

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

**Minutes**

**June 11, 2021  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on June 11, 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, Craig Kahle, Board Trustee & Dana Fragakis<sup>1</sup>, Board Trustee.

Also present: Clay Lindsey<sup>2</sup>, Eagle Asset Mgt.; John McCann, AndCo Consulting; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator.

**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 May 14, 2021. Mr. Kahle made the motion to approve the minutes as presented, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0. (Mrs. Fragakis was not present at time of vote).

**ATTORNEY'S REPORT**

Professional Agreements: Mrs. Jensen presented the Lazard and PGIM Agreements for the Board to consider.

- Lazard – Motion by Mr. Marchese to approve the Agreement, seconded by Mr. Kahle. All Trustees voted yes, and the motion was passed 4-0. (Mrs. Fragakis was not present at time of vote).
- PGIM – Motion by Mr. Marchese to approve the Agreement, seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0. (Mrs. Fragakis was not present at time of vote).

Pension Forfeiture Review: Mrs. Jensen reported that she reviewed the internal affairs investigation and all supporting documentation relative to former Officers Jason Zangara and Jay Donde. Mrs. Jensen opined that the facts contained within the reports did not give rise to a formal forfeiture review and the elements were not met pursuant to 112.3173 Florida Statute. While the alleged activity for Mr. Zangara was a felony, there was no criminal prosecution, nor was there any admission of guilt. Mr. Donde criminal activity was limited to misdemeanor offenses. The Board thanked Mrs. Jensen for her review to ensure we compliance with Florida Law.

Mr. Frost stated that Mayor Keith James has established a Task Force for Racial and Ethnic Equality<sup>3</sup>. Within the framework of that endeavor an issue was raised about two other former officers and how their forfeitures were handled.

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<sup>1</sup> Attended meeting remotely, arrived at 8:45 AM. Motion to approve remote attendance by Mr. Marchese, seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

<sup>2</sup> Attended remotely.

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Mr. Frost further stated that Mr. Craig Lemanowicz (who is Caucasian) was not forfeited and Mr. Dewitt McDonald (who is African American) was forfeited. Mrs. Jensen advised that she was aware of the assertion and reviewed the cases.

Mr. Craig Lemanowicz - There was no nexus of the crime(s) he committed and his employment as a police officer, as such no forfeiture could be made pursuant to 112.3173 Florida Statute.

Mr. Dewitt McDonald - There was a nexus of the crime(s) committed and his employment as a police officer, so the forfeiture was made pursuant to 112.3173 Florida Statute.

Mrs. Jensen advised she would be available to outline the foregoing upon request proper official(s).

Cohen Milstein (Security Monitor) Breach: Mr. Frost was made aware of a data breach and wanted to ensure no formal action is required. Mrs. Jensen stated that holdings are public record, and the account numbers cannot be used to gain access to our funds. Mr. Williams spoke with our custodian who felt no action is required.

Improvements in pension benefits for employed DROP participants: Mrs. Jensen reviewed a legal opinion written by Robert Klausner. At the May 14, 2021, the Trustees requested that Ms. Jensen opine on whether the collective bargaining parties could agree to increased benefits for employed DROP participants. The short answer is yes, the collective bargaining agreement could provide for increased benefits for participants in the DROP who have not yet terminated employment.

### FACTS:

The City of West Palm Beach ("City") and the Florida State Lodge, Fraternal Order of Police, Inc. ("FOP") have agreed in collective bargaining to increase the pension accrual rate for members to 3% for all years of service between October 1, 2011 and September 30, 2017. Actively employed DROP participants are excluded from this benefit. The Trustees were approached by affected DROP participants and the FOP to determine whether the actively employed DROP participants can be included.

### CONCLUSION:

Based on Florida law and the past practice of the bargaining parties, the collective bargaining agreement could provide for increased benefits for participants in the DROP who have not yet terminated employment.

Mrs. Jensen said it would be up to the city and the union to come to terms on this matter, but it would be legal.

Mr. Williams advised he provided Mr. Klausner's memo to Mr. Dusten Campbell, FOP Representative and Karen Malcolm, City of West Palm Beach.

In a spirit of transparency, the entire memo cited may be viewed at:

[http://www.wpbbpf.com/docs/announcements/memo\\_ImprovementsInPensionBenefits\\_employedDropParticipants\\_20210604.PDF#zoom=100](http://www.wpbbpf.com/docs/announcements/memo_ImprovementsInPensionBenefits_employedDropParticipants_20210604.PDF#zoom=100)

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<sup>3</sup> <https://wpbequalitytaskforce.org/>

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## ADMINISTRATOR’S REPORT

Warrants approved since 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. 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.

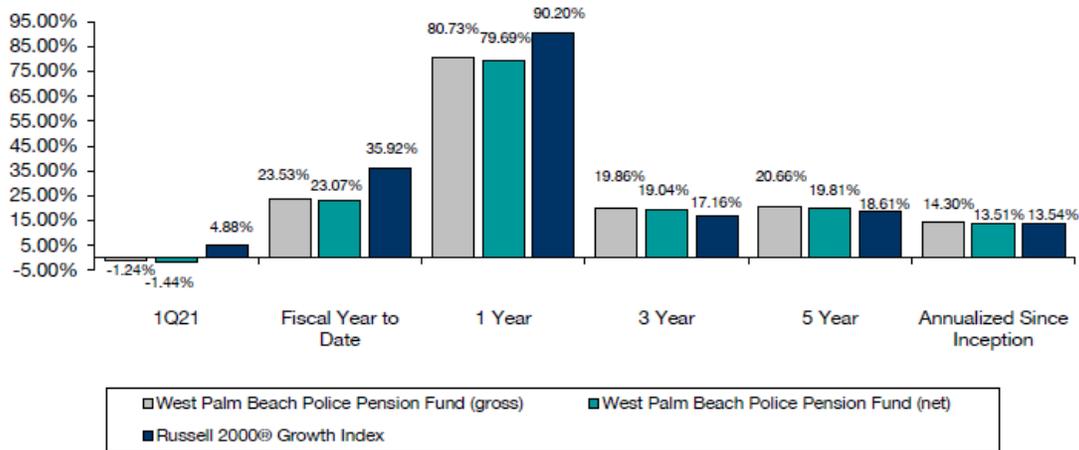
Comp Time Inquiry: Mr. Williams advised the Board of an inquiry made by Mr. Anthony Kalil regarding comp time pay out. Apparently when Mr. Kalil was promoted<sup>4</sup>, the city paid out his comp time on the books, but no pension contribution was taken out. Mr. Williams checked on other members similarly situated and learned the city treated them all the same. Mr. Williams felt the special act was silent on comp time. Mrs. Jensen opined the city, and the union would have to negotiate a change in order to amend the special act. The Board felt Mr. Kalil could pursue on his own at this juncture.

## INVESTMENT PRESENTATION

Eagle Asset - Mr. Clay Lindsey presented the first quarter 2021 investment report to the Trustees.

Mr. Lindsey cited that for the quarter ending March 31, 2020, the account was valued at \$29,273,874.00. The initial contributions were valued at \$11,578,871.00<sup>5</sup>.

For the quarter, the account gross return was -1.24%, in comparison to the 4.88% return for the Russell 2000 Growth Index. On the fiscal year basis, the account gross return was reported at 23.07% vs. 35.92% for the same benchmark cited. The portfolio return was 19.04% for the last three years, compared to the benchmark return of 17.16%. On a five-year basis the portfolio return was 19.81%, compared to the benchmark return of 18.61%.



1Q21 MARKET OVERVIEW - Small-cap stocks advanced once again in the first quarter of 2021. However, there was a rather considerable disparity among the two style indexes, as the Russell 2000® Growth Index (up 4.88%) significantly lagged their Russell 2000® Value Index (up 21.16%) counterpart.

<sup>4</sup> Rank of Captain.

<sup>5</sup> Inception Date: May 24, 2011.

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In what was a continuation of the market environment experienced in the latter stages of 2020, a combination of positive vaccine news and optimistic economic growth expectations have led to a bit of a rotation in market leadership.

Sector returns across the Russell 2000® Growth index were largely positive, with energy (up 39.93%), consumer discretionary (up 18.40%) and materials (up 13.44%) leading the way. Consumer staples (up 11.86%) and industrials (up 11.72%) also outpaced the benchmark, although to a slightly lesser extent.

The worst sectors in the quarter, and the only two to post negative absolute returns, were health care (down 2.35%) and utilities (down 0.61%).

**MARKET OUTLOOK<sup>6</sup>** - The bull market continued in the first quarter of 2021 and prospects remain positive entering the second quarter. Recently, the market has experienced a healthy rotation into the so-called re-opening stocks with relative underperformance by the rather expensive work-from-home stocks that benefited from the pandemic and subsequently led the impressive market returns throughout the majority of last year. An additional interesting highlight in the first quarter was the particularly strong performance of small cap stocks, which proved to be a continuation of the trend present in the latter stages of 2020. Other noteworthy market developments seen in the quarter included the resurgence of the energy sector, which made a profound and long-awaited recovery, as well as the striking rise in the 10-year Treasury yield, which now stands at 1.7% at the time of this writing.

AndCo Consulting – Mr. McCann presented an updated investment policy as a result of our new managers retained (PGIM Fixed Income & Lazard Asset Management). After review and discussion, Mr. Ahern made the motion to approve the June 2021 updated policy as presented. The motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

### **NEW BUSINESS**

The WPB Police compiled 3-31-2021 and 2020 financial statements completed by Saltmarsh, Cleaveland & Gund were provided to the Trustees.

### **OPEN DISCUSSION**

Mr. Frost reflected that although the educational classes have been delayed due to COVID-19 he felt that the investment reports we receive from managers is very educational. He would also suggest webinars if available to attend.

Mrs. Jensen will arrange the State of the Pension report for the city commission.

### **ADJOURNMENT**

Being there was no other business; the meeting was adjourned by motion at 9.58 AM.

Next meeting is scheduled for July 9, 2021, at 8:30 AM.



Troy Marchese, Board Secretary

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<sup>6</sup> As of March 31, 2021.