean) audit opinion. The net assets decreased from \$308,152,989 in 2021 to \$255,246,646 in 2022. He attributed the decrease primarily to negative investment results. Benefit payments during the year increased with a supplemental distribution. Refunds to terminated members also increased. The City had a net pension liability of \$107,517,817 as of September 30, 2022. The GASB funded ratio, meanwhile, dropped from 90.5% to 70.36% resulting from a -13.66% money weighted return on investment assets. The Pension Fund has 9 bp overall administrative expenses, demonstrating the very efficient operation of the plan.

- Elizabeth Fugler made a motion to approve the annual audit report as amended to note that the investment fees do not include the mutual fund holdings. The motion received a second from Brian Walker, approved by the Trustees 4-0.
- Elizabeth Fugler made a motion to execute the engagement letter for Saltmarsh. The motion received a second from Brian Walker, approved by the Trustees 4-0.
- Elizabeth Fugler made a motion to authorize the Chair to sign the management representation letter once received from the auditor. The motion received a second from Jeff Stefaniak, approved by the Trustees 4-0.

**Investment Consultant: AndCo (Brendon Vavrica)**

Mr. Vavrica reported a 3% decline in investments during the month of February after very strong gains in January. The Pension Fund still has an estimated 8.9% gain on invested assets for the current fiscal year to date. The current asset allocation remains mostly in line with Policy targets. The Pension Fund now has a pending redemption in queue to rebalance assets from the real estate holdings.

Brendon Vavrica provided a review of additional international equity strategies to possibly add a value manager for diversification. He compared 3 international equity managers with a value bias. The Board will review the manager search at the April 6 meeting.

The Trustees then considered the long-term performance of the Pension Fund assets, which rank in the top 1% of the comparison plan universe for longer periods. Brendon Vavrica explained that the universe includes 1,047 plans ranging from small plans to \$110 billion in assets, with a median of about \$70 million. The West Palm Beach Firefighters Pension Fund ranks right about the 50-percentile mark in the universe by size.

**4. PLAN FINANCIAL REPORTS**

The Board received and reviewed the interim financial statement through January 31, 2023. The Trustees then reviewed the warrants for payment of plan expenses.

- Brian Walker made a motion to approve the Warrant dated March 9, 2023, for payment of invoices. The motion received a second from Elizabeth Fugler, approved by the Trustees 4-0.

**5. BENEFIT APPROVALS**

The Board considered a trust named by Cathy Krick, the spousal beneficiary of a deceased member, as beneficiary of her accounts. The successor Trustee must take distribution of all assets upon her death.

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

Mr. Baur briefly clarified how the City and the Pension Fund count the last day of service for a retiring member.

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6. OTHER BUSINESS

Dave Merrell reported that Verizon has an old plan that allows 6 GB of data. Verizon will upgrade the account to unlimited data for no additional cost.

- Elizabeth Fugler made a motion to upgrade the Verizon account to unlimited data. The motion received a second from Jeff Stefaniak, approved by the Trustees 4-0.

Mr. Merrell then advised that he had difficulty getting the email set up on the new tablet. The Board discussed the process to activate the new email.

Brian Walker reported that about 70 people signed up so far for the retirement dinner. The room holds 225 to 250 people, and the Pension Fund has 225 dinners. The Board also considered the audio visual requirements for the event, which will include an additional expense estimated at \$6,887.65. The dinner also has additional miscellaneous expenses for the table center pieces and seating cards.

- Elizabeth Fugler made a motion to approve up to \$12,000 for additional retirement dinner expenses. The motion received a second from Jeff Stefaniak, approved by the Trustees 4-0.

The Trustees provided their meal preferences as well.

7. ADDITIONAL REPORTS

The Trustees received additional investment manager reports.

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, April 6, 2023 @ 1:30 PM, the Chair adjourned the meeting at 3:30 PM.

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Brian Walker, Secretary