

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

## **Minutes**

**May 14, 2021  
8:30 AM**

### **CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on May 14, 2021 at 8:36 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, Craig Kahle, Board Trustee & Dana Fragakis<sup>1</sup>, Board Trustee.

Also present: Karen Malcomb, City of West Palm Beach; Dusten Campbell, Active Member; Michael Cervi & Joseph Caligiuri<sup>2</sup>, Champlain Investment Partners; John McCann, AndCo Consulting; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Michael Williams<sup>3</sup>, Administrative Plan Assistant.

### **PUBLIC COMMENTS**

No Comments.

### **APPROVAL OF THE MINUTES**

After noting his recommended change, Mr. Frost asked if there were any additional changes required to the minutes of April 9, 2021. Mr. Kahle made the motion to approve the minutes as presented, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0. (Mrs. Fragakis was not present at time of vote).

### **INVESTMENT REPORT**

#### **Champlain Investment Partners**

The representatives provided a firm update and highlighted the diversity of the firm. An outreach program recruiting the underrepresented was also discussed. It was felt efforts of this nature are intended to lead participants to a future in the financial sector.

Performance: The inception date for this manager is July 6, 2019. Since that date the annualized return was reported to be 21.21% vs the benchmark's return of 18.42%. The one-year return through March 31, 2021, was 67.17%, which was outpaced by the benchmark.

#### Market Comments Noted:

- Relative quality bias is intact.
- Consistent with history, rebalanced capital away from degrading fundamentals and/or skinny discounts toward improving fundamentals and/or bigger discounts in most sectors.
- Continue to be overweight technology with a distinct focus on cloud-architected software companies.

---

<sup>1</sup> Attended meeting remotely, arrived at 8:40 AM.

<sup>2</sup> Attended meeting remotely.

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

## West Palm Beach Police Pension Fund – Minutes

May14, 2021

Page 2 of 4

- Remain meaningfully overweight health care equipment & supplies with a focus on those companies with products that improve outcomes, including quality of life, and/or lower overall costs.
- Overweight consumer staples is due to investment process related bias for the reliability of relevant brands and categories while current relative and absolute valuations are attractive.
- Remain focused on problem solving and innovative industrials that demonstrate effective capital allocation.

### Market Opportunities Highlighted:

- Problem solving and innovative industrials will continue to drive non-GDP related sales as they listen to the voice of their strategic customers.
- Demographics still bode well for health care demand.
- The Work from Home environment has taught many companies how to do more with less.
- Cloud-architected software remains attractive as powerful use cases emerged from the reaction of agile companies and organizations to the COVID-19 pandemic.
- High return on investment companies offer more protection from any inflationary “tapeworm” than low return on investment companies.
- Post COVID-19 M&A may accelerate as companies weigh buy versus build to extend their competitive advantage, protect growth, and/or remain relevant.

### Market Risks Highlighted:

- High levels of sovereign debt for developed economies and high levels of margin debt for HFs and other investors.
- Border conflicts and/or unintended consequences related to trade, tax, fiscal, and monetary policies.
- Historically large wealth and income disparities in the U.S and other countries.
- Centralized and compromised nature of the cybersphere.
- Unknown long-term impacts on society from COVID-19 pandemic.

### **AndCo Consulting**

As of March 31, 2021, the total assets were valued at \$462,570,713.00. For the quarter, the total fund returned 3.98%<sup>4</sup> vs. 4.71% compared to the target index. The public funds median return was valued at 3.15% for the quarter.

The fiscal year return was valued at 16.84%, which ranked in the TOP 9% of the investment universe. On a one, three and five-year basis, the Plan returned 37.24%, 10.54% & 10.79%% respectively.

Mr. McCann reviewed the underweighting in the fixed income allocation. However, the Board felt the new managers coming on soon will resolve any allocation issue. Mr. McCann agreed with that position as well.

Mr. Frost asked Mr. McCann about real estate exposure. Mr. McCann opined the managers were very good and the target is reasonable. All agreed it is prudent to monitor.

---

<sup>4</sup> Reported on a net basis and that ranked the Plan in the TOP 18% of the investment universe.

**West Palm Beach Police Pension Fund – Minutes**

**May14, 2021**

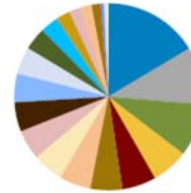
**Page 3 of 4**

**Asset Allocation By Segment as of March 31, 2021 - \$462,570,713**



| Allocation Segments   | Market Value | Allocation |
|-----------------------|--------------|------------|
| Domestic Equity       | 221,829,579  | 47.8       |
| International Equity  | 67,472,588   | 14.6       |
| Domestic Fixed Income | 73,488,405   | 15.9       |
| Real Estate           | 63,957,925   | 13.8       |
| Private Equity        | 30,596,609   | 6.6        |
| Cash Equivalent       | 8,825,607    | 1.3        |

**Asset Allocation By Manager as of March 31, 2021 - \$462,570,713**



| Allocation                                    | Market Value | Allocation |
|---|--------------|------------|
| Garcia Hamilton Fixed Income                  | 75,850,842   | 16.4       |
| RhumbLine Equity S&P 500                      | 45,890,943   | 9.9        |
| Intercontinental                              | 42,227,739   | 9.1        |
| Eagle Equity                                  | 29,276,345   | 6.3        |
| SSGA Small-Mid Cap Equity (SSMKX)             | 27,025,808   | 5.8        |
| Champlain MC Equity                           | 25,196,315   | 5.4        |
| Vanguard Int Equity (VTRIX)                   | 25,015,042   | 5.4        |
| RhumbLine International Equity                | 24,477,948   | 5.3        |
| Anchor Equity                                 | 23,916,948   | 5.2        |
| RhumbLine S&P Mid Cap 400                     | 23,546,359   | 5.1        |
| Wellington                                    | 22,840,783   | 4.9        |
| J.P. Morgan                                   | 21,730,186   | 4.7        |
| Invesco Emerging Markets Equity               | 17,979,598   | 3.9        |
| RhumbLine R1000 Growth                        | 14,678,056   | 3.2        |
| RhumbLine R1000 Value                         | 11,081,778   | 2.4        |
| Aberdeen U.S. P.E. VII                        | 9,544,975    | 2.1        |
| EnTrust Global WPB Special Opportunities Fund | 8,707,835    | 1.9        |
| JP Morgan Global P.E. VII                     | 7,228,782    | 1.6        |
| Affiliated Housing Impact Fund LP             | 2,207,993    | 0.5        |
| JP Morgan Global P.E. IX                      | 1,973,277    | 0.4        |
| R&D Cash                                      | 1,220,019    | 0.3        |
| Taurus Private Markets Fund, LP               | 933,747      | 0.2        |
| Mutual Fund Cash                              | 1,416        | 0.0        |

Mr. Kahle inquired about the investment universe used in the report. Mr. McCann advised it was over 600 other AndCo Consulting client returns.

In a spirit of continued transparency, the entire investment report may be viewed on-line at: [http://wpbppf.com/docs/investments/WPBPPF\\_Report\\_2021\\_Q1.pdf#zoom=100](http://wpbppf.com/docs/investments/WPBPPF_Report_2021_Q1.pdf#zoom=100)

**ATTORNEY’S REPORT**

Mrs. Jensen cited that she was having issues with the Lazard Agreement. She was hopeful the issues could be resolved. The Board was clear that if terms could not be reached, the assets would go to the other incoming manager.

Mrs. Jensen presented the update security monitoring agreement from Bernstein, Litowitz, Berger & Grossmann, LLP (BLB&G) to the Board for consideration. The agreement would supersede the existing one on file. Mr. Marchese made a motion to approve, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

Mrs. Jensen reminded the Board to file the required annual reporting form 1.

**ADMINISTRATOR’S REPORT**

Warrants approved since the last meeting were presented to the Board in spreadsheet format by Mr. D. Williams. A formal administrative report was also provided for consideration. 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.

Mr. D. Williams reported that Barrow Hanley has now been fully funded in the amount of \$24,124,933.71 as of May 3, 2021.

Mr. D. Williams cited the struggle in obtaining records from the city for a forfeiture review. Mr. D. Williams thanked Mr. Marchese who is assisting at this juncture.

**West Palm Beach Police Pension Fund – Minutes**

**May14, 2021**

**Page 4 of 4**

Mr. D. Williams presented a recalculation for DROP Member William Dames. This was created as the member was entitled to back pay for the past 14 years. Ms. Sylvia Gregory, Assistant Director of Human Relations – City of West Palm Beach provided all the backup required. The past earnings were applied as it should have been earned prior to the recalculation. The member was notified of the revised benefit amount and his DROP Account was updated accordingly. Mr. Ahern made a motion to approve the revised benefit amount, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

**OPEN DISCUSSION**

It was noted a new collective bargaining agreement was reached between the union and the city. A pension related change is related to the 2.68% multiplier.<sup>5</sup> It was reported that any non-dropped active member as of the passage of the Special Act would receive 3.00%. Mrs. Jensen was asked to confirm if Active DROP Members who are still active employees are subject to bargaining and/or if they could be excluded from the benefit change. Legal opinion will follow.

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned by motion at 10:30 AM.

Next meeting is scheduled for June 11, 2021 at 8:30 AM



Troy Marchese, Board Secretary

---

<sup>5</sup> 2.68% (.0268) of final average salary multiplied by credited service after 9/30/2011 and before 10/1/2017.