

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

Minutes

**October 08, 2021
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on October 08, 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; Sean Williams, Board Trustee, Joseph Ahern, Board Trustee & Dana Fragakis¹, Board Trustee.

Also present: Craig Kahle; Denise D'Entremont², Rhumblin; Gregory Babcock; Brendon Vavrica & John McCann, AndCo Consulting; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Mr. Michael Williams, Assistant to the Plan Administrator.

PUBLIC COMMENTS

The Board held a moment of silence for Officer Anthony Testa³ who recently passed away.

Mr. Frost introduced Mr. S. Williams as the most recent city appointed Board Trustee. A warm welcome was extended by all present to Mr. S. Williams. Mr. S. Williams thanked those who entrusted him to this appointment, and he pledged his commitment to the Plan and its membership.

Mr. Frost wished Mr. Kahle the very best as he departs from the police pension board and transitions to the watershed board. Mr. Kahle thanked all present for the efforts made on behalf of the membership.

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any additional changes required to the minutes of September 10, 2021. Mr. Marchese made the motion to approve the minutes, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0⁴.

Informal Disability Hearing – Gregory Babcock: Mrs. Fragakis arrived at the meeting remotely. There was a quorum present at the meeting. Motion made to permit Mrs. Fragakis to attend and participate remotely by Mr. Marchese and seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

All Trustees were provided the entire file for Mr. Babcock's claim to review prior to the meeting.

Mrs. Jensen presented a detailed report of Mr. Babcock's injuries and medical condition that gave rise to his claim for disability.

¹ Attended Remotely arrived at 8:45 A.M.

² Attended Remotely.

³ <https://www.facebook.com/westpalmbeachpolice/photos/a.10151732736818167/10158817965548167>

⁴ Mrs. Fragakis off the dais.

West Palm Beach Police Pension Fund – Minutes

October 08, 2021

Page 2 of 5

During the presentation Mrs. Jensen noted that the City of West Palm Beach has terminated⁵ Mr. Babcock as a result of this claim and his inability to do the job of a police officer.

A pre-existing condition was disclosed by the applicant but was noted he was of able body to complete the duties of a police officer prior to the injury cited. Mr. Marchese interjected and disclosed that he is a friend of the applicant. Mr. Marchese acknowledged his fiduciary duty to the Plan. With that being disclosed he can attest to his abilities before and after the injury and agrees he can no longer do the job.

After review and further discussion by the Board, Mr. Marchese made a motion to approve the disability of Mr. Babcock⁶ as he is unable to perform the duties of a police officer (Lieutenant). Seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

Mr. Marchese made the motion that Mr. Babcock's condition will remain total and permanent. Seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

Mr. Marchese made the motion that the condition arose from his duty as a police officer, therefore it was service connected. Seconded by Mr. S. Williams. All Trustees voted yes, and the motion was passed 5-0.

The Board thanked Mr. Babcock for his service to the residents of the city.

ATTORNEY'S REPORT

Mrs. Jensen reported on the city commission workshop held on September 27, 2021⁷.

Mrs. Jensen advised the changes to the special act have been filed. Public meeting to follow on this matter on October 28, 2021. Mr. Marchese referenced pending negotiations between the city and the captains' union. Mr. Marchese stated the objective would be to treat all active members alike relative to the multiplier. Mr. Marchese asked if negotiated if the Bill could be modified. Mrs. Jensen cited requirements but did not completely discount the ability to do so.

For the benefit of Mr. S. Williams, Mrs. Jensen reviewed the process of amending the special act.

Mrs. Jensen advised she is working on several disability cases.

Mrs. Jensen cited the death of Officer Anthony Testa. Matter is under review to determine if his passing was duty or non-duty related.

Mrs. Jensen noted a recent workers compensation settlement for Mr. Saja. Matter is under review by Mr. Amrose to determine if offset(s) are required.

Continue to next page.

⁵ Date of Separation – 09-15-2021.

⁶ Effective his date of termination 09-15-2021

⁷ <https://www.youtube.com/watch?v=E6pqifw9QHK>

NEW BUSINESS

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP (BLBG) – Select Quote Matter

Mrs. Jensen advised that BLBG has approached the Fund about filing a complaint in the SelectQuote litigation to expand the class period in an action that has already been filed and to seek to be lead Plaintiff in this case. WPB has losses of approximately \$126,000.

It was reported that the case arises from misrepresentations regarding the revenue SelectQuote earned and expected to earn from insurance policy renewals. When it wrote new policies, SelectQuote recognized the value of the future commissions it expected to earn when those policies were renewed. However, when SelectQuote saw a reduction in the renewal rates for policies it wrote covering the year 2019, it did not make the necessary adjustments. During the proposed Class Period, which begins on the date of the IPO, the Company reported inflated revenues, earnings, and accounts receivable and made its business prospects appear better than they were. BLBG's investigation included consultation with a forensic accounting expert who believes that SelectQuote violated GAAP by failing to take these necessary write-downs in a timely fashion.

At the same time as these misrepresentations were occurring, Company insiders sold millions of dollars of SelectQuote stock.

On May 11, 2021, the Company announced that fourth quarter results would be impacted by "negative cohort and tail adjustments" due to "lower second-term persistency for the 2019 cohort." On August 25, 2021, SelectQuote disclosed that the shortfall affected both the 2019 and 2020 renewals and that the Company was including a \$65 million placeholder for the risk of an additional adjustments the following year. In all, these disclosures caused a decline in the price of SelectQuote stock of more than \$1.5 billion in shareholder value.

BLBG believes that the West Palm Beach Police Pension Fund has strong securities fraud claims against SelectQuote in the proposed Class Period from May 20, 2020 to August 25, 2021. As mentioned above, there is a currently filed complaint against SelectQuote for a shorter period which does not protect your Fund's interests at all. And, the filed complaint does not assert claims under Section 11 for misrepresentations the Company made in connection with its IPO.

Pursuant to Board Policy and for these reasons set forth in the memo distributed, Mr. Frost engaged BLBG to file a complaint asserting Section 11 claims, and the fact that the defendants' misconduct began earlier, on May 20, 2020. Based on Mr. Frost's approval, West Palm Beach Police will seek appointment as Lead Plaintiff in this case, potentially in partnership with another sophisticated institutional investor.

After review and consideration, Mr. Marchese made the motion to affirm the action taken by Mr. Frost in between meetings, by engaging BLBG. Motion seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

Continue to next page.

INVESTMENT CONSULTANT

AndCo Consulting

Mr. McCann & Mr. Vavrica outlined their duties for the benefit of Mr. S. Williams.

Mr. Frost asked about the potential of liquidity issues with our Private Equity (PE) exposure. Mr. Vavrica stated the Plan's exposure to PE is moderate, which would cause no equity issues.

A manager diversity chart will be made part of the AndCo report on an annual basis.

INVESTMENT REPORT

Rhumblin

Ms. Denise D'Entremont, President - Rhumblin provided an updated on the index funds managed by Rhumblin for the Plan.

S&P 500 Pooled Index Fund – August 31, 2021 Market Value \$49,968,161.21

PERFORMANCE (Gross of Management Fees thru 8/31/21)		
	<u>PORTFOLIO</u>	<u>S&P 500 INDEX</u>
2021 - YTD thru August	21.55%	21.58%
Trailing 1 Year	31.12%	31.17%
Trailing 3 Year (Annualized)	18.05%	18.07%
Trailing 5 Year (Annualized)	17.99%	18.02%
Since Inception (Annualized)	15.18%	15.22%

MSCI EAFE Pooled Index Fund - August 31, 2021 Market Value 26,412,840.71

PERFORMANCE (Gross of Management Fees thru 8/31/21)		
	<u>PORTFOLIO</u>	<u>MSCI EAFE INDEX</u>
2021 - YTD thru August	11.75%	11.58%
Trailing 1 Year	26.29%	26.12%
Trailing 3 Year (Annualized)	9.18%	9.00%
Trailing 5 Year (Annualized)	9.85%	9.72%
Since Inception (Annualized)	10.43%	10.24%

S&P 400 Pooled Index Fund - August 31, 2021 Market Value \$24,962,024

PERFORMANCE (Gross of Management Fees thru 8/31/21)		
	<u>PORTFOLIO</u>	<u>S&P 400 INDEX</u>
2021 - YTD thru August	20.26%	20.30%
Trailing 1 Year	44.70%	44.77%
Trailing 3 Year (Annualized)	12.17%	12.18%
Trailing 5 Year (Annualized)	13.72%	13.74%
Since Inception (Annualized)	13.58%	13.61%

West Palm Beach Police Pension Fund – Minutes

October 08, 2021

Page 5 of 5

Russell 1000 Growth Pooled Index Fund - August 31, 2021 Market Value \$12,072,211.38

PERFORMANCE (Gross of Management Fees thru 8/31/21)		
	<u>PORTFOLIO</u>	<u>RUSSELL 1000 GROWTH INDEX</u>
2021 - YTD thru August	21.05%	21.08%
Trailing 1 Year	28.51%	28.53%
Trailing 3 Year (Annualized)	24.59%	24.60%
Since Inception (Annualized)	25.11%	25.13%

Russell 1000 Value Pooled Index Fund - August 31, 2021 Market Value \$11,982,366

PERFORMANCE (Gross of Management Fees thru 8/31/21)		
	<u>PORTFOLIO</u>	<u>RUSSELL 1000 VALUE INDEX</u>
2021 - YTD thru August	20.27%	20.32%
Trailing 1 Year	36.31%	36.44%
Trailing 3 Year (Annualized)	11.43%	11.45%
Since Inception (Annualized)	11.42%	11.44%

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. Marchese made the motion to approve, which was seconded by Mr. S. Williams. All Trustees voted yes, and the motion was passed 5-0.

OPEN DISCUSSION

Mr. Frost spoke about the Mayor⁸ joining us at the December 10, 2021 meeting.

Mr. Marchese stated that due to the rate of return expected for the fiscal year, members will be inquiring about the potential of a 13th check. Mrs. Jensen felt that is highly unlikely due to the accumulated loss(es) tracked. Page B-11 of the Actuary Valuation cites a loss of \$42,143,961. Mr. Frost reminded everyone that in addition to investment returns, the funding level increased due to the city obtaining a pension obligation bond.

The entire valuation report may be viewed on-line at:

http://www.wpbppf.com/docs_state/ActuarialValuation/West%20Palm%20Beach%20Police%20-%202019-30-20%20Valuation%20Report.pdf#zoom=100

ADJOURNMENT

Being there was no other business; the meeting was adjourned by motion at 10:08 AM.

Next meeting is scheduled for November 12, 2021 at 11:00 AM.



Troy Marchese, Board Secretary

⁸ <https://www.wpb.org/our-city/mayor-s-office>.