

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

**Minutes**

**April 9, 2021  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on April 9, 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; Joseph Ahern, Board Trustee and Craig Kahle, Board Trustee.

Also present: Arif Joshi<sup>1</sup> & Thomas Franzese, Lazard Asset Management; Denis Cole & Kwadwo Acheampong, PGIM<sup>2</sup>; Jeffrey Amrose<sup>3</sup>, Board Actuary - GRS Retirement Consultants; John McCann, AndCo Consulting; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Michael Williams<sup>4</sup>, Administrative Plan Assistant.

**PUBLIC COMMENTS**

Mr. Frost conveyed a request that Mr. Campbell wanted Mr. Amrose to be at the ready for him during upcoming contract talks. Mr. Frost felt that Mr. Amrose's reports were detailed in a manner that no further interaction would be required.

**INVESTMENT PRESENTATIONS**

Mr. McCann reflected the purpose of this interview is to consider diversification within the fixed income portfolio.

Mr. Arif Joshi & Mr. Thomas Franzese, Lazard Asset Management; Mr. Denis Cole & Mr. Kwadwo Acheampong, PGIM all provided detailed investment management presentations for their respective fixed income products<sup>5</sup>. All representatives provided firm profile, investment characteristics, approach, track record and investment process overview. Round robin discussion ensued during the presentations. At the conclusion, the Board thanked all the representatives for the thought-provoking information. The Board also thanked Mr. McCann for bringing forth such diverse and high caliber of managers for the Board to consider.

The Board members provided their perspectives and upon doing so reached a consensus that both managers varied from one another and the 20-million-dollar mandate should be split between both managers.

Mr. Marchese made a motion to retain the professional services of Lazard Asset Management & PGIM for an Emerging Market Fixed Income mandate<sup>6</sup>. Should negotiations fail on one of the managers the entire mandate would go the other manager. Mr. Ahern seconded that motion. All Trustees voted yes, and the motion was passed 4-0.

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<sup>1</sup> Attended meeting remotely.

<sup>2</sup> Both PGIM representatives attended remotely.

<sup>3</sup> Attended meeting remotely.

<sup>4</sup> Attended meeting remotely.

<sup>5</sup> Emerging Market.

<sup>6</sup> 20 million total or 10 million to each manager.

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To streamline the transition, Mr. Marchese made the motion to amend the investment policy adding 5% exposure to Emerging Market Fixed Income<sup>7</sup>. Mr. Ahern seconded that motion. All Trustees voted yes, and the motion was passed 4-0.

**ANDCO – INVESTMENT CONSULTANT**

Mr. McCann presented an updated investment policy due to the recent engagement of Barrow, Hanley, Mewhinney & Strauss, who will be replacing Wellington Asset Management. Mrs. Jensen reviewed and approved of the amendment. Mr. Ahern made a motion to approve the investment policy as amended, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

Mr. McCann provided a brief flash report which concluded his presentation.

**ACTUARIAL VALUATION PRESENTATION – SEPTEMBER 30, 2020**

Mr. Jeffrey Amrose reconvened to present the results of a study to reduce the investment return assumption. Mr. Amrose reflected that the Board should strongly consider reducing the current investment return assumption and provided a range of reasonableness for the Board to consider. Mr. Amrose outlined the city’s contribution for October 1, 2020 was \$5,935,584.00. Mr. Amrose stated the Board has prudently been reducing this assumption over the years and based on the study it would be wise to continue.

Mr. Frost reflected that he felt a 7.25% investment return assumption would be beneficial to the Plan and the Plan sponsor. With a 7.25% assumption, the city’s cost would still decrease from the October 1, 2020 level by \$581,478.00.

<b>Summary of Findings</b>				
	9/30/2020 Valuation	9/30/2020 7.375% Investment Return Assumption	9/30/2020 7.25% Investment Return Assumption	9/30/2020 7% Investment Return Assumption *
<b>If the City Pays the Required Employer Contribution (REC) on:</b>	10/1/2021	10/1/2021	10/1/2021	10/1/2021
<b>For the Fiscal Year Ending</b>	9/30/2022	9/30/2022	9/30/2022	9/30/2022
REC for Contribution Year	\$ 4,370,540	\$ 4,856,058	\$ 5,354,106	\$ 6,559,018
REC as % of Covered Payroll in Contribution Year	17.64 %	19.60 %	21.61 %	26.47 %
Change in REC for Contribution Year	N/A	\$ 485,518	\$ 983,566	\$ 2,188,478
Change in REC as % of Covered Payroll in Contribution Year	N/A	1.96 %	3.97 %	8.83 %
Change in Unfunded Actuarial Accrued Liability (UAAL)	N/A	\$ 4,473,254	\$ 9,058,165	\$ 18,312,372
Funded Ratio	98.0%	97.0%	96.0%	93.9%

\* These amounts are estimated and the actual figures may vary slightly.

At this point, Mr. Ahern made a motion to approve the October 1, 2020 Annual Actuarial Valuation of the West Palm Beach Police Pension Fund as amended by reducing the investment return assumption to 7.25%. Mr. Kahle seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

<sup>7</sup> Reducing domestic fixed income.

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Rate of Return State Notice: After consultation with Mr. Amrose and Mr. McCann, the Board determined the investment return for the short and long term should be set at 7.25%. Mr. Marchese affirmed the foregoing by placing it in a form of a motion. Mr. Ahern seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

Mr. Frost asked Mr. Amrose if there were any studies release yet relative to life expediency due to COVID. Mr. Amrose cited that in Florida pension plans must follow the FRS life expediency assumptions.

Mr. Amrose affirmed the study authorized on March 12, 2021 has been completed. In a spirit of transparency, the report may be viewed at:

<http://www.wpbppf.com/docs/announcements/West%20Palm%20Beach%20Police%20Study%20-%20Interest%20Rate%20and%20DROP%20Extension%2020210401.pdf#zoom=100>

### **ATTORNEY'S REPORT**

Mrs. Jensen presented the investment manager agreement for Barrow, Hanley, Mewhinney & Strauss before the Board for final consideration and execution. Mr. Marchese made a motion to approve the execution, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen announced she received and reviewed the 18th Amendment to Limited Liability Company Agreement of U.S. Real Estate Investment Fund, LLC. The change does not affect this Plan and no further action is required.

### **ADMINISTRATOR'S REPORT**

Mr. Williams outlined a recent public record request relative to past forfeiture cases. The Board reinforced how it would be prudent to continue reviewing pending retirements.

### **OPEN DISCUSSION**

No open discussion ensued.

### **ADJOURNMENT**

Being there was no other business; the meeting was adjourned by motion at 10:32 AM.

Next meeting is scheduled for May 14, 2021 at 8:30 AM



Troy Marchese, Board Secretary