

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

Minutes

**October 13, 2023
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on October 13, 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; Sean Williams, Board Trustee; Dana Fragakis, Board Trustee, Joseph Ahern, Board Trustee.

Also present: Kimberly Gillett & Denis Cole, PGIM; Arif Joshi & Nina Osenbroch, Lazard; Brendon Vavrica, Andco Consulting; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator.

PUBLIC COMMENTS

No comments.

APPROVAL OF THE MINUTES

Mr. Frost asked if there were any changes required to the minutes of August 11, 2023 & September 08, 2023. Mrs. Fragakis made the motion to approve the minutes, which was seconded by Mr. S. Williams. All Trustees voted yes, and the motion was passed 4-0.

ATTORNEY'S REPORT

HB 3 Rules: Mrs. Jensen cited that her firm was working on a template for the HB 3 report filing requirements. Mr. Frost indicated that the diversity report was provided to the mayor for informational purposes only and was of no basis for hiring and/or retention.

Leslie's Inc. – Affirmation: Mrs. Jensen outlined the matter detailed in the official minutes of September 08, 2023¹ to the Board of Trustees, and the action authorized by Mr. Frost. After review and discussion, Mrs. Fragakis made a motion to affirm the action against Leslie's Inc. This motion was seconded by Mr. S. Williams. All Trustees voted yes, and the motion was passed 4-0.

New Hires: Mrs. Jensen is reviewing the results of the pension medical records of new hires.

INVESTMENT REPORT – PGIM²

Ms. Kimberly Gillett & Mr. Denis Cole³ presented the August 31, 2023, portfolio report to the Board of Trustees. The portfolio was valued at \$9,074,664.00 as of August 31, 2023.

Outlook provided:

- A constructive environment for carry.
- Federal Reserve likely in high-for-longer regime.
- Growth appears resilient outside of China (and to lesser extent Europe).

¹ http://wpbppf.com/docs/minutes/WPB_Minutes_20230908.pdf#zoom=100

² Emerging Markets Blend Debt Fund.

³ <http://wpbppf.com/modules/boardroom/index.asp>

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- EM Sovereign fundamentals are showing signs of stability.
- While spreads have tightened, they remain attractive to historical as well as other asset classes.
- High yields and carry create attractive potential return profile.
- IG and higher quality BB spreads are reflecting strength, yet still appear attractive.
- Environment for Single-B and distressed remains idiosyncratic, but generally improving.
- EM rates have outperformed, see room for relative value in Latin America vs Europe.
- Expect USD strength to continue.

PERFORMANCE

Client Investment Performance

As of August 31, 2023

	FYTD	YTD	Annualized	
			1 Year	Since Inception ¹
Portfolio (%)	17.06	7.21	10.72	-4.22
Portfolio Net (%)	16.63	6.92	10.27	-4.62
Benchmark (%) ²	15.01	6.21	8.55	-6.26
Increment (bps)	+205	+100	+217	+204

INVESTMENT REPORT - Lazard⁴

Mr. Arif Joshi & Ms. Nina Osenbroch⁵ presented the September 30, 2023, portfolio report to the Board of Trustees. The portfolio was valued at \$8,122,545.00 as of September 30, 2023.

Outlook provided:

Despite current market uncertainty, we see the broader trends supporting EM intact based on:

- Growth differential shifting in favor of some EM.
- Inflation having peaked globally with still elevated real yields.
- USD still trading near multi-decade high and attractive EMFX valuations.

Local currency:

- Favor markets that offer high real yields (e.g., Mexico, South Africa, Brazil) vs low yielders in Asia.
- FX opportunities in currencies less exposed to the global business cycle (e.g., BRL, INR).

⁴ Emerging Market Blend Debt.

⁵ <http://wpbppf.com/modules/boardroom/index.asp>

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Sovereign credit:

- Favor higher quality issuers, where elevated yields compensate for risk of modest spread widening.
- Avoiding the lowest quality credits, many of which are at risk of access to capital markets.

Corporate credit:

- Favor credits primarily in the BB space that offer attractive spreads relative to fundamentals.
- Opportunities in utility-like businesses in Latin America and India.

PERFORMANCE

EMD Blend LP Performance (%)

	Q3 2023	YTD	1 Year	Annualized Since Inception (08/01/21)
West Palm Beach Police Pension Fund (Net%)	-3.46	2.49	11.19	-9.15
Benchmark (%)	-2.74	3.04	11.58	-7.29
Excess Returns (bps)	-72	-55	-39	-186

INVESTMENT CONSULTANT - AndCo Consulting

Mr. Brendon Vavrica presented the September 30, 2023, flash investment report. Excluding alternatives and real estate, the Fund return for the fiscal year was reported to be 8.2%, which handily surpasses the assumed rate of return.

Mr. Vavrica was asked by Mr. Frost to have EnTrust present their Blue Ocean product at the December meeting, as it is now an approved AndCo product. All present agreed by consensus.

Mr. Vavrica advised that investment manager Aberdeen Standard portfolio is now owned by HighVista. The senior U.S. private equity team, including John Dickie, Scott Reed, Whit Matthews, Rob Nagle and Ryan Tiffany will continue to manage the U.S. private equity strategy.

Mr. Vavrica noted a departure at Anchor and a former employee who returned. AndCo research is reviewing to determine if there is any issue.

Mr. Vavrica spoke about a real estate tax law coming into effect in 2025. Real Estate managers affected will reduce or eliminate properties subjected to the new tax.

Mr. Vavrica reviewed the manager's allocations due to the city contribution received⁶. He recommended the following to stay in line with the investment policy:

- \$2,000,000 to the GHA fixed account.
- \$1,000,000 of the BlackRock Multi Asset Income Fund (BKMIX).
- \$2,000,000 of the Vanguard Short-Term Bond Inx (VBITX).

Mr. Ahern affirmed the proposed action in the form of a motion, which was seconded by Mr. S. Williams. All Trustees voted yes, and the motion was passed 4-0.

⁶ Mr. Williams reminded the Board of the Crawford Managed Income product. No action taken.

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NEW BUSINESS

Share Allocations/Forfeitures: Mr. Williams presented the foregoing reports (and back-up material) to the Board of Trustees to consider. After review Mr. S. Williams made a motion to approve the share allocations and forfeitures as presented. Mrs. Fragakis seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

Desouza – Pension Form: An interim election form and a beneficiary form for the cited member was presented to the Board for consideration. While all documents were duly notarized, page three of the interim election form was not the correct signature page. The Board heard from Mrs. Jensen who cited that she had no legal objection to the Board honoring the intended wishes of the deceased member. After review and consideration, Mr. Ahern made a motion to accept both documents cited. That motion was accepted and seconded by Mrs. Fragakis. All Trustees voted yes, and the motion was passed 4-0.

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, Mrs. Fragakis made the motion to approve, which was seconded by Mr. S. Williams. All Trustees voted yes, and the motion was passed 4-0.

Mr. Williams reviewed the pension adjustment of Mr. Raja, due to the elimination of a pension offset.

Mr. Williams advised that audit season has begun. Further will follow as warranted.

OPEN DISCUSSION

Mr. Williams let the Board know that Mr. Penque will cover the November 10, 2023 meeting.

ADJOURNMENT

Being there was no other business; the meeting was adjourned by motion at 10:30 AM

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



Troy Marchese, Board Secretary