

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF MEETING HELD

January 11, 2024

1. Dave Merrell called a regular meeting of the Board to order at 1:37 PM. Those persons present included:

TRUSTEES

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

OTHERS

Bonni Jensen, Board Counsel (Klausner, Kaufman, Jensen & Levinson)
Scott Baur, Administrator (Resource Centers)
Brendon Vavrica, Investment Consultant (AndCo)
Robert Van Eyck and Natalie Garcia, Deerpath Capital
Dr. Bryan Reuther
Rick Dorey, Plan Member

2. PTSD PRESENTATION: DR. BRYAN REUTHER

Dr. Reuther introduced himself and provided his background. He addressed the Board to educate the trustees on PTSD related disorders. He stated that he and his family have a long history with public safety and service.

Dr. Reuther then provided a history and overview of PTSD as a clinical diagnosis. The PTSD diagnosis requires a traumatic event. The diagnosis was first introduced in 1980. The event must involve death, serious injury, or sexual violence, causing psychological, cognitive, emotional, or behavioral issues. Most people and almost all first responders experience at least one traumatic episode in their lifetimes. A smaller number develop PTSD symptoms.

Dr. Reuther stated that PTSD has four symptom clusters: an intrusiveness cluster, an avoidance cluster, negative changes in mood or thought, and the hyperarousal cluster. Symptoms must persist for at least one month and create a pathological dysfunction for a PTSD diagnosis. PTSD does not result from substance abuse, but a person with PTSD often self-medicates the symptoms. PTSD can have a delayed expression. The assessment for PTSD includes an interview and testing by way of standardized questions and additional clinical assessments. A clinical psychologist administers the assessments. Further assessments can weed out persons faking or exaggerating symptoms, including the TSI-2 traumatic symptom inventory, PAI personality assessment inventory, and SIRS-2 structured interview of reported symptoms. Dr. Reuther advised that only a small number of persons outright fake or try to fake symptoms.

He stated that PTSD is highly treatable. He then reviewed various strategies for treating persons that exhibit PTSD symptoms. Certain medications may also help in the treatment of PTSD.

3. APPROVAL OF MINUTES

Ms. Jensen asked the Board to table approval of the draft minutes for the meeting and hearing on December 7, 2023, until the next regularly scheduled board meeting.

4. REPORTS

Investment Manager: Deerpath (Robert Van Eyck and Natalie Garcia)

Robert Van Eyck reviewed the direct lending strategy managed by Deerpath. He also gave an overview of the direct lending firm. Deerpath focuses on preservation of capital, somewhat like an alternative fixed income strategy. The manager has a 9 bp historical loss rate on issued loans, with a 13% net return on the leveraged product. Prudential purchased a majority interest in Deerpath in 2023, which the manager sees as a strategic partnership to increase assets under management.

Natalie Garcia reported that the manager is capturing higher spreads and upfront fees lately. She detailed safety measures in place to protect assets. She also reviewed typical loan characteristics. The manager closes on about 7% of all opportunities reviewed. The issued loans have a wide domestic geographic diversification. Ms. Garcia reviewed the typical kinds of businesses borrowing money.

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The strategy used by the Pension Fund has a current 12.93% net Internal Rate of Return (IRR). The manager recently added an evergreen vehicle. Fund 6 has 4 years remaining on the investment period, with an expectation that the manager will fully pay out assets by year 8. Private equity firms back 98% of loans, often to make acquisitions. Fund 6 also used a small amount of leverage. Ms. Garcia further reviewed competition in the market for lending opportunities. Loans also have floating interest rates, so a decrease in market interest rates would only modestly impact the portfolio value for loans held by the manager. Demand for borrowing has increased as liquidity dried up in the market. Mr. Van Eyck and Ms. Garcia thanked the Board.

Investment Consultant: AndCo (Brendon Vavrica)

Brendon Vavrica reviewed ways the Board might invest in direct lending funds, including laddered portfolios of closed funds with staggered maturities to maintain continuity in total assets committed to the class. The Trustees considered the differences and advantages between closed end funds compared to evergreen vehicles. Long-term return expectations appear similar for the different kinds of products, while evergreen vehicles may simplify the administration of the investment portfolio.

Mr. Vavrica reported that the assets gained a preliminary return of 7.5% for the current fiscal year to date through December 31. We are now in a new bull market, and bull markets last on average 52 months. He also reviewed a histogram of historical S&P 500 and fixed income market returns. He noted that the economy may see a soft landing, but consumers are stretched with rising levels of personal debt. The Board briefly discussed REIT investments and additional opportunities in the private real estate space.

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

Ms. Jensen reported that Florida will finally allow trustees to file the annual Form 1 financial disclosure electronically. She also stated that the mileage reimbursement rate increased for 2024. She gave a brief update regarding the 2 ongoing class action cases where the Board serves as a lead plaintiff.

She will provide a draft of the final order for the appeal by Rick Curtis at the next meeting.

Administrator: Resource Centers (Scott Baur)

Mr. Baur reported that his office completed the filing of the comprehensive report due by December 15 for compliance with HB 3.

5. PLAN FINANCIAL REPORTS

The Board received and reviewed the draft audited financial statement of net assets and changes to net assets. The Trustees then reviewed the warrant for payment of plan expenses.

- **Brian Walker made a motion to approve the Warrant dated January 11, 2024, for payment of invoices. The motion received a second from Elizabeth Fugler, approved by the Trustees 5-0.**

6. BENEFIT APPROVALS

The Board reviewed the regular benefits for approval.

- **Elizabeth Fugler made a motion to approve the benefits. The motion received a second from Julian Cover, approved by the Trustees 5-0.**

The Trustees reviewed the working copy of the 2024 Share Account allocation summary for allocating 2023 Chapter 175 premium tax receipts and account forfeitures to members, providing several specific updates.

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7. **OTHER BUSINESS**

The Board briefly discussed the audit confirmations, which some Trustees had not received during prior year audits.

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, February 1, 2024 @ 1:30 PM in the Training Room at Station 5, the Chair adjourned the meeting at 4:28 PM.

Brian Walker, Secretary