

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF MEETING HELD

June 8, 2023

1. Dave Merrell called a regular meeting of the Board to order at 1:35 PM. Those persons present included:

TRUSTEES

Dave Merrell, Chair
Brian Walker, Secretary
Elizabeth Fugler
Julian Cover

OTHERS

Scott Baur, Administrator (Resource Centers)
Bonni Jensen, Attorney
(Klausner Kaufman Jensen & Levinson)
Brendon Vavrica, Investment Consultant (AndCo)
Anthony Xuereb & Stephen Atkins, Investment Manager (Polen)

2. **APPROVAL OF MINUTES**

The Board reviewed the draft minutes for the April 6 Regular Meeting and the May 4, 2023, Quarterly Meeting.

- **Brian Walker made a motion to approve the minutes for April 6, 2023, and May 4, 2023, as presented. The motion received a second from Elizabeth Fugler, approved by the Trustees 4-0.**

3. **REPORTS**

Investment Manager: Polen Capital (Anthony Xuereb & Stephen Atkins)

Anthony Xuereb provided a firm update, reporting no changes to the investment team or ownership. About 28% of the team participates in the firm equity. The manager added about 40 employees over the past year. Jeff Mueller, manager of the global growth strategy, will retire at the end of 2023. The change does not impact the strategy managed by Polen for West Palm Beach Fire.

Stephen Atkins stated that 2022 challenged growth managers. The portfolio managed by Polen for West Palm Beach Fire gained 14.47% for the current fiscal year to date compared to a gain of 14.37% for the R1000 Growth Index. The manager trailed the benchmark in 2022, however, resulting in longer term performance under the benchmark since 2018. Mr. Atkins commented on events affecting the portfolio and securities selection by Polen. A small number of companies account for the majority of the market gains in the current year. Polen now finds valuations in the growth market more reasonable. The manager also believes that interest rates have peaked. Amazon represents 14% of the portfolio holdings as the company transitions to higher margin businesses from retail. The company also completed an enormous amount of capital investment during COVID, which should manifest in future profitability. Reduced costs should also improve margins on retail.

Mr. Atkins further commented on securities selection mistakes in 2022, particularly missteps with valuations related to some purchases. The portfolio currently trades at about 28 times forward earnings, still on the high side in terms of historical norms. The manager values holdings more by free cash flows than earnings.

Investment Consultant: AndCo (Brendon Vavrica)

Brendon Vavrica reported that the West Palm Beach Fire assets gave up about 1.1% of recent gains during the month of May. The managers performed well overall. The total portfolio gained about 9.7% for the current fiscal year to date.

AndCo will recommend that the Board replace the JP Morgan Special Situations property Fund. The redemptions already in queue will take some time to process. The manager is also not calling committed capital quickly. The Trustees briefly considered potential replacements and the asset allocation to real estate during the manager transition.

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Mr. Vavrica also noted that the markets have not yet exited the current bear market by definition, and markets remain volatile. He showed long-term market returns without the best 20 days over the last 15 years. He then provided updates on inflation and the Consumer Price Index components. Markets continue to gain.

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

Ms Jensen reported that House Bill 3 passed the Florida legislature. The Board will need to update the Investment Policy Statement, and future manager agreements will include new language. The Board must only invest assets based on pecuniary factors, although the assets are already invested based solely on pecuniary factors. The Trustees considered in detail factors that might be labeled as Environmental, Social, or Governance (ESG) factors under the statute. The Board will file a new compliance report in December.

The Board provided a notice to Rick Curtis for a formal hearing. Mr. Curtis made additional records requests. Chair Dave Merrill also has depositions scheduled for class action matters.

Ms. Jensen reported that the Division of Management Services requested that the Pension Fund include the new mandated cancer presumptions in the Special Act. She provided to the Board a policy for consideration recognizing the cancer presumptions retroactive to 2019.

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

Administrator: Resource Centers (Scott Baur)

Mr. Baur reported that Argent will acquire TMI Holdings, parent of Salem Trust. Salem Trust will become a dba of Argent Institutional Trust. Ms. Jensen reported that the acquisition by Argent might affect the Board agreement. Argent also owns Highland Capital Management.

4. PLAN FINANCIAL REPORTS

The Board received and reviewed the interim financial statement through April 30, 2023. The Trustees then reviewed the warrants for payment of plan expenses.

- **Brian Walker made a motion to approve the Warrant dated June 8, 2023, for payment of invoices. The motion received a second from Elizabeth Fugler, 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

The daughter of firefighter Jim Flowers passed unexpectedly in a car accident.

7. ADDITIONAL REPORTS

The Trustees received additional investment manager reports.

8. PUBLIC COMMENTS

No members of the public had any comment.

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9. ADJOURNMENT

There being no further business and the Board having previously scheduled the next regular meeting for Thursday, August 3, 2023 @ 1:30 PM, the Chair adjourned the meeting at 2:49 PM.

Brian Walker, Secretary