

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

Minutes

**January 10, 2020
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on January 10, 2020 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 Secretary; Joseph Ahern, Board Trustee; Dana Santino, Board Trustee; (arrived 9:04 AM) and Craig Kahle, Board Trustee.

Also present: Dustin Campbell – Active Member; Peter Palandjian & Peter Hapgood, Intercontinental Real Estate; Brad Lucas, JP Morgan Asset Management; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator and Michael Williams, Plan Administrative Assistant.

PUBLIC COMMENT

No Comments

APPROVAL OF THE MINUTES

After making his comments that were duly noted, Mr. Frost asked if there were any additional changes required to the minutes of December 13, 2019. Mr. Ahern made the motion to approve the minutes cited, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 5-0.

APPROVAL OF DISTRIBUTIONS

New Warrants were presented 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 report, Mr. Marchese made the motion to approve item 1, 3 and 4 on the report, which was seconded by Mrs. Fragakis. All Trustees voted yes, and the motion was passed 5-0. At his juncture Mr. Ahern made the motion to approve item 2 on the report, which was seconded by Mr. Kahle. Motion passed 4-0-1 Abstention by Mrs. Fragakis. Form 8B will be filed accordingly.

ATTORNEY'S REPORT

Morton: Mrs. Jensen informed the Board that she believes the Morton Matter will be ready for presentation at the February 14, 2020 meeting.

Legal Update: Mrs. Jensen cited the "Secure Act". The Setting Every Community Up for Retirement Enhancement (SECURE) Act is a bipartisan bill designed to aid Americans' ability to save for retirement. The bill seeks to improve the country's retirement prospects. The bill passed the U.S. House of Representatives in a 417-3 vote in July 2019 and then by the Senate as part of the Dec. 19 spending and tax-extension bills. It was signed into law by President Donald Trump on Dec. 20, 2019. Further to follow.

ADMINISTRATOR'S REPORT

Mr. D. Williams Drop entry information on member(s): Michael Ferrera & Bradley Emmons. After review, Mrs. Fragakis made the motion to approve, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 5-0.

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Mr. D. Williams presented the professional services agreement of Klausner, Kaufman, Jensen & Levinson approved on December 13, 2019 for formal execution.

Mr. D. Williams presented the Board with the annual October 2019 (1.76%) CPI information for his annual review. Mr. Williams cited the adjustment sought is to simply maintain with the CPI. After review and discussion Mr. Kahle made a motion to approve \$150.00 per month adjustment to maintain the CPI. The motion was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0. Mr. Williams thanked the Board for the opportunity to serve and the Board's continued support.

Mr. D. Williams distributed a "Save the Date Notice" for the Klausner, Kaufman, Jensen & Levinson Annual Client Conference May 27-29, 2020.

INVESTMENT REPORT – JP MORGAN

Mr. Brad Lucas, JP Morgan came before the Board to review the Special Situation Property Fund. Mr. Lucas advised that our investment in the Fund was valued at \$20,771,692.59 as of September 30, 2019. For the quarter ending September 30, 2019, the gross rate of return for the account was 2.7%, compared to the ODCE Value which returned 1.3%. On a one-year basis, the return was valued at 5.2% vs. the index cited which returned 3.8%. On the longer term (inception date of April 1, 2014 – September 30, 2019), the Special Situation Property Fund rate of return was valued at 12.6% compared to the benchmark of 9.7%. Mr. Lucas detailed recent acquisitions & dispositions, the geographical location, the property type, the acquisition price and the investment rationale.

The following was reported as we look ahead:

- Seek infill industrial acquisition opportunities and existing multifamily projects with renovation potential.
- Sell stabilized office assets and recycle proceeds into new office development projects with preleasing.
- Concentrate development activities in high barrier to entry submarkets with limited supply pipelines.
- Projected twelve-month total return of 8-10%¹

INVESTMENT REPORT – INTERCONTINENTAL

Mr. Peter Hapgood was joined by Mr. Peter Palandjian, CEO & Chairman of Intercontinental Real Estate. The net asset value was reported to be \$36,514,264.00 as of September 30, 2019. It was reported that the portfolio exceeded the benchmark return on all timelines. The gross rate of return for the quarter ending September 30, 2019 was reported at 2.51%, exceeded the benchmark by 120 basis points. The one-year return was valued at 8.33%, beating the benchmark by 274 basis points. On an inception date² basis, the return was valued at 12.72% vs. the benchmark of 11.62%.

Mr. Peter Palandjian noted the following investment objectives: Preserve and protect investor's capital. Provide potential for capital appreciation. Generate a current return on invested capital of approximately 5% per annum on a gross basis. Provide an average annual total return of approximately 8- 10% per annum on a gross basis.

¹ The target returns are for illustrative purposes only and are subject to significant limitations.

² April 2, 2010.

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Mr. Peter Palandjian asked the Board to consider the investment fee price break at 25 million³.

Occupancy and lease expiration schedules were reviewed, and leverage highlights noted as well. Property holdings were briefly reviewed to include ground up developments underway.

Commercial Real Estate Outlook: With some exceptions by market/property type, occupancies and rents are at or near pre-recessionary peaks. Multifamily is experiencing some oversupply issues in certain markets and submarkets. We anticipate moderate rent growth over the next few years in most markets as supply catches up with demand. Market investment deal volume continues to decline, and we project this continuing into 2020. Cap rates have remained fairly stable with no discernable reaction to interest rate fluctuations. Limited construction of new buildings during the recession and recovery has created opportunities for speculative development to occur now in some pockets, mainly of office and industrial.

To view “In the Boardroom” please visit:

<http://www.wpbppf.com/modules/boardroom/index.asp>

OPEN DISCUSSION

Mr. Frost said Mr. McCann was at an AndCo Company event and could not attend today’s meeting. Mr. McCann advised Mr. Frost that a snapshot for the December 31, 2019 quarter was estimated at 4%. Mr. McCann also advised that Taurus Private Market successfully completed the AndCo operational review.

Mr. Ahern cited the long term returns of Intercontinental and as a result made a motion to increase our exposure in Intercontinental Real Estate, to participate in the lower investment fee schedule. Mr. Ahern will leave the source of the funding for Mr. McCann to determine. After discussion Mr. Kahle seconded the motion. All Trustees voted yes, and the motion was passed 5-0.

Mr. Frost spoke of his recent participation at a pension educational event in which he moderated the panel.

ADJOURNMENT

Being there was no other business; the meeting was adjourned by motion at 9:50 AM.

Next meeting is scheduled for February 14, 2020 at 8:30 AM



Troy Marchese, Board Secretary

³ Committed Funds