

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

Minutes

**February 10, 2023
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on January 13, 2023, at 8:32 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, Sean Williams, Board Trustee & Joseph Ahern, Board Trustee.

Also present: Chuck Landers, Saltmarsh, Cleaveland & Gund; Brendon Vavrica, AndCo Consulting; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Michael Williams, Assistant to the Plan Administrator.

PUBLIC COMMENTS

No comments.

APPROVAL OF THE MINUTES

After providing his input which was noted, Mr. Frost asked if there were any additional changes required to the minutes of January 13, 2023. Mr. Marchese made the motion to approve the minutes, which was seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 5-0.

PRESENTATION OF FINANCIAL STATEMENTS

Mr. Chuck Landers cited that his firm have audited the accompanying financial statements of the West Palm Beach Police Pension Fund (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2022 and 2021, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Mr. Chuck Landers advised that in their opinion, the accompanying financial statements present fairly, in all material respects, information regarding the fiduciary net position of the Plan as of September 30, 2022 and 2021, 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.

Basis for Opinion: We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for the Financial Statements: Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibility: Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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STATEMENTS OF FIDUCIARY NET POSITION SEPTEMBER 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|-----------------------|-----------------------|
| Assets: | | |
| Cash | \$ 1,498,151 | \$ 774,531 |
| Receivables: | | |
| DROP loans | 1,101,091 | 788,756 |
| Interest and dividends | 219,132 | 203,363 |
| Broker-dealers | 2,320,885 | 1,111,843 |
| Employer Contribution Receivable | 983,566 | - |
| Other | - | 703 |
| Total receivables | <u>4,624,674</u> | <u>2,104,665</u> |
| Investments: | | |
| U.S. Government obligations | 18,484,528 | 15,109,630 |
| U.S. Government agency obligations | 8,891,148 | 27,835,095 |
| Corporate bonds | 4,920,337 | 4,656,833 |
| Domestic stocks | 78,423,445 | 104,777,287 |
| Domestic equity investment funds | 144,441,086 | 162,583,468 |
| International equity investment funds | 50,098,804 | 67,980,466 |
| International fixed income investment funds | 16,304,897 | 19,688,870 |
| Real estate investment funds | 86,144,009 | 74,895,170 |
| Temporary investment funds | 11,136,000 | 4,190,500 |
| Total investments | <u>418,844,254</u> | <u>481,717,319</u> |
| Prepaid expenses | <u>1,430,259</u> | <u>1,396,618</u> |
| Total Assets | <u>426,397,338</u> | <u>485,993,133</u> |
| Liabilities: | | |
| Accounts payable | 234,181 | 282,250 |
| Accounts payable, broker-dealers | 870,514 | 372,281 |
| Total Liabilities | <u>1,104,695</u> | <u>654,531</u> |
| Net Position Restricted for Pensions | <u>\$ 425,292,643</u> | <u>\$ 485,338,602</u> |

Please continue.....

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| | <u>2022</u> | <u>2021</u> |
|--|---------------------|--------------------|
| Additions to Net Position Attributed to: | | |
| Contributions: | | |
| Employer | \$ 5,354,106 | \$ 5,935,584 |
| Participants | 2,871,212 | 2,647,132 |
| Buy back | 174,140 | - |
| Drop | 51,192 | 287,155 |
| 415 Rollover | 336,645 | 402,251 |
| Total contributions | <u>8,787,295</u> | <u>9,272,122</u> |
| Intergovernmental revenue: | | |
| Chapter 185 state excise tax rebate | 1,814,266 | 1,597,683 |
| Total intergovernmental revenue | <u>1,814,266</u> | <u>1,597,683</u> |
| Investment (loss) income: | | |
| Net (depreciation) appreciation in fair value of investments | (57,033,914) | 89,035,648 |
| Interest | 1,168,545 | 1,581,256 |
| Dividends | 7,645,756 | 5,318,198 |
| Class action revenue | 25,988 | 42,789 |
| Other | 6,072 | 12,995 |
| Total investment (loss) income | <u>(48,187,553)</u> | <u>95,990,886</u> |
| Less investment expenses | 1,299,356 | 1,298,830 |
| Net investment (loss) income | <u>(49,486,909)</u> | <u>94,692,056</u> |
| Total additions (deductions), net | <u>(38,885,348)</u> | <u>105,561,861</u> |

Deductions from Net Position Attributed to:**Benefits:**

| | | |
|--|-----------------------|-----------------------|
| Age and service | 11,887,747 | 11,272,996 |
| Disability | 1,103,520 | 880,498 |
| Beneficiaries | 1,252,261 | 850,228 |
| Share accounts | 2,379,806 | 2,262,164 |
| DROP accounts | 3,867,725 | 4,382,046 |
| Refunds of contributions | 233,429 | 262,973 |
| Administrative expenses | 436,123 | 367,760 |
| Total deductions | <u>21,160,611</u> | <u>20,278,665</u> |
| Net (Decrease) Increase in Net Position | (60,045,959) | 85,283,196 |
| Net Position Available for Benefits: | | |
| Beginning of year | <u>485,338,602</u> | <u>400,055,406</u> |
| End of year | <u>\$ 425,292,643</u> | <u>\$ 485,338,602</u> |

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Mr. Landers advised that while the investment returns were negative, relative to other plans he audited, our plan had the smallest decline. Mr. Landers also cited how reasonable the administrative expenses were and applauded the Board's efforts.

After review and discussion, Mrs. Jensen cited an acceptance and approval would be in order. Mrs. Fragakis made a motion to accept and approve the audit with a minor header typo being noted. The motion was seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 5-0.

Mr. Marchese also made a motion to approve the management letter for execution once reviewed and approved by Mrs. Jensen. Mr. Sean Williams seconded that motion as well. All Trustees voted yes, and the motion was passed 5-0.

The Board thanked Mr. Landers for his assistance and that of his staff.

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

<http://www.wpbppf.com/modules/stateDocs/index.asp>

ATTORNEY'S REPORT

Mrs. Jensen reviewed a client memo related to the Secure Act 2.0. The memo may be viewed at: http://www.wpbppf.com/docs/announcements/ClientMemo_Secure_2_Act.pdf#zoom=100

Mrs. Jensen presented an amended agreement for Fast Forward Accounting for approval and execution. Motion to approve and execute by Mrs. Fragakis, seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 5-0.

Mrs. Jensen noted that proxy voting direction was provided to all investment managers relating to recent change in Delaware law.

Mrs. Jensen indicated a motion to dismiss has been filed in the Select Quote Matter. She will keep the Board advised as warranted.

Mr. Ahern asked Mrs. Jensen about the change in Florida law related to PTSD. Mrs. Jensen opined the changes were related to worker's compensation, not pension.

INVESTMENT CONSULTANT - AndCo Consulting

Mr. Vavrica noted firm updates for AndCo.

Mr. Vavrica advised that as of December 31, 2022, the total assets were valued at \$434,921,102.00. For the quarter, the total fund return was valued at 4.62% vs. 5.91% compared to the target index. While positive, that return placed the Plan in the 79th percentile of the investment universe.

On a three-year & five-year basis, the Plan returned 5.78% (Top 15%) & 6.46% (Top 10%) respectively.

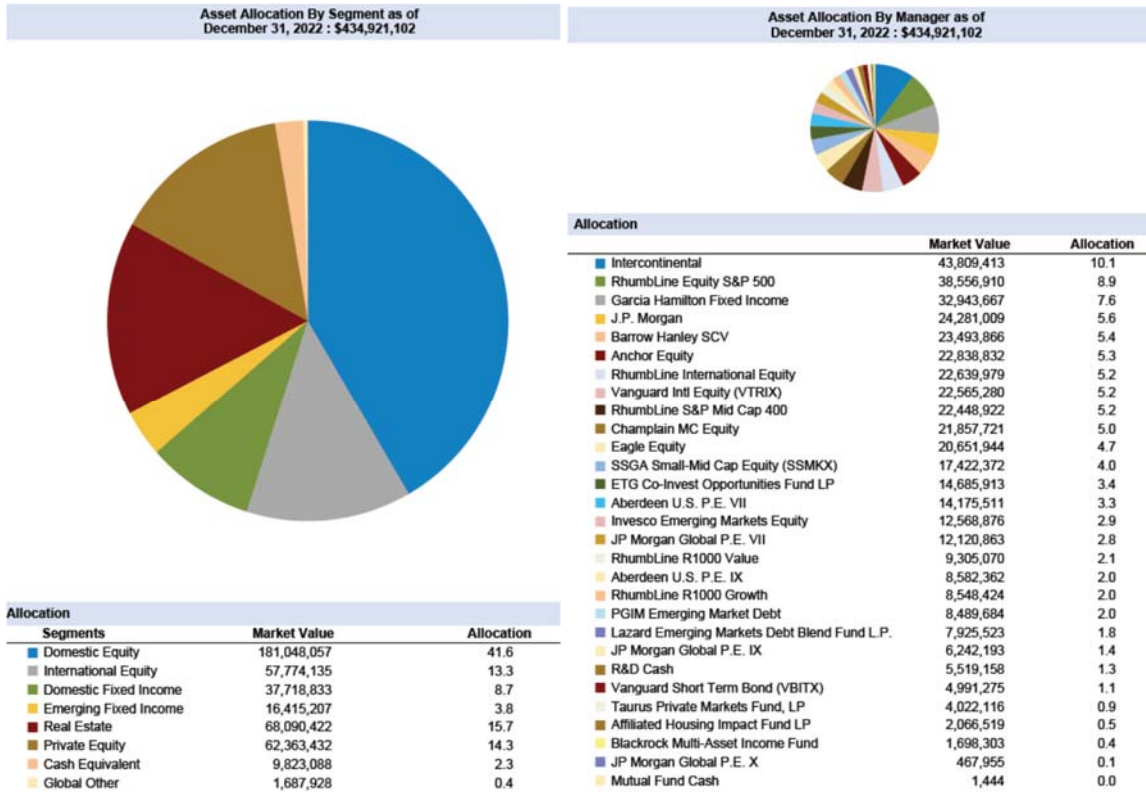
Mr. Vavrica reinforced to the Trustees that the investments being made have less risk and a greater return over the benchmark over the long term.

A flash report for January 31, 2023 prepared by Mr. Vavrica showed the fiscal year return valued at 9.5%, so the portfolio has bounced back nicely.

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In a spirit of transparency, the entire investment report may be viewed at:
http://www.wpbppf.com/docs/investments/WPBPPF_Report_2022_Q4.pdf#zoom=100

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

OPEN DISCUSSION

A round robin session ensued among the Board related to educational events attended and/or upcoming.

ADJOURNMENT

Being there was no other business; the meeting was adjourned by motion at 9:57 AM

Next meeting is scheduled for March 10, 2023 at 8:30 AM.



Troy Marchese, Board Secretary