

# WEST PALM BEACH FIREFIGHTERS' PENSION FUND

## MINUTES OF MEETING HELD

November 2, 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  
Julian Cover  
Elizabeth Fugler  
Jeff Stefaniak

### OTHERS

Scott Baur, Administrator (Resource Centers)  
Bonni Jensen, Attorney (Klausner Kaufman Jensen & Levinson)  
Brendon Vavrica, Investment Consultant (AndCo)  
Janna Hamilton & Jeff Detwiler, Investment Manager  
(Garcia Hamilton)  
Brian Lamb and Rick Dorey, Plan Members

## 2. APPROVAL OF MINUTES

The Trustees reviewed the draft minutes for the October 12, 2023 Regular Meeting of the Board.

- Jeff Stefaniak made a motion to approve the minutes for the October 12, 2023 as presented. The motion received a second from Julian Cover, approved by the Trustees 4-0.

## 3. REPORTS

### Investment Manager: Garcia Hamilton (Janna Hamilton & Jeff Detwiler)

Janna Hamilton reported that the fixed income manager had a difficult quarter. The fixed income portfolio returned -4.94% for September 2023, and -0.86% for the 2023 fiscal year. Jeff Detwiler explained that the manager has a high conviction that the economy will begin to show weakness and inflation will moderate, but the economy remains stronger than expected. He reported that the money supply dropped, the first contraction in the money supply since the Great Depression. Supply chain issues have eased in the meantime. Employees are working fewer hours, and delinquencies have increased to the highest levels since 2008-9. Higher rates on short-term savings discourage investors from taking additional risk.

Mr. Detwiler stated that the fixed income manager has a high-quality bias in the portfolio. He reviewed the current portfolio composition in further detail. The manager has locked higher yields into the portfolio holdings. Garcia Hamilton therefore believes the portfolio is positioned well for the market going forward. While the manager believes the team was early on the trade anticipating that the economy will weaken, consumers are stretched and running out of money.

### Investment Consultant: AndCo (Brendon Vavrica)

Mr. Vavrica reported that all asset classes posted losses between -3 to -4% for the September 30 quarter. Equities still had a very strong fiscal year despite the losses. The Pension Fund ended the 2023 fiscal year with \$272,317,367 in total assets. The portfolio returned -2.79% for the September 30 quarter and 10.8% for the 2023 fiscal year. The 7.68% average annual return for the trailing 10 year period ranks in the top 4% of the public pension plan universe.

Mr. Vavrica reported that the assets returned -1.7% for October 2023. He reviewed prior drawdowns in real estate assets. The current drawdown in real estate is not as deep as past drawdowns. Such periods are typically followed by gains. The Trustees discussed employment and labor participation. Unemployment went down at the same time that labor participation dropped.

Mr. Vavrica then reviewed options and current yields for distressed debt investments. Senior direct yields have become increasingly attractive. He addressed possible replacements for the JP Morgan real estate allocation. Terra Cap will have a first close on a fund in January. The timing, however, might cause the board to overweight the real estate allocation for a time in transition from one manager to another. The Trustees passed on the opportunity to invest prior to the Terra Cap close.

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

Ms. Jensen reported that the state provided vague guidance for the comprehensive report due by December 15. She provided a cover sheet affirming compliance with the provisions of HB 3 to file with the updated investment policy statement. The consultant is providing proxy voting guidelines to the investment managers retained by the Board. Her office coordinated with other pension attorneys in Florida to develop a uniform template for the comprehensive report filing. The Board received a memo on the filing process. The administrator already registered the Board to file, required by November 3. The administrator will also file the comprehensive report on behalf of the Board.

The Board will hold a formal hearing for 1:30 PM on December 7, 2023 to consider the appeal by Rick Curtis. Paul Parrish, counsel for Rick Curtis, proposed a settlement on behalf of his client. Rick Curtis asked to return refunded contributions to the Pension Fund with interest in return for a benefit. Ms. Jensen advised that the Special Act does not allow for such a process, nor can the Board enter into a sealed settlement.

**Elizabeth Fugler made a motion to deny the request for a settlement without a hearing. The motion received a second from Julian Cover, approved by the Trustees 4-0.**

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

Mr. Baur had no separate report for the Board.

**4. BENEFIT APPROVALS**

The Board reviewed the regular benefits for approval. The Trustees noted that Ray Carter had 2 different retirement dates on his minimum required distribution requests. The Board also noted an inconsistency in the format for a distribution to former member Ketchner.

- **Jeff Stefaniak made a motion to approve the benefits as amended. The motion received a second from Elizabeth Fugler, approved by the Trustees 4-0.**

Mr. Baur reported that Trampas Manor was still gathering the additional documentation requested by the Board related to his application for a non-duty disability pension benefit.

Trampas Manor has not yet provided additional documents requested by the Board related to his application for a non-duty disability benefit.

The Board reviewed the proposed Share Allocation report for 2023 and provided updates on the status for several active members of the Pension Fund.

**5. PLAN FINANCIAL REPORTS**

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

- **Julian Cover made a motion to approve the Warrant dated November 2, 2023, for payment of invoices. The motion received a second from Jeff Stefaniak, approved by the Trustees 4-0.**

**6. OTHER BUSINESS**

David Merrell completed a due diligence visit to Baron Capital Management in New York City. The investment manager occupies 3 floors of a building adjacent to Central Park with 200 employees.

**7. ADDITIONAL REPORTS**

The Trustees received additional investment manager reports.

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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, December 7, 2023 @ 1:30 PM in the Training Room at Station 5, the Chair adjourned the meeting at 3:19 PM.

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Brian Walker, Secretary