

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

MINUTES OF REGULAR MEETING HELD

March 7, 2024

1. Brian Walker called a Quarterly Meeting of the Board to order at 1:30 PM in the Training Room at Fire Station 2. Those persons present included:

TRUSTEES

Dave Merrell, Chair
Brian Walker, Secretary (1:40 PM)
Julian Cover (2:10 PM)
Elizabeth Fugler
Jeff Stefaniak

OTHERS

Bonni Jensen, Board Counsel (Klausner, Kaufman, Jensen & Levinson)
Scott Baur, Administrator (Resource Centers)
Barney Mbigha, Investment Manager (Capital Group)
Brendon Vavrica, Investment Consultant (AndCo)
Chuck Landers, Auditor (Saltmarsh)

2. APPROVAL OF MINUTES

The Trustees reviewed the draft minutes for the February 1, 2024 Quarterly Meeting.

- Elizabeth Fugler made a motion to approve the minutes for February 1, 2024 as presented. The motion received a second from Jeff Stefaniak, approved by the Trustees 3-0.

3. REPORTS

Auditor: Saltmarsh (Chuck Landers)

Chuck Landers reported that the audit firm added 2 shareholders and also recently acquired another firm located in Winter Park.

Mr. Landers presented an unmodified (clean) opinion for the financial statement for the fiscal year ending September 30, 2023. He explained the responsibility of the auditor, and he reviewed the components covered by the audit engagement. He reported that the Pension Fund had \$272,175,528 in total assets as of September 30, 2023, an increase from \$255,246,846 the prior year. He attributed the increase primarily to positive investment results for the year. He then reviewed the note disclosures.

Ms. Jensen suggested an additional note to explain the apparent drop in pension benefit payments from 2022 to 2023 due to the payment of the supplemental distribution in 2022. The Pension Fund has a designated position of \$134,921,678 for member DROP and Share Accounts, a material portion of the Pension Fund assets. Ms. Jensen also explained that the Board implemented a policy to govern distribution requests, and Mr. Baur briefly explained the additional contribution stabilization reserve. The Board currently has a 7.5% investment return assumption for the plan assets.

The Pension Fund has 55 bp investment and 10 bp administrative expenses, evidence of the very efficient operation of the plan.

- Jeff Stefaniak made a motion to approve the financial statement as amended, subject to review by staff of the additional note disclosing the 2022 supplemental distribution. The motion received a second from Elizabeth Fugler, approved by the Trustees 4-0.

Investment Manager: Capital Group (Barney Mbigha)

Mr. Mbigha thanked the Board for the relationship with the Capital Group. He reviewed the EuroPacific Growth Strategy in detail. The Capital Group currently has \$2.5 trillion in assets under management. The team includes 121 portfolio managers and 239 analysts. The EuroPacific Growth strategy has multiple portfolio managers managing sleeves of the portfolio. The analysts also manage a sleeve of their own. He reported that domestic markets signaled a pause in interest rate increases, driving a rally in growth issues. Emerging markets lagged during this time due mostly to the performance of the Chinese markets. The portfolio had strong recent gains and strong relative long term

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performance, with performance under the benchmark for the trailing 3-years. Mr. Mbigha reviewed sector attribution, holdings that contributed to or detracted from performance, and current geographic allocations.

The portfolio currently overweights healthcare issues significantly. The Board considered new drugs to manage weight loss and diabetes. Mr. Mbigha reviewed other portfolio overweights as well. The portfolio has the largest underweight in financial issues, as the manager eliminated positions in many bank holdings. Geographically the portfolio underweights holdings in China as manufacturing shifts from China to Mexico. Regional conflicts disrupting shipping in the Red Sea, meanwhile, may disrupt supply chains and pressure inflation.

Historically the EuroPacific Growth strategy has consistently outperformed benchmarks and peer managers.

Investment Consultant: AndCo (Brendon Vavrica)

Brendon Vavrica reported the Pension Fund assets gained 1.8% for the current quarter to date and 9.5% for the fiscal year. Small cap and value issues recently performed under other holdings. Mr. Vavrica provided additional graphics to illustrate the recent market comeback.

He then provided further details of the acquisition of AndCo by Mariner. The change should not impact the AndCo team or operations. He asked the Board to sign a consent to the merger due to the change in control.

- Elizabeth Fugler made a motion to execute the consent for assignement. The motion received a second from Jeff Stefaniak, approved by the Trustees 5-0.

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

Ms. Jensen provided updates on class action litigation matters. Courts found in favor of shareholders in the Maelis litigation. The founder of Maelis had entered into an agreement to retain veto power over the Board of Directors. Zymergen, meanwhile, remains a complex case. While the company declared bankruptcy, the class action continues to move forward.

Administrator: Resource Centers (Scott Baur)

Mr. Baur had no separate report.

4. PLAN FINANCIAL REPORTS

The Board received and reviewed the interim financial statement through January 31, 2024. The Trustees then reviewed the warrant for payment of plan expenses.

- Elizabeth Fugler made a motion to approve the Warrant dated March 7, 2024, for payment of invoices. The motion received a second from Jeff Stefaniak, approved by the Trustees 5-0.

5. BENEFIT APPROVALS

The Board had no benefits for approval.

6. OTHER BUSINESS

Dave Merrell reported that he may consider going to the upcoming annual NCPERS Conference from May 19-22. Mr. Baur stated that his office would renew the Board membership in NCPERS.

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7. ADDITIONAL REPORTS

The Trustees received additional investment manager reports.

8. PUBLIC COMMENTS

No members of the public had any further comment.

9. ADJOURNMENT

There being no further business and the Board having previously scheduled the next regular meeting for Thursday, April 4, 2024 @ 1:30 PM, the Brian Walker adjourned the meeting at 2:40 PM. The Board will meet at Station 5.

Brian Walker, Secretary