

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

Minutes

**February 12, 2021
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on February 12, 2021 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, Dana Fragakis, Board Trustee, Joseph Ahern¹, Board Trustee and Craig Kahle, Board Trustee.

Also present: Karen Malcolm², City of West Palm Beach – Finance Dept.; Nathan Hubbard, Mark Moriello & Craig Davis, Active Members; John McCann, Investment Monitor – AndCo Consulting; Jeanine Bittinger and Richard Cristini, Auditors - Saltmarsh, Cleaveland & Gund; Bonni Jensen³, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Mr. Michael Williams, Administrative Plan Assistant.

PUBLIC COMMENT

Mr. Frost warmly welcomed the active members in attendance.

APPROVAL OF THE MINUTES

After noting his recommend change, Mr. Frost asked if there were any additional changes required to the minutes of January 08, 2021. Mr. Marchese made the motion to approve the minutes as amended, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0. (Mr. Ahern was not present at time of vote).

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. D. Williams. A formal administrative report was also provided for consideration. That report included the DROP Entry of Mr. Paul Creelman, Mr. Edward Chaparro and Mr. Michael Boles. After Mr. D. Williams detailed the report, Mr. Ahern made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

ATTORNEY'S REPORT

Mrs. Jensen reviewed an investment manager policy for the Board to consider. The provisions contained herein will be included in the investment manager agreements. Mr. Frost offered a minor change that was agreed upon by consensus of the Board. Mrs. Jensen will update accordingly, and the matter will be revisited at the next meeting.

ADMINISTRATIVE REPORT

Mr. Williams cited the actuarial impact study approved on December 11, 2020 was received on February 11, 2021. Said report will be released to all concerned parties at the conclusion of the meeting.

¹ Mr. Ahern arrived at 8:42 AM.

² Attended Remotely.

³ Attended Remotely.

PRESENTATION OF FINANCIAL STATEMENTS SEPTEMBER 30, 2020

Ms. Jeanine Bittinger and Mr. Richard Cristini, Auditors - Saltmarsh, Cleaveland & Gund reflected that they have audited the accompanying financial statements of West Palm Beach Police Pension Fund (Plan), which comprise the statement of fiduciary net position as of September 30, 2020, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, in making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Mr. Richard Cristini concluded by stating in their opinion, the financial statements present fairly, in all material respects, the fiduciary net position of the West Palm Beach Police Pension Fund as of September 30, 2020 and 2019, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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WEST PALM BEACH POLICE PENSION FUND

STATEMENTS OF FIDUCIARY NET POSITION
 September 30, 2020 and 2019

	<u>Assets</u>	
	2020	2019
Cash	\$ 376,773	\$ 559,718
Receivables:		
Drop loans	1,120,889	1,309,522
Interest and dividends	189,667	369,460
Broker-dealers	546,940	1,522,246
Florida State Excise Tax Rebate	1,611,609	-
Other	8,568	11,251
Total receivables	3,477,673	3,212,479
Investments at fair value:		
U.S. Government obligations	4,298,819	18,450,722
U.S. Government agency obligations	35,346,146	18,195,831
Corporate bonds	28,009,018	28,936,013
Domestic stocks	67,995,231	58,781,582
Domestic equity investment funds	121,337,959	133,376,715
Domestic private equity investment funds	17,936,881	7,827,705
International equity investment funds	54,395,439	53,529,656
Real estate investment funds	62,070,326	57,285,947
Temporary investments	4,988,500	3,762,000
Total investments	396,378,319	380,146,171
Prepaid expenses	1,330,554	1,305,848
Total assets	401,563,319	385,224,216
	<u>Liabilities</u>	
Accounts payable	308,040	273,983
Accounts payable, broker-dealers	1,199,873	1,508,008
Total liabilities	1,507,913	1,781,991
Net position restricted for pensions	\$ 400,055,406	\$ 383,442,225

See Notes to Financial Statements.

WEST PALM BEACH POLICE PENSION FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 Years ended September 30, 2020 and 2019

Additions:	2020	2019
Contributions:		
Employer	\$ 5,240,652	\$ 4,363,006
Participants	2,746,965	2,760,803
Buy back	59,874	27,165
415 Rollover	162,185	130,508
Total contributions	8,209,676	7,281,482
Intergovernmental revenue:		
Chapter 185 state excise tax rebate	1,611,609	1,483,310
Investment income:		
Net appreciation (depreciation) in fair value of investments	21,587,088	5,180,216
Interest	1,596,581	2,189,657
Dividends	3,537,609	3,200,548
Commission rebate	2,768	8,724
Class action settlement	9,440	14,545
Other income	44,152	-
Investment income	26,777,638	10,593,690
Less investment expenses	961,568	923,724
Net investment income	25,816,070	9,669,966
Total additions	35,637,355	18,434,758
Deductions:		
Benefits:		
Age and service	11,034,263	10,990,125
Disability	878,195	823,545
Beneficiaries	870,177	831,765
Share accounts	1,740,598	2,177,348
Drop accounts	3,989,575	4,140,547
Refunds of contributions	206,949	152,950
Administrative expenses	304,417	336,885
Total deductions	19,024,174	19,453,165
Net increase (decrease) in net position	16,613,181	(1,018,407)
Net position restricted for pensions:		
Beginning of year	383,442,225	384,460,632
End of year	\$ 400,055,406	\$ 383,442,225

See Notes to Financial Statements.

At the conclusion of the financial statements a motion was made by Mr. Ahern to approve financial statements presented, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

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In a spirit of transparency, the foregoing report may be viewed on-line at:

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

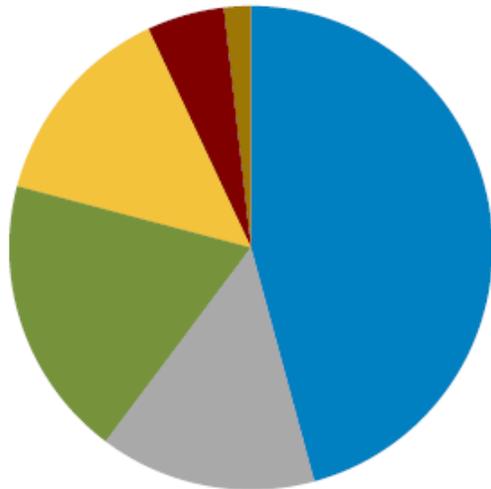
The client representation letter for the audit was presented to the Board to consider. Mrs. Jensen conducted a legal review. Mrs. Fragakis made a motion to approve the execution of the client representation letter, which was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 5-0.

INVESTMENT REPORT – AndCo Consulting

Mr. McCann began his presentation by thanking the Board for the opportunity to serve the Fund. As we start 2021, we are 91 team members strong advising approximately \$100 billion in client assets – both around record highs. All departments within AndCo have grown over the years as we thoughtfully invest in our firm to provide the services you expect, and we demand from our team.

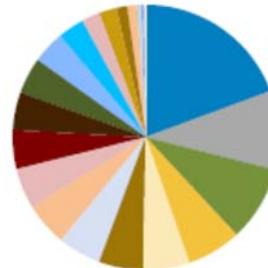
As of December 31, 2020, the total assets were valued at \$450,387,302.00. For the quarter, the total fund returned 12.37%⁴ vs. 12.82% compared to the target index. The public funds median return was valued at 10.09% for the quarter. The portfolio return for the quarter was reported to be in the Top 8% of the investment universe. On a one, three and five-year basis, the Plan returned 13.05%, 9.01% & 9.95% respectively.

Asset Allocation By Segment as of December 31, 2020 : \$450,387,302



Allocation	Segments	Market Value	Allocation
■	Domestic Equity	206,205,197	45.8
■	International Equity	65,084,780	14.5
■	Domestic Fixed Income	84,945,026	18.9
■	Real Estate	62,687,128	13.9
■	Private Equity	23,319,657	5.2
■	Cash Equivalent	8,145,514	1.8

Asset Allocation By Manager as of December 31, 2020 : \$450,387,302



Allocation	Market Value	Allocation
■ Garcia Hamilton Fixed Income	87,106,072	19.3
■ RhumbLine Equity S&P 500	43,233,554	9.6
■ Intercontinental	41,263,530	9.2
■ Eagle Equity	29,701,615	6.6
■ SSGA Small-Mid Cap Equity (SSMKX)	25,191,535	5.6
■ Champlain MC Equity	24,283,218	5.4
■ Vanguard Intl Equity (VTRIX)	23,657,318	5.3
■ RhumbLine International Equity	23,635,006	5.2
■ Anchor Equity	22,260,967	4.9
■ J.P. Morgan	21,423,598	4.8
■ RhumbLine S&P Mid Cap 400	20,756,901	4.6
■ Wellington	19,844,474	4.4
■ Invesco Emerging Markets Equity	17,792,457	4.0
■ RhumbLine R1000 Growth	14,541,131	3.2
■ RhumbLine R1000 Value	9,962,912	2.2
■ Aberdeen U.S. P.E. VII	9,781,094	2.2
■ JP Morgan Global P.E. VII	5,730,364	1.3
■ EnTrust Global WPB Special Opportunities Fund	5,523,513	1.2
■ R&D Cash	2,411,943	0.5
■ JP Morgan Global P.E. IX	1,180,411	0.3
■ Taurus Private Markets Fund, LP	915,066	0.2
■ Affiliated Housing Impact Fund LP	189,209	0.0
■ Mutual Fund Cash	1,416	0.0

In a spirit of transparency, the entire investment report may be viewed on-line at:

<http://wpbppf.com/modules/investments/index.asp>

⁴ Net basis

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Mr. McCann reviewed the managers performance and recommended a search to replace Wellington⁵. The Board agreed by consensus to interview the following managers at the next meeting: BARROW HANLEY, CHANNING & KENNEDY. Mr. McCann will coordinate their appearance.

Mr. Frost asked Mr. McCann to set up an educational presentation as well for Lazard Emerging Market Debt for the next meeting. Mr. Frost will set it up.

The investment manager policy discussed under the Attorney's Report was raised by Mr. McCann. He reflected it would be beneficial to send that along to the managers prior to the meeting. The Board felt comfortable approving and releasing to the managers. Motion by Mr. Ahern to approve the amended investment manager policy, outlining terms and conditions adopted by the Board of Trustees. The motion was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 5-0.

NEW BUSINESS

Saltmarsh, Cleaveland & Gund Professional Services Agreement: A three-year agreement⁶ was presented to the Board to consider. After review and discussion, a motion was made by Mr. Marchese to engage Saltmarsh, Cleaveland & Gund for independent auditing services (state report filing). Mr. Kahle seconded the motion. The motion was seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0 as Mr. Ahern was not present during this vote.

PPA, Inc. Annual COLA Review: Mr. Williams reflected that he has never sought a fee increase, however does ask the Board to keep up with the cost of living. For the period ending October 1, 2020, the cost of living was valued at 1.18%. That equates to an adjustment of \$98.18 per month. The Board discussed and agreed to the adjustment request. Performance accolades were passed along to Mr. Williams and his staff. Motion by Mr. Ahern to apply a 1.18% cost of living adjustment for PPA, Inc. effective October 1, 2020. Motion seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 5-0. Mr. Williams thanked the Board for their consideration.

OPEN DISCUSSION

Mr. Frost felt in-person meetings should begin going forward. Members of the public are welcomed to attend in-person. The Board agreed by consensus.

ADJOURNMENT

Being there was no other business; the meeting was adjourned by motion at 10.35 AM.

Next meeting is scheduled for March 12, 2021 at 8:30 AM



Troy Marchese, Board Secretary

⁵ Small Cap.

⁶ FY 2021, 2022 & 2023.