

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF REGULAR MEETING HELD

March 7, 2024

1. Dave Merrell called a Quarterly Meeting of the Board to order at 1:30 PM in the Training Room at Fire Station 5. Those persons present included:

TRUSTEES

Dave Merrell, Chair
Brian Walker, Secretary (Electronically)
Julian Cover (1:30 PM)
Elizabeth Fugler
Jeff Stefaniak

OTHERS

Lindsey Garber, Board Counsel (Klausner, Kaufman, Jensen & Levinson)
Scott Baur, Administrator (Resource Centers)
Mariell Gallant, Investment Manager (Newton)
Brendon Vavrica, Investment Consultant (AndCo)
Rick Dorey
Additional Public

- Jeff Stefaniak made a motion to allow Trustee Brian Walker to join the meeting electronically due to exigent circumstances. The motion received a second from Elizabeth Fugler, approved by the Trustees 3-0.

2. **APPROVAL OF MINUTES**

The Trustees reviewed the draft minutes for March 7, 2024 and April 4, 2024 regular board meetings, noting minor corrections to the April 4 draft minutes.

- Elizabeth Fugler made a motion to approve the minutes for March 7, 2024 and April 4, 2024 as amended. The motion received a second from Jeff Stefaniak, approved by the Trustees 5-0.

3. **REPORTS**

Investment Manager: Newton (Mariell Gallant)

Ms. Gallant introduced herself on behalf of Newton. The firm now manages \$110 billion in assets overall, with \$9.6 billion in the large cap value strategy held by the Pension Fund. She reported no personnel changes at the firm.

She explained that the strategy relies on securities selection and companies with a catalyst. The strategy has consistently outperformed the benchmark over time; the Pension Fund has invested in the strategy now since 2002. Ms. Gallant reviewed attribution of returns in the portfolio by market sector. She also reviewed individual holdings, noting those companies in the benchmark not included in the portfolio.

Mr. Vavrica asked about current market valuations compared to historic norms. He then briefly explained the performance-based fee paid to Newton. Ms. Gallant will perform a fee analysis at the request of David Merrell.

Investment Consultant: AndCo (Brendon Vavrica)

Brendon Vavrica reviewed the preliminary March 31 investment results for the Pension Fund. He reported that equity markets delivered strong gains for the quarter while fixed income securities had modest losses as interest rates remained higher. Total plan assets increased to \$306,978,342 as of March 31, 2024. Mr. Vavrica noted that current assets overweighted equities and underweighted real estate holdings due to recent market gains. The Board still has a full redemption request pending for the JP Morgan Special Situations Property Fund. The portfolio gained 4.31% for the March 31 quarter compared to a gain of 5.25% for the benchmark, and 12.21% fiscal year to date compared to a gain of 14.16% for the benchmark. The 8.11% average annual gain for the trailing 10 year period ranks in the top 6% of the public plan universe.

Mr. Vavrica further reviewed the results delivered by the equity managers contributing to the recent performance under the benchmark. Polen and DePrince Race Zollo both trailed their respective benchmarks significantly. He also reviewed the real estate, fixed income, and alternative asset holdings. The Board discussed manager performance at length, particularly Polen. The top 10 companies in the growth index now account for 53% of the benchmark performance, an all-time high. The underperformance by Polen resulted in part from benchmark holdings not included

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in the less concentrated large cap growth portfolio, even though Polen manages a focused strategy with fewer holdings.

Mr. Vavrica reported that markets retraced during the month of April, with domestic equities down by 5.7% and fixed income assets down 3% for the month. The overall portfolio declined by an estimated 3.9% during the month of April. JP Morgan has greater office exposure and greater use of leverage in the Special Situations Property Fund, resulting in bigger write-downs on property values for some holdings. Mr. Vavrica suggested the Board cancel the current redemption request for the Strategic Property Fund. The Board considered occupancy, appraisals, and refinance challenges in the current market. The Trustees also considered the need for a replacement for the Special Situations Property Fund. Trustee Brian Walker questioned if the Board could transition assets in the Special Situations Property Fund to another JP Morgan strategy more quickly than waiting on the redemption. By consensus, the Trustees chose to keep the redemption request and asked Mr. Vavrica to bring additional real estate strategies for consideration by the Board.

Mr. Vavrica reviewed an updated asset allocation study. He compared the current allocation to alternative allocations that included private credit and private equity. The Board considered the value of further adjustments to the portfolio. Mr. Vavrica will continue to bring additional options for the Trustees to consider.

Attorney: Klausner, Kaufman, Jensen & Levinson (Lindsey Garber)

Ms. Garber discussed a new revenue ruling to change the tax reporting for new disability pension payments.

She then reviewed the circumstances that caused the appeals court to reject the appeal filed by counsel for Rick Curtis. She recommended the Board enter a new disability pension order and vacate the existing order to avoid issues over process related to the denial of a benefit to Mr. Curtis by the Board. She explained that the court measured 30 days from the order to determine the deadline to appeal and therefore dismissed the case. The Trustees considered the proper way to provide Mr. Curtis with due process in the matter.

- **Elizabeth Fugler made a motion to vacate the original order dated February 5, 2024, denying Mr. Curtis a benefit, and enter a new order dated May 2, 2024. The motion received a second from Julian Cover, approved by the Trustees 5-0.**

Lindsey Garber reported that Trampas Manor has not provided the Board with any additional information to support his claim for a non-duty disability pension. The Trustees set a hearing date for 1:00 PM on June 13, 2024, to consider the application for a non-duty disability pension submitted by Mr. Manor. Mr. Manor already has a notice for the scheduled hearing.

Ms. Garber reported that the court granted a summary judgment on February 24 in the Moellis class action litigation, a positive outcome for the Board. Fees are being determined in the matter.

Administrator: Resource Centers (Scott Baur)

Mr. Baur presented the administrative expense report for the fiscal year ending September 30, 2023 and an administrative expense budget for the fiscal year starting October 1, 2024. He explained the purpose of the proposed budget, which does not provide a prescription for actual spending. The trustees, as fiduciaries, spend only the amounts necessary and reasonable to operate the Pension Fund. The Pension Fund has very stable and low expenses historically.

- **Elizabeth Fugler made a motion to approve the budget for the fiscal year starting October 1, 2024 and ending September 30, 2025. The motion received a second from Julian Cover, approved by the trustees 5-0.**

Mr. Baur reported that his office filed the annual report with the Division of Management Services by the March 15 filing deadline. The report is still pending approval by the state. He also reminded Trustees to file the annual Form 1 financial disclosure electronically by July 1.

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Finally, Mr. Baur reviewed current and past invoices due to the FPPTA. He also reminded trustees of guest registration procedures for the banquet celebrating the anniversary of the organization.

4. PLAN FINANCIAL REPORTS

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

- Jeff Stefaniak made a motion to approve the Warrant dated May 2, 2024, for payment of invoices. The motion received a second from Elizabeth Fugler, approved by the Trustees 5-0.

5. BENEFIT APPROVALS

The Board reviewed the benefits for approval.

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

6. OTHER BUSINESS

The Board had no other business for discussion.

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 a Special Meeting for Thursday, June 13 at 1:00 PM, with a regular meeting to immediately follow, Dave Merrell adjourned the meeting at 3:27 PM.

Brian Walker, Secretary