

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

## **Minutes**

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

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

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on March 10, 2023, 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<sup>1</sup>, Board Trustee, Sean Williams, Board Trustee.

Also present: Perry LaFrance, Disability Applicant; John Boles & William Rice, Anchor Capital; Jeff Amrose, GRS Consulting; 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 February 10, 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 4-0.

### **INFORMAL DISABILITY HEARING – P. LAFRANCE**

The Board of Trustees convened to consider the request of Claimant, Mr. Perry LaFrance, for a disability pension. The Claimant was given notice of this hearing, was present, however was not represented by counsel. The Claimant was advised that one Trustee was not present, and he was asked if he wanted to proceed with four Trustees. The Claimant replied that he did wish to proceed.

Mrs. Jensen reviewed the records before the Board and noted the special act that governs the Plan. Additionally, having independently reviewed the records, medical and otherwise, including the independent medical examination of Dr. Vince Faridani, and having a quorum, the Board of Trustees found the following:

Mr. LaFrance was hired by the City of West Palm Beach as a Police Officer on January 5, 2015 and was terminated on a Medical Discharge on September 30, 2022. He applied for a disability benefit by application dated August 29, 2022.

As a part of his application, the Claimant provided the Medical Form for Duty Disability completed by Dr. Kamal Anjum, one of his treating physicians. Dr. Anjum indicates that the diagnosis for Mr. LaFrance

He further explains that “most of the symptoms that he has now are due to his prior conditions.” The August 22, 2022 Follow up makes the following Recommendations:

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<sup>1</sup> Attended Remotely.

I got his old medical records recently, his FEV1 was 55% on 09/18/2018, it shows that he had low FEV1 even before he got \_\_\_\_\_ in 12/2020. I put him on Qvar-Redihaler, the patient is not taking it regularly. His left lung lower lobe 5 mm nodule, it is to be monitored. The patient is afraid to do exercises frequently because he thinks his O2 sat will drop, I did his six minute walk test it is within normal limits.

I believe that the patient has reached to his baseline level of his \_\_\_\_\_ health status, from the \_\_\_\_\_ perspective he has achieved maximum medical improvement. He may need to be seen periodically in future. Due to his moderate \_\_\_\_\_, I recommend him to avoid circumstances where there is a risk of him getting in a combat situation. He is advised to follow up with his insurance's pulmonologist about his lung nodule.

In addressing the Claimant's concerns about activity, De. Anjum noted:

I will continue him on \_\_\_\_\_ the patient is not taking it regularly, he is again advised to take two puffs orally BID. I advised him that if he uses this \_\_\_\_\_ regularly his shortness of breath will improve significantly. His left lung lower lobe 4 mm nodule is an incidental finding, he has no risk factor. I will monitor it. The patient is advised that O2 sat of 97% is not low, it is low when it is below 90%, he still did not agree with me, he believes that it should be 99% at all the times. The patient is advised to increase his physical activities to improve his exercise tolerance. The patient has moderate \_\_\_\_\_ and it is also contributing to his symptoms as well as due to his recent marital issues.

Prior to seeing Dr. Anjum, Claimant was treated by Dr. Kateb who found at the October 15, 2021 appointment, that Claimant was "doing well and as of today, has reached maximum medical improvement." In the follow up appointment on October 27, 2021, Dr. Kateb indicated that he could return to work.

The Independent Medical Examination provider, Dr. Vince Faridani, agreed with the findings of Dr. Anjum and wrote:

Mr. LaFrance was seen by 2 different pulmonologists. Both agree that he has achieved maximum medical treatment. He is exercising more. Requiring \_\_\_\_\_ only as needed. Moreover, Mr. LaFrance follow up chest CT did not show any acute changes, but improvement.

Fortunately, it appears Mr. LaFrance has made a healthy recovering from his initial reported diagnosis of \_\_\_\_\_. From a respiratory standpoint, it appears he has achieved maximum medical treatment.

However, there is report of \_\_\_\_\_

Therefore, it was recommended by physicians that Mr. LaFrance have accommodations made where he should not have to run or chase after individuals, which I believe is a reasonable request.

Mr. LaFrance was also provided all the time needed to address the Board of Trustees. He stated \_\_\_\_\_ he was in good health and had no issues with performing the duties required. Post \_\_\_\_\_ everything changed, which barred him from doing the duties of a police officer.

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After review and discussion, the Board concluded the following:

The Claimant is prevented from performing the duties of a police officer to which he was assigned. The Claimant was terminated from employment by the City of West Palm Beach for medical reasons on September 30, 2022. <sup>2</sup> Motion by Mr. Marchese, seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 4-0.

The Claimant is likely to remain so disabled permanently and continuously. Motion by Mr. Marchese, seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 4-0.

The Claimant has 5 or more years of credited service with the West Palm Beach Police Department; and pursuant to medical reports from Dr. Faridani and Dr. Anjum, Claimant recovered following diagnosis of                      Claimant's disability is a result of                      Therefore, his disability is not service connected. Motion by Mr. Marchese, seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen advised Mr. LaFrance that a final Board Order will follow, which he has the ability to appeal.

**PRESENTATION OF ACTUARIAL VALUATION FOR OCTOBER 1, 2022 – GRS CONSULTING**

Mr. Amrose presented the results of the September 30, 2022 Annual Actuarial Valuation of the West Palm Beach Police Pension Fund (the Plan). The report was prepared at the request of the Board and is intended for use by the Plan and those designated or approved by the Board.

The purposes of the valuation are to measure the Plan's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2024, and to determine the actuarial information for GASB Statement No. 67 for the fiscal year ending September 30, 2022.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in the report. This report includes risk metrics, but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data or other information through September 30, 2022. The valuation was based upon information furnished by the Plan Administrator concerning Pension Fund benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data.

<sup>2</sup> See Police Pension Bd., City of Hollywood v. Gaines, 389 So.2d 677, 679 (Fla. 4th DCA, 1980) (An employing authority which terminates an employee because of a disability is estopped from contending that the disability is not total.)

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This report was prepared using certain assumptions approved by the Board as authorized under Florida Statutes and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Methods. The investment return assumption was prescribed by the Board and the assumed mortality rates detailed in the Actuarial Assumptions and Methods section were prescribed by the Florida Statutes in accordance with Chapter 112.63, Florida Statutes. All actuarial assumptions used in this report are reasonable for purposes of this valuation.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Pension Fund as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

- The results as of September 30, 2021 are from the Supplemental Actuarial Valuation Report dated June 24, 2022 which reflects the benefit provision change under House Bill 929. Under this plan amendment, the 3% benefit multiplier was restored for all years of service between October 1, 2011 to October 1, 2017 for members who retire (including entry into the DROP) after the effective date of May 6, 2022.
- There were no changes in actuarial assumptions or methods since the previous valuation.
- The funded ratio this year is 92.8% compared to 97.8% last year. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.
- The activities of the Pension Fund and its members generated an experience loss of \$26,803,273<sup>3</sup> during the plan year ended September 30, 2022. The primary source of the actuarial loss was investment earnings less than expected. The investment return for the FYE 2022 on the actuarial (smoothed) value of assets was 1.2% compared to the assumed rate of 7%. The investment return on the market value of assets for FYE 2022 was -16.4%. In addition to the investment losses, there were losses caused by greater than expected salary increases.

<sup>3</sup> Please refer to pages B-6, B-17, C-4, C-5, and C-6 for additional experience information.

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- Currently the actuarial value of assets, which is used to determine the contribution requirements and funded ratios for the Fund, is greater than the market value by 15%, or \$61.8 million<sup>4</sup>. This means that 25% of the significant investment loss from the current fiscal year will be recognized each year from 2023 to 2025. The recognition of this loss will put upward pressure on the contribution requirements and downward pressure on the funded ratios in those years. If this loss were fully recognized on September 30, 2022, the City contribution would increase by 19.11% of covered payroll to 51.12% of covered payroll (\$12,870,192 if made quarterly or \$12,442,084 if made on October 1, 2023), and the funded ratio would decrease from 92.8% to 81.1%.
- Another potential area of variability has to do with the annual payment on the unfunded accrued liability (UAL). This payment is computed as a level percent of covered payroll under the assumption that covered payroll will rise by 2.5% per year. According to the Florida Statutes, this payroll growth assumption may not exceed the average growth over the last ten years which is 3.58%. Amortizing the UAL as a level percent of payroll using a 0% payroll growth assumption instead of a 2.5% payroll growth assumption would have caused the required contribution to increase by approximately \$655,000.
- The value of the Contribution Stabilization Reserve (CSR Policy) is \$16,585,000 as of September 30, 2022. This report does not reflect any offset to the Required City Contribution for the FYE 2023 or 2024 due to the potential application of the Contribution Stabilization Reserve. If the Board adopts the CSR Policy, the city contribution would be \$5,798,628<sup>5</sup> vs. \$7,790,908<sup>6</sup>.

The Trustees having reviewed the Contribution Stabilization Reserve (CSR Policy) was ready to proceed with a formal adoption. Motion to approve by Mr. Marchese and seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 4-0.

With the adoption of the policy cited, Mr. Marchese made a motion to approve the September 30, 2022 Annual Actuarial Valuation of the West Palm Beach Police Pension Fund as amended. Mr. Sean Williams seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

The Board then discussed the expected rate of return of the Plan<sup>7</sup>. Motion by Mr. Marchese to approve the use of an expected rate of return of 7.00% net of investment expenses. This was seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 4-0.<sup>8</sup>

In a spirit of transparency, the entire report may be viewed at:  
<http://www.wpbppf.com/modules/stateDocs/index.asp>

Mrs. Jensen & Mr. Amrose will discuss a possible language change<sup>9</sup> in the special act (or a policy) so the Board would not have to take affirmative action in a future supplemental payment distribution.

THESE MINUTES WERE REDACTED AT THE REQUEST OF THE MEMBER DUE TO MEDICAL INFORMATION CONTAINED HEREIN. THE ORIGINAL MINUTES REMAIN UNCHANGED AS APPROVED BY THE BOARD OF TRUSTEES.

<sup>4</sup> See page B-6.

<sup>5</sup> If 100% of the City's contribution is made on an earlier schedule, the City's contribution requirement may be reduced. For an October 1, 2023 contribution date.

<sup>6</sup> If 100% of the City's contribution is made on an earlier schedule, the City's contribution requirement may be reduced. For an October 1, 2023 contribution date.

<sup>7</sup> Short term, medium term and long term.

<sup>8</sup> Mr. Vavrica notified the Florida Department of Management Services of the foregoing action at Mar 10, 2023, 9:27 AM.

<sup>9</sup> Relating to market value vs. smooth value.



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Mr. Amrose also received the approval by consensus from the Board to conduct an assumption study, to ensure the Plan is acting in a reasonable manner.

### ATTORNEY’S REPORT

Mrs. Jensen formal report provided.

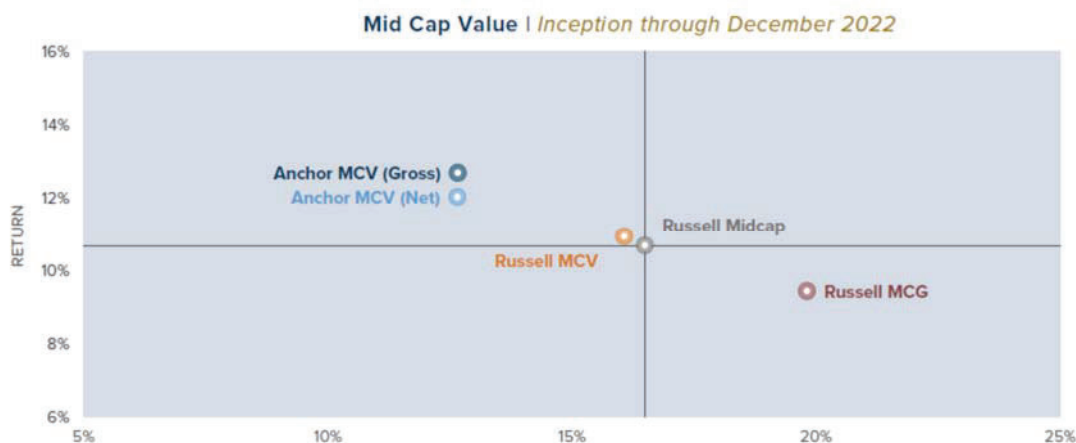
### INVESTMENT REPORT - Anchor Capital

Mr. John Boles<sup>10</sup> and Mr. William Rice<sup>11</sup> presented the fourth quarter report for the mid-cap value portfolio. Before doing so, the representatives thanked the Board for being a longtime investor (20 years) with Anchor Capital<sup>12</sup>.

The portfolio had an account balance of \$22,808,017.60 as of December 31, 2022.

	QTD	YTD	3 Year	5 Year	Since Inception
West Palm Beach Police Pension Fund (net of fees)	10.12%	-10.44%	3.44%	7.07%	9.90%
Russell Midcap Value	10.45%	-12.03%	5.82%	5.72%	9.95%

The report presented also detailed how Anchor balances risk and return. The chart exhibits greater return with less risk.



### INVESTMENT CONSULTANT - AndCo Consulting

A flash report for February 28, 2023, prepared by Mr. Vavrica showed the fiscal year return valued at 8.2%.

### ADMINISTRATOR’S REPORT

Warrants approved since the last meeting were presented to the Board in spreadsheet format by Mr. D. Williams.

<sup>10</sup> Director of Institutional Marketing, who attained B.B.A., Pace University. John joined Anchor in 2015 as the Director of Institutional marketing with 37 years of industry experience.

<sup>11</sup> Chief Executive Officer, who attained a B.S., Georgetown University. M.B.A., Tuck School of Business at Dartmouth. Bill joined Anchor in 2005 as a Financial Analyst. Before joining Anchor, Bill was a Financial Analyst at J.P. Morgan.

<sup>12</sup> The Plan annual return since May 31, 2003 was valued at 10.02% on a gross basis.

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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 4-0.

**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 10:18 AM

Next meeting is scheduled for April 14, 2023, at 8:30 AM.

A handwritten signature in black ink, appearing to read 'T. Marchese', is written over a light gray rectangular background.

Troy Marchese, Board Secretary