

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF QUARTERLY MEETING HELD
NOVEMBER 7, 2024

1. Dave Merrill 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 Merrill, Chair
Julian Cover
Jeff Stefaniak

OTHERS

Bonni Jensen, Board Counsel (Klausner, Kaufman, Jensen & Levinson)
Scott Baur & Sarah Vandergon, Administrator (Resource Centers)
Jorge Friguls, Investment Consultant (Mariner) - Electronic
Jason Palma & Randy Renfrow, Investment Manager (DRZ)
Rick Roberts, Member

2. **APPROVAL OF MINUTES**

The Trustees reviewed the draft minutes for the September 12, 2024 regular board meeting.

- Julian Cover made a motion to approve the minutes for the regular meeting on September 12, 2024. The motion received a second from Jeff Stefaniak, approved 3-0 by the Trustees.

3. **REPORTS**

Investment Manager: DRZ (Jason Palma & Randy Renfrow)

Jason Palma expressed gratitude to the Board for their ongoing relationship since February 2022. Since beginning the relationship in 2022, the investment manager has experienced significant growth in the value equity strategy, adding five new clients and growing the assets under management in the product from \$200 million to \$700 million. Mr. Palma gave a brief overview of their company, noting that there have not been any organizational changes. DRZ Investment Advisors is 100% employee-owned, with 15 of their 31 employees having ownership in the firm.

Mr. Palma also reviewed performance, noting that performance has been in line with the benchmark since inception. When the market had a 6.6% decline, the SMID portfolio still delivered positive returns of 2.3%. Large cap stocks continue to significantly outperform smaller capital stocks. Historically, as interest rates drop, smaller capital stocks are expected to perform better.

Randy Renfrow commented on the challenges in gauging the market, particularly with a change in government administration. Small business confidence has struggled over the past few years. There have been rolling economic downtrends affecting smaller companies, while larger technology companies performed better. A change in government administration could potentially lead to an improved environment for smaller companies. DRZ holds companies with free cash flow and a catalyst for growth, preferring to hold companies in the portfolio that benefit the strategy over longer periods.

Mr. Renfrow discussed Potlatch Deltic, a company currently under review in the portfolio. Potlatch manages a timberland real estate investment trust with geographically diverse, high quality, productive timberlands. With strong cash flow and internal growth opportunities, management has several attractive avenues to grow shareholder value. For DRZ, as a value manager, Potlatch Deltic represents the type of company that has historically provided strong returns for investors in the strategy.

Dave Merrill asked Mr. Renfrow and Mr. Palma about the potential impacts caused by the change in political administration, with a Republic president and control over both houses of Congress. Mr. Renfrow responded that a less government-driven economy could have a positive impact on markets over time.

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Investment Consultant: Mariner (Jorge Friguls)

Jorge Friguls introduced himself to the Board; Brendon Vavrica could not join the meeting at the last moment. Mr. Friguls provided updates on recent performance. The September month saw positive market returns for the first time in 3 years, with solid gains across all asset classes. The market showed an upside, even without the leading "Magnificent 7" companies. Value assets also posted strong 3rd quarter returns. Over the past 12 months, large-cap holdings gained 36% with International equities increasing by 25%. Inflation has moderated, but consumers have also become much more choosy over spending on discretionary purchases and expenditures. Total fund assets increased to \$314 million from \$299.5 million, a gain of around \$14.5 million. Private real estate holdings continued to perform slightly under the benchmark, but commercial real estate assets appear to have reached a bottom. The consultant did not make any recommendations for changes to the portfolio. The portfolio had a 17.9% gain over the fiscal year ending September 30, 2024, slightly underperforming the policy benchmark.

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

Bonni Jensen reviewed a memo issued from her office that covers two new Florida laws that went into effect from the last legislative session, imposing new contract requirements on Florida governmental entities, including public pension boards. Florida Statute Section 787.06(13) requires any non-governmental entity that executes, renews or extends a contract with a governmental entity to provide an affidavit signed by an officer or representative of the entity attesting that the nongovernmental entity does not use "coercion" for labor or service. Florida Statute Section 287.138 states that a governmental entity may not accept a proposal or enter a contract with an entity with access to personal identifying information of plan members, unless the entity provides the governmental entity with an affidavit signed by an officer or representative attesting that the entity is not owned or controlled by foreign countries of concern. The foreign countries of concern include the People's Republic of China, the Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Cuba, the Venezuelan regime of Nicolas Maduro and the Syrian Arab Republic.

Ms. Jensen informed the Board that their participation was requested in litigation with Hasbro as the lead plaintiff group. The Pension Fund has an approximate loss from Hasbro of \$230,000.00.

- **Julian Cover made a motion to seek participation in the Hasbro Class Action Lawsuit. The motion received a second from Jeff Stefaniak, approved by the Trustees 3-0.**

Ms. Jensen mentioned to the Board that a federal bill was proposed to eliminate the Social Security windfall elimination provision that reduces Social Security benefits for participants in public pension plans where the government does not participate in Social Security. She will return with more information should the legislation pass.

Administrator: Resource Centers (Scott Baur)

Scott Baur reported on Generative AI use in plan administration and provided a template Board policy for use and governance. The policy, intended to be brief, provides for transparency and oversight of AI use. He reviewed the policy and objectives in further detail. Ms. Jensen also reviewed the template policy. The Board decided to further review the AI policy with all Trustees present.

Mr. Baur informed the Board of 2025 Conferences for education opportunities.

4. PLAN FINANCIAL REPORTS

The Board received and reviewed the interim financial statement through October 10, 2024. The Trustees then reviewed the warrant for payment of plan expenses.

- **Julian Cover made a motion to approve the Warrant dated October 10, 2024, for payment of invoices. The motion received a second from Jeff Stefaniak, approved by the Trustees 3-0.**

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5. **BENEFIT APPROVALS**

The Board reviewed the benefits for approval.

- Julian Cover made a motion to approve the benefits. The motion received a second from Jeff Stefaniak, approved by the Trustees 3-0.

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 comment.

9. **ADJOURNMENT**

There being no further business and the Board having previously scheduled the next regular meeting for Thursday, December 5, 2024 @ 1:30 PM, Dave Merrill adjourned the meeting at 3:24 PM. Mr. Baur reminded the Board that the trustees would meet early for an annual holiday lunch.

Brian Walker, Secretary