

**West Palm Beach Police Pension Fund
2100 North Florida Mango Road
West Palm Beach, Florida 33409**

Minutes

**October 11, 2019
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on October 11, 2019 at 8:30 AM, in the main conference room of the Ernest George Building of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost, Board Chairman, Troy Marchese, Board Trustee, Dana Fragakis, Board Trustee, Craig Kahle, Board Trustee & Joseph Ahern Board Trustee.

Also present: Dusten Campbell, Active Plan Member; Jeff Amrose, GRS Consulting; John McCann, AndCo Consulting; Bonni Jensen, Board Attorney, Klausner, Kaufman, Jensen & Levinson; Dave Williams, Plan Administrator. Julie Lind & Wayne Owen - RhumbLine Advisers (via conference call).

PUBLIC COMMENT

No Comments.

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any additional changes required to the minutes of September 13, 2019. Mrs. Fragakis made the motion to approve the minutes, noting Mr. Frost's comments that were duly noted. The motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

APPROVAL OF DISTRIBUTIONS

Mr. Williams distributed New Warrants for review and execution. Warrants approved at the last meeting were presented to the Board in spreadsheet format by Mr. Williams. A formal administrative report was also provided for consideration. After Mr. Williams detailed the reports and responded to inquiries, Mr. Ahern made the motion to approve the reports, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

ACTUARY AUDIT RESPONSE

Mr. Amrose provided a written and oral response to the report received on July 12, 2019 from Mr. Jose Fernandez.¹

- Data: Mr. Amrose stated that based on the audit letter, the Fund data and the data used by GRS were reconciled and the few differences were not material and were justified and reasonable.
- Funding Value of Assets: GRS recommends the Board continue to use the current method considering the four-year smoothing period being used. If this is approved by the Board, we will simply change the language in our future reports to match our procedure as noted in the audit letter.
- Actuarial Liabilities: If requested, we would be happy to include a detailed analysis of the actuarial experience by source in our valuation report. Our fee for this would be \$2,500. Alternatively, we can include a breakdown of the experience by investment and non-investment experience and use the information on (actual versus expected demographic experience) already shown in our report to monitor how well the assumptions are matching the actual experience of the plan. There would be no additional cost for this alternative.²

¹ <http://www.wpbppf.com/docs/announcements/West%20Palm%20Beach%20Police%20Actuary%20Audit%20Report%2006.28.19.pdf#zoom=100>

² The Board felt the alternative proposed would be sufficient.

- Determination of Required Contribution: Mr. Amrose made it clear that GRS is not understating the City’s contribution toward the unfunded liability. However, this amount is not explicitly shown in our report and we believe including it will avoid any confusion in future reports.
- Actuarial Assumptions and Methods: The audit letter states that the actuarial assumptions and methods adopted by the Board and used in the 2018 valuation report are reasonable. As discussed previously, we recommend lowering the investment return assumption to 7.5% in the 2019 actuarial valuation report and monitoring it prospectively.
- Valuation Report: Various housekeeping issues were touched on by Mr. Amrose.

Mr. Frost thanked Mr. Amrose for his review and consideration for future reports. Mr. Frost felt this entire process was productive and reassuring to the Board, the Plan Sponsor and the members of the Plan.

Mr. Amrose’s written response may be viewed at:

[http://www.wpbppf.com/docs/announcements/Audit%20response%20letter%2010-7-2019%20\(1\).pdf#zoom=100](http://www.wpbppf.com/docs/announcements/Audit%20response%20letter%2010-7-2019%20(1).pdf#zoom=100)

STATE OF THE PENSION

The report being presented at the city commission workshop³ was provided to the Board, and comments were welcomed.

The report may be viewed at:

<http://www.wpbppf.com/docs/announcements/WBPB%20Commsion%20Workshop%2010-15-2019.pdf#zoom=100>

ATTORNEY’S REPORT

- Mrs. Jensen noted the receipt of supplemental insurance coverage for AndCo.
- Mrs. Jensen asked and received authority to engage a physician to conduct the independent medical examine (IME) of Mr. Morton not to exceed \$4,000.00. The foregoing was placed in the form of a motion by Mr. Marchese, seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.
- Mrs. Jensen advised the policy relating to investment managers will follow.

ADMINISTRATOR’S REPORT

- Mr. Williams provided a copy of the letter of direction sent to Fiduciary Trust for annual employer contributions received.
- Mr. Williams briefed the Board on the annual independent audit process that has begun.

INVESTMENT PRESENTATION - Rhumblin Review

Mrs. Julie Lind & Mr. Wayne Owen provided the following updates to the range of passive investments being held and invested by Rhumblin.

Please continue to next page.....

³ October 15, 2019

S&P 500 Pooled Index Fund – Date of Inception: May 22, 2015

PERFORMANCE (Gross of Management Fees thru 9/30/19)			MARKET VALUE SUMMARY (as of 9/30/19)	
	PORTFOLIO	BENCHMARK		
2019 – YTD thru September	20.52%	20.55%	Initial Contribution (5/31/15):	\$27,294,564
Trailing 1 Year	4.23%	4.25%	Additional Contributions (1):	\$310,253
Trailing 3 Year (Annualized)	13.35%	13.39%	Withdrawals (1):	<u>\$428,306</u>
SINCE INCEPTION (Annualized)	10.51%	10.54%	Net Investment:	\$27,176,511
			Market Value:	<u>\$42,128,923</u>

MSCI EAFE Pooled Index Fund – Date of Inception: January 31, 2016

PERFORMANCE (Gross of Management Fees thru 9/30/19)			MARKET VALUE SUMMARY (as of 9/30/19)	
	PORTFOLIO	BENCHMARK		
2019 – YTD thru September	13.06%	12.80%	Initial Contribution (1/31/16):	\$7,495,613
Trailing 1 Year	-1.08%	-1.34%	Additional Contributions (1):	<u>\$7,800,000</u>
Trailing 3 Year (Annualized)	6.61%	6.48%	Net Investment:	\$15,295,613
SINCE INCEPTION (Annualized)	8.19%	7.96%	Market Value:	<u>\$20,250,772</u>

Russell 1000 Value Pooled Index Fund – Date of Inception: May 26, 2017

PERFORMANCE (Gross of Management Fees thru 9/30/19)			MARKET VALUE SUMMARY (as of 9/30/19)	
	PORTFOLIO	BENCHMARK		
2019 – YTD thru September	17.76%	17.81%	Initial Contribution (5/26/17):	\$32,828,577
Trailing 1 Year	4.00%	4.00%	Withdrawals (5):	<u>\$20,337,102</u>
SINCE INCEPTION (Annualized)	7.84%	7.85%	Net Investment:	\$12,491,475
			Market Value:	<u>\$16,850,948</u>

Russell 1000 Growth Pooled Index Fund – Date of Inception: March 31, 2017

PERFORMANCE (Gross of Management Fees thru 9/30/19)			MARKET VALUE SUMMARY (as of 9/30/19)	
	PORTFOLIO	BENCHMARK		
2019 – YTD thru September	23.27%	23.30%	Initial Contribution (3/31/17):	\$27,589,324
Trailing 1 Year	3.70%	3.71%	Withdrawals (6):	<u>\$17,257,547</u>
SINCE INCEPTION (Annualized)	16.05%	16.07%	Net Investment:	\$10,331,777
			Market Value:	<u>\$20,513,368</u>

S&P 400 Pooled Index Fund – Date of Inception: July 31, 2016

PERFORMANCE (Gross of Management Fees thru 9/30/19)			MARKET VALUE SUMMARY (as of 9/30/19)	
	PORTFOLIO	BENCHMARK		
2019 – YTD thru September	17.82%	17.87%	Initial Contribution (7/31/16):	\$12,450,446
Trailing 1 Year	-2.49%	-2.49%		
Trailing 3 Year (Annualized)	9.36%	9.38%		
SINCE INCEPTION (Annualized)	8.79%	8.82%	Market Value:	<u>\$17,057,999</u>

INVESTMENT MONITORING REPORT

- Fiscal Year Flash Report: Mr. John McCann stated that it is too early for an estimate but did inform the Board the benchmark would not be achieved for the fiscal year.
- Mr. McCann brought forth investment information relating to Entrust Global – Special Opportunities Fund. Mr. McCann advised this alternative product was vetted by AndCo and other public client(s) have invested in this portfolio. Mr. Frost felt that Mr. McCann should bring forth other competitors for the Board to consider to the next meeting. After reviewing the candidates at the November meeting, invitation(s) to present will be considered for the December meeting.

OPEN DISCUSSION

No discussion ensued.

ADJOURNMENT

Being there was no other business; the meeting was adjourned at 9:51 AM.

Next meeting is scheduled for November 8, 2019 at 8:30 AM.

A handwritten signature in black ink, appearing to read 'Troy Marchese', is written over a light gray rectangular background.

Troy Marchese, Board Secretary