

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

August 3, 2023

1. Dave Merrell called a regular meeting of the Board to order at 1:33 PM. Those persons present included:

TRUSTEES

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

OTHERS

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

Chair Dave Merrell reordered items on the Agenda.

3. REPORTS

Investment Manager: Baron Capital Management (David Kaplan)

David Kaplan reviewed the investment strategy for the Baron allocation. The small growth strategy focuses on companies with secular growth, a durable competitive advantage, strong management, and compelling valuations. The manager employs 43 people and continues to expand the investment team. For the current calendar year through June 30, the portfolio gained 11.71% compared to a gain of 13.55% for the benchmark. Since inception, the portfolio return doubled the gain for the benchmark.

Mr. Kaplan reviewed the top 5 contributors and detractors from performance so far in 2023. He then reviewed performance attribution by market sector, along with sector overweights and underweights compared to the benchmark. Baron looks for return on invested capital as a metric to filter holdings. The portfolio has lower earnings per share (EPS) growth than the benchmark, but far lower volatility as well. While the portfolio includes some mid- and large cap growth names, the manager purchased these companies as small cap issues.

Investment Consultant: AndCo (Brendon Vavrica)

Brendon Vavrica reported that domestic markets had a strong quarter ending June 30, with the S&P 500 up 8.7% for the period. Large companies outperformed smaller companies and growth outperformed value holdings. The top 7 names in the S&P market index accounted for much of the index gains. In July a broader range of companies contributed to market gains. Bond yields, meanwhile, moved higher and the yield curve inverted further.

The total invested assets increased to \$283,904,358 as of June 30. The assets returned 2.98% gross of fees and 13.95% for the fiscal year to date compared to gains of 4.17% and 15.25% for the benchmark. The equity managers mostly performed under their benchmarks for the June 30 quarter due to the narrow market. Longer term the 8.5% average annual gain for the trailing 10-year period ranks in the top 4% of the peer manager universe. Mr. Vavrica reviewed the individual manager results, noting that losses continued on real estate holdings. As of July 31 the assets gained 17.1% for the fiscal year to date, increasing to @290,295,468.

Mr. Vavrica addressed the management of the JP Morgan Special Situations Property Fund. The portfolio has an unfavorable debt profile with defaults among the holdings. The manager has not been willing to share recent specific details regarding key properties in the portfolio. Accordingly, Mr. Vavrica recommended that the Board liquidate the position. He expects the redemption to take 6-9 months to complete based on the current exit queue.

- **Brian Walker made a motion to terminate the JP Morgan Special Situations Property Fund based on the recommendation of the Investment Consultant. The motion received a second from Elizabeth Fugler, approved by the Trustees 5-0.**

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF AUGUST 3, 2023

Mr. Vavrica reviewed updates to the Investment Policy for compliance with the HB 3 mandates. The Investment Policy recognizes that the Board invests the plan assets based solely on pecuniary factors. The Pension Fund will have a new reporting requirement every other year starting in December 2023. He also reviewed the manager addendum for Polen and other managers, deleting a limitation on holdings previously approved by the Board.

- Elizabeth Fugler made a motion to approve the Investment Policy updates. The motion received a second from Brian Walker, approved by the Trustees 5-0.

2. APPROVAL OF MINUTES

The Trustees reviewed the draft minutes for the June 8 Regular Meeting of the Board.

- Brian Walker made a motion to approve the minutes for the June 8, 2023 meeting as presented. The motion received a second from Elizabeth Fugler, approved by the Trustees 5-0.

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

Ms. Jensen provided an article on a man who concealed the death of his mother for 30 years while he continued to collect her Social Security benefits. The Board considered recent fraud attempts on public pension plans. Ms. Jensen also provided an updated Special Tax Notice with recent IRS updates.

Bonni Jensen that Trampus Manor completed his IME. The Board also discussed the pending appeal by Rick Curtis scheduled for the September 7 meeting.

Administrator: Resource Centers (Scott Baur)

Mr. Baur provided information on upcoming conference opportunities, including the FPPTA, the Division of Management Services, and the Florida Limited Partner Summit. He also reported that the Division of Management Services approved the Annual Report for 2022. The Pension Fund will receive a distribution of \$2,306,238.05 in Chapter 175 premium tax receipts, an increase from the prior year.

3. PLAN FINANCIAL REPORTS

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

- Brian Walker made a motion to approve the Warrant dated August 3, 2023, for payment of invoices. The motion received a second from Elizabeth Fugler, approved by the Trustees 5-0.

4. BENEFIT APPROVALS

The Board reviewed the benefits for approval.

- Brian Walker made a motion to approve the regular benefits. The motion received a second from Elizabeth Fugler, approved by the Trustees 5-0.

Brian Walker reported that he accompanied James Rothgery during his recent process to retire and provided a favorable review. The Trustees considered a hardship distribution request from retired member Paul Polisena and determined that the request met the requirements for a hardship distribution.

- Elizabeth Fugler made a motion to approve the Paul Polisena hardship request. The motion received a second from Brian Walker, approved by the Trustees 5-0.

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MEETING OF AUGUST 3, 2023

6. OTHER BUSINESS

Dave Merrell reported that he completed his deposition for the Zymergen class action litigation. He reviewed his experience with the process. He did not provide a favorable review.

The Board briefly discussed current contract negotiations between the City and the local.

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, September 7, 2023 @ 1:30 PM in the Third Floor Conference Room at Station 1, the Chair adjourned the meeting at 2:57 PM.

Brian Walker, Secretary