

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

**Minutes**

**February 11, 2022  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on February 11, 2022 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 Ahern, Board Trustee and Sean Williams, Board Trustee.

Also present: Mayor Keith James, City of West Palm Beach; Kevin Campbell, Mark Eisner & Eric Wilcomes, Taurus Private Markets; Brendon Vavrica, Investment Monitor – AndCo Consulting; Jeanine Bittinger<sup>1</sup> and Chuck Landers, Auditors - Saltmarsh, Cleaveland & Gund; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Mr. Michael Williams, Administrative Plan Assistant.

**PUBLIC COMMENT**

None.

**APPROVAL OF THE MINUTES**

After noting his recommended change, Mr. Frost asked if there were any additional changes required to the minutes of January 14, 2022. Mr. Marchese made the motion to approve the minutes as amended, which was seconded by Mrs. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

**PRESENTATION OF FINANCIAL STATEMENTS SEPTEMBER 30, 2021**

Mr. Chuck Landers & Ms. Jeanine Bittinger, 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, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Mr. Landers advised it is their responsibility to express an opinion on these financial statements based on the audit. Saltmarsh, Cleaveland & Gund conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that Saltmarsh, Cleaveland & Gund 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.

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<sup>1</sup> Attended Remotely.

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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. Landers 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, 2021 and 2020, 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.

### WEST PALM BEACH POLICE PENSION FUND STATEMENTS OF FIDUCIARY NET POSITION SEPTEMBER 30, 2021 AND 2020

	2021	2020
<b>Assets:</b>		
Cash	\$ 774,531	\$ 376,773
Receivables:		
Drop loans	788,756	1,120,889
Interest and dividends	203,363	189,667
Broker-dealers	1,111,843	546,940
Florida State Excise Tax Rebate	-	1,611,609
Other	703	8,568
Total receivables	<u>2,104,665</u>	<u>3,477,673</u>
Investments, at fair value:		
U.S. Government obligations	15,109,630	4,298,819
U.S. Government agency obligations	27,835,095	35,346,146
Corporate bonds	4,656,833	28,009,018
Domestic stocks	104,777,287	67,995,231
Domestic equity investment funds	121,958,178	121,337,959
Domestic private equity investment funds	40,625,290	17,936,881
International equity investment funds	67,980,466	54,395,439
International fixed income investment funds	19,688,870	-
Real estate investment funds	74,895,170	62,070,326
Temporary investment funds	4,190,500	4,988,500
Total investments	<u>481,717,319</u>	<u>396,378,319</u>
Prepaid expenses	1,396,618	1,330,554
<b>Total Assets</b>	<u>485,993,133</u>	<u>401,563,319</u>
<b>Liabilities</b>		
Accounts payable	282,250	308,040
Accounts payable, broker-dealers	372,281	1,199,873
<b>Total Liabilities</b>	<u>654,531</u>	<u>1,507,913</u>
<b>Net Position Restricted for Pensions</b>	<u>\$ 485,338,602</u>	<u>\$ 400,055,406</u>

WEST PALM BEACH POLICE PENSION FUND  
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
 YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
<b>Additions to Net Position Attributed to:</b>		
Contributions:		
Employer	\$ 5,935,584	\$ 5,240,652
Participants	2,647,132	2,746,965
Buy back	-	59,874
Drop	287,155	-
415 Rollover	402,251	162,185
Total contributions	<u>9,272,122</u>	<u>8,209,676</u>
Intergovernmental revenue:		
Chapter 185 state excise tax rebate	1,597,683	1,611,609
Total intergovernmental revenue	<u>1,597,683</u>	<u>1,611,609</u>
Investment income:		
Net appreciation in fair value of investments	89,035,648	21,587,088
Interest	1,581,256	1,596,581
Dividends	5,318,198	3,537,609
Commission rebate	-	2,768
Class action revenue	42,789	9,440
Other	12,995	44,152
Total investment income	<u>95,990,886</u>	<u>26,777,638</u>
Less investment expenses	1,298,830	961,568
Net investment income	<u>94,692,056</u>	<u>25,816,070</u>
Total additions	<u>105,561,861</u>	<u>35,637,355</u>
<b>Deductions from Net Position Attributed to:</b>		
Benefits:		
Age and service	11,272,996	11,034,263
Disability	880,498	878,195
Beneficiaries	850,228	870,177
Share accounts	2,262,164	1,740,598
Drop accounts	4,382,046	3,989,575
Refunds of contributions	262,973	206,949
Administrative expenses	367,760	304,417
Total deductions	<u>20,278,665</u>	<u>19,024,174</u>
<b>Net Increase in Net Position</b>	<b>85,283,196</b>	<b>16,613,181</b>
<b>Net Position Available for Benefits:</b>		
Beginning of year	<u>400,055,406</u>	<u>383,442,225</u>
End of year	<u>\$ 485,338,602</u>	<u>\$ 400,055,406</u>

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

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. Mr. Marchese made a motion to approve the execution of the client representation letter, which was seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 5-0.

### **NEW BUSINESS**

- Taurus Fund II

Mr. Kevin Campbell, Mr. Mark Eisner & Mr. Eric Wilcomes of Taurus Private Markets, came before the Board to introduce Taurus Fund II. Currently our Plan is an investor in Taurus Fund I.

The representatives outlined the Fund, the Team, the due diligence process, the type of investments for all to consider.

Mr. Vavrica recommended the Board continue with its laddering approach.

After review and discussion, Mr. Ahern made a motion to engage Taurus Private Markets – Fund II for 12 million dollars. The motion was seconded by Mrs. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

During the foregoing presentation, Mayor Keith James<sup>2</sup> joined in this public meeting<sup>3</sup>. All present at the meeting were introduced to the mayor. Mayor James said we wanted to come by and thank the Board and Staff for a job well done. Before departing Mayor James reinforced his position that without sacrifice to performance, he suggested that the Board hire minority investment firms. Mr. Frost appreciated the mayor's input and advised that the Board is monitoring the diversity of our current investment managers and provided a snapshot to the mayor.

### **INVESTMENT REPORT – AndCo Consulting**

Mr. Vavrica began his presentation by thanking the Board for the opportunity to serve the Fund. As we start 2022, we are 87 team members strong with plans to grow. We are targeting several new positions for the year as we thoughtfully continue to invest in our firm to provide the quality services you expect from AndCo. These talent enhancements cover multiple departments including Research and Client Solutions, which will strengthen our alternative and public market research as well as our client service. We are also looking to add team members to our Consulting, Finance, Marketing, and IT departments.

As of December 31, 2021, the total assets were valued at \$506,799,822. For the quarter, the total fund returned 4.54%<sup>4</sup> vs. 4.66% compared to the target index. The public funds median return was valued at 4.32% for the quarter. On a one, three and five-year basis, the Plan returned 15.21%, 15.86% & 11.29% respectively.

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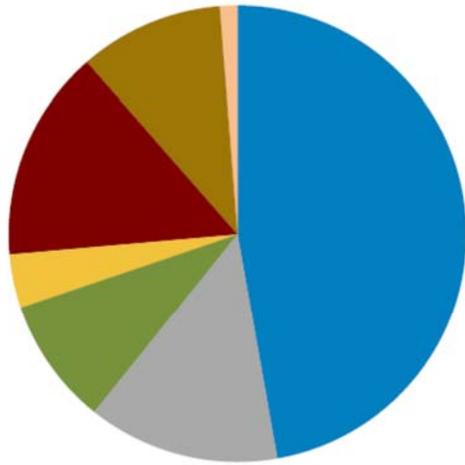
<sup>2</sup> <https://www.wpb.org/our-city/mayor-s-office/mayor-s-bio>

<sup>3</sup> 9:19 AM to 9:25 AM.

<sup>4</sup> Net basis

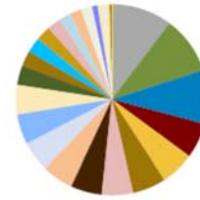
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Asset Allocation By Segment as of December 31, 2021 : \$506,799,822



Allocation	Market Value	Allocation
Domestic Equity	239,308,366	47.2
International Equity	68,510,631	13.5
Domestic Fixed Income	45,880,405	9.1
Emerging Fixed Income	19,320,829	3.8
Real Estate	75,834,868	15.0
Private Equity	51,620,067	10.2
Cash Equivalent	6,324,656	1.2

Asset Allocation By Manager as of December 31, 2021 : \$506,799,822



Allocation	Market Value	Allocation
RhumbLine Equity S&P 500	51,917,922	10.2
Intercontinental	49,610,356	9.8
Garcia Hamilton Fixed Income	46,204,306	9.1
Champlain MC Equity	30,355,382	6.0
Eagle Equity	29,059,136	5.7
SSGA Small-Mid Cap Equity (SSMKX)	28,327,352	5.6
Anchor Equity	26,574,538	5.2
Barrow Hanley SCV	26,536,566	5.2
RhumbLine International Equity	26,367,642	5.2
J.P. Morgan	26,224,512	5.2
RhumbLine S&P Mid Cap 400	25,881,976	5.1
Vanguard Intl Equity (VTRIX)	25,543,558	5.0
Invesco Emerging Markets Equity	16,599,431	3.3
ETG Co-Invest Opportunities Fund LP	13,341,205	2.6
Aberdeen U.S. P.E. VII	13,096,491	2.6
RhumbLine R1000 Value	12,464,772	2.5
RhumbLine R1000 Growth	12,058,295	2.4
JP Morgan Global P.E. VII	10,224,240	2.0
PGIM Emerging Market Debt	9,719,620	1.9
Lazard Emerging Markets Debt Blend Fund L.P.	9,601,209	1.9
JP Morgan Global P.E. IX	4,699,507	0.9
Affiliated Housing Impact Fund LP	3,550,247	0.7
Aberdeen U.S. P.E. IX	3,454,792	0.7
Taurus Private Markets Fund, LP	3,253,585	0.6
R&D Cash	2,131,766	0.4
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>

Mr. Vavrica recommended the Board invest in a mutual fund within the R&D Account for the purpose of funding capital calls in a seamless manner. Currently multiple steps have to be undertaken to fund the calls. This proposed mechanism would keep the funds invested and traded as needed when the capital calls arise. A mutual fund analysis was detailed to the Board. At the conclusion of the presentation and discussion, Mr. Ahern made a motion to purchase and fund Blackrock Muti-Asset Income Portfolio for 3 million dollars. The motion was seconded by Mrs. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

Mr. Frost asked Mr. Vavrica to prepare a presentation for the Board to discuss Direct Lending. Matter will be placed on the next Agenda<sup>5</sup>.

**APPROVAL OF DISTRIBUTIONS**

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. Ahern. All Trustees voted yes, and the motion was passed 5-0.

<sup>5</sup> March 11, 2022.

**ATTORNEY’S REPORT**

Mrs. Jensen presented the Final Orders for disability recipients Mr. Simonian and Mr. Martin. Mr. Marchese made the motion to approve and authorize execution of the Orders. The motion was seconded by Mrs. Fragakis. All Trustees voted yes, and the motion was passed 5-0.

Mrs. Jensen confirmed that her firm is still in the discovery phase of gathering records for Officers – Williams and Testa<sup>6</sup>.

Mrs. Jensen indicated no update on the Bill relating to the Special Act. It was reflected the session had no pension matters being considered.

**ADMINISTRATIVE REPORT**

Mr. Williams cited he was assisting member Perry Lafrance who wishes to file for disability. Mr. Lafrance’s treating physician will not complete the required medical form for the member to file for disability. Mr. Williams sent two e-mails to the doctor to no avail. Mrs. Jensen reflected that it is the member’s responsibility to obtain the required documentation.

**OPEN DISCUSSION**

Education round robin briefly ensued.

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned by motion at 10.30 AM.

Next meeting is scheduled for March 11, 2022 at 8:30 AM



Troy Marchese, Board Secretary

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<sup>6</sup> COVID Deaths.