

# WEST PALM BEACH FIREFIGHTERS' PENSION FUND

## MINUTES OF QUARTERLY MEETING HELD

DECEMBER 5, 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  
Brian Walker, Secretary  
Elizabeth Fugler  
Julian Cover  
Jeff Stefaniak

### OTHERS

Bonni Jensen, Board Counsel (Klausner, Kaufman, Jensen & Levinson)  
Scott Baur & Sarah Vandergon, Administrator (Resource Centers)  
John Davis & John Dominguez (Cohen Milstein)  
Brendon Vavrica, Investment Consultant (Mariner)  
Rob Cleary & Brendan McAndrews, Investment Manager (DFA) – Electronic  
Rick Dorey, Member

## 2. APPROVAL OF MINUTES

The Trustees reviewed the draft minutes the November 7, 2024 regular board meeting.

- Brian Walker made a motion to approve the minutes for regular meeting on November 7, 2024. The motion received a second from Elizabeth Fugler, approved 4-0 by the Trustees.

## 3. REPORTS

### Securities Manager: Cohen Milstein Sellers & Toll PLLC (John Davis & John Dominguez)

John Davis introduced himself as a retired firefighter from El Paso, Texas, with 20 years of service. He now assists with the marketing at Cohen Milstein. He introduced John Dominguez to the Board, a Senior Partner at the firm.

John Dominguez discussed the importance of security litigation, which brings funds back to investors who have suffered losses due to fraud. He emphasized that class action lawsuits, which involve multiple groups coming together, are crucial in helping even smaller investors recover some of their lost funds. The SEC and DOJ focus on ensuring companies and individuals comply with accounting laws, but they are not concerned with recovering funds for investors – only targeting wrong-doing. Different funds bring various perspectives to cases, which may uncover other lawsuits that can help more funds. In the past (1995), litigation was more about rushing to court, but now it's more organized. Monitoring cases is key, as unusual stock drops may prompt further investigation and insight into if there are further connections. Cohen Milstein is selective about the cases they bring to court, carefully choosing which ones to pursue. Mr. Dominguez also shared the company's success, noting that they have recovered \$5 Billion + in the past decade.

### Investment Manager: DFA (Rob Cleary & Brendan McAndrews)

Rob Cleary thanked the Board for their relationship since its inception last summer, 2023. He explained that the company has a healthy history, consistent with \$800 Billion in assets under management. Mr. Cleary introduced Brendan McAndrews to the Board.

Mr. McAndrews explained their investment strategy, noting that they draw on both the history of financing and current market trends to guide their decisions. The firm strives to keep its portfolio highly diversified, focusing on a Deep Value Portfolio. They invest the market premium in equities, down to 10 basis points, without taking a tactical over blended approach. Momentum and reversals are monitored daily. Value exposure is not timed, as they believe that some stocks are cheap for a reason, and over a long period, value stocks often show potential. They focus on undervalued companies, especially those whose stock prices are falling quickly compared to their peers. The strategy aims for slower growth over a longer period. Mr. McAndrews highlighted the current value difference between the US and global markets, noting a significant shift compared to previous years. As of September 30, 2024, large-capital

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stocks are outperforming small-capital stocks, value stocks are doing better than growth stocks, and high-profitability stocks are underperforming low-profitability stocks in both large and small-capital.

Mr. McAndrews also mentioned the portfolio's current focus on adding stocks that are in the top 7 to 8 percentiles in the deepest 30% of the price-to-book metric. The portfolio also has the highest sector allocations to financials, energy and materials, with 9.09% year-to-date returns, representing an increase of 70 basis points. He pointed out that the value sector has been a primary driver since the fund's inception.

**Investment Manager: Mariner (Brendan Vavrica)**

Brendan Vavrica started by noting that the current year has been the 2<sup>nd</sup> best year since 1999, with a return of 17.9%. He provided an update on the November preliminary performance update. October showed a -3.5-4%, but November has seen a reversal since the election. Fixed Income remains negative, with federal rate cuts occurring once since the start of the fiscal year. Mr. Vavrica highlighted that Income-Oriented Corient investments did well in comparison to BlackRock and JPMorgan. Real Estate is currently underweight by 4% in the portfolio. Mr. Vavrica made a recommendation to the Board to request redemption from the JPMorgan Strategic Property Fund, noting there is still time for the funds to be reallocated and that the redemption could take 12-18 months to receive all funds. The Board discussed the manager's recommendation.

- **Elizabeth Fugler made a motion to queue redemption at 20% from JPMorgan Strategic Property Fund as recommended by the Investment Manager. The motion received a second from Julian Cover, approved by the Trustees 5-0.**

Mr. Vavrica also discussed with the Board that reallocation of funds from the domestic equity sector to alternatives and fixed income sectors. The Board discussed the recommendation.

- **Elizabeth Fugler made a motion to reallocate \$10 Million from Polen Capital and \$8 Million from Newton Investment Management. The funds will be reallocated with \$10 Million going to Vanguard, \$1.9 Million going to DFA International Equity, \$4.27 Million going to Doge & Cox Fixed Income, and \$1.83 Million going to GHA Fixed Income. The motion received a second from Julian Cover, approved by the Trustees 4-1.**

Mr. Vavrica reviewed a previous 3% reallocation recommendation and suggested proceeding with an Evergreen Fund. He also discussed the differences between two potential investment managers: Deerpath Capital Management and Carlyle Global Capital Investment Management. The Board decided to revisit the discussion on how to proceed with these options at the next meeting

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

Bonnie Jensen reported to the Board that the Hasbro Class Action Lawsuit has been filed on November 13, 2024, noting that lead plaintiff motions will be done in January.

Ms. Jensen discussed the Zymergen deposition, explaining that they had wanted to depose Dave Merrell another time. The lead plaintiff has a deposition on December 23<sup>rd</sup>, 2024 and Ms. Jensen does not believe there would be a reason to depose Dave Merrell again, however she is looking into it to see if he needs to report to the deposition in December.

The IRS has updated requirements regarding payments going to members who live outside of the U.S., Ms. Jensen explained that these members must have tax withheld and do not have the option to opt out.

Ms. Jensen also noted that the Collective Bargaining Agreement will need to be updated to reflect future changes to the Plan for compliance. A special meeting has been requested for May to address these updates.

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

Scott Baur started by reviewing the proposed meeting dates for 2025. The Board discussed and agreed to the schedule.

**4. PLAN FINANCIAL REPORTS**

The Board received and reviewed the interim financial statement through November 7, 2024 and December 5, 2024. The Trustees then reviewed the warrant for payment of plan expenses.

- Brian Walker made a motion to approve the Warrants dated November 7, 2024 and December 5, 2024, for payment of invoices. The motion received a second from Elizabeth Fulger, approved by the Trustees 5-0.

**5. BENEFIT APPROVALS**

The Board reviewed the benefits for approval.

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

**6. OTHER BUSINESS**

The Board discussed Trustee terms that are coming to an end this year. Brian Walker and Jeff Stefaniak have terms ending this year. The Board also reviewed Cohen Milstein and how they would like to proceed.

- Elizabeth Fugler made a motion to hire Cohen Milstein for Securities Management. The motion received a second from Jeff Stefaniak, approved by the Trustees 4-1.

**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, January 2, 2025 @ 1:30 PM, Dave Merrill adjourned the meeting at 3:48 PM.

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Brian Walker, Secretary