

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

Minutes

**December 13, 2024
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund a Workshop Meeting on December 13, 2024, at 8:40 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.

Also present: Randy Kinder, Managing Director, Business Development & Alexander Pillersdorf, Managing Director, Investment Research - Entrust Global; Jeff Burns, Nick Rojo & Jeffrey Marano – Affiliated Housing; Brendon Vavrica, Mariner Institutional; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator.

PUBLIC COMMENTS

None.

APPROVAL OF THE MINUTES

Tabled.

ATTORNEY’S REPORT

Mrs. Jensen advised that she received an e-mail from a city representative¹ concerning the replacement of Trustees Ahern and Marchese on the Board. Mrs. Jensen replied that they were not being replaced, that the Plan document provides that a Police Officer Trustee’s position is only terminated if the police officer is no longer employed by the Police Department, or the member resigns from office. Since neither of these have occurred, the officers continue to serve. Mr. Frost and Mr. Sean Williams are sympathetic to the situation at hand but would like to see full participation on the Board, to ensure a quorum.

The Final Disability Orders for Cognetti and McGinley were executed by Mr. Frost.

The Saltmarsh Engagement² was also executed by Mr. Frost.

Mrs. Jensen outlines a proposed security litigation matter involving Modivcare. Matter brought forth by Scott & Scott. After hearing the alleged issue(s) at hand, both Mr. Frost and Mr. Sean Williams thought it would be best not to seek lead plaintiff status.

INVESTMENT REPORT – EnTrust Global

Mr. Pillersdorf & Randy Kinder provided the following investment summary for the Board to consider:

¹ Renee Govig, SPHR, SHRM-SCP, FCLRP, Chief Human Resources Officer, City of West Palm Beach.

² SCHEDULE OF AGREED-UPON PROCEDURES.

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West Palm Beach Police Pension Fund has invested in two vintages of each of ETG Co-Invest Opportunities strategies. The strategy invests agnostically across private and public markets, as well as credit and equity, taking a longer duration outlook to capitalize on anticipated catalysts. Investments involve an element of influence towards a value-creation path (e.g. Board Seats, Creditors' Committee, etc.).

While rooted in a company/security specific approach, macro factors can affect, among other things, timing of an ultimate exit.

As of October 31, 2024, the total NAV was \$23.5million.

Class A's commitment period ended on September 30, 2024, with committed capital fully called and invested. Class D is in the second year of its commitment period with 38% of committed capital called and a robust pipeline of mostly credit oriented opportunities. Recent investments have been focused on credit instruments benefiting from elevated interest rates and predictable income stream. EnTrust actively monitors all unrealized investments with an eye towards maximizing value upon an exit.

Fund	Status	Inception Date	Committed Capital	Called Capital	Uncalled Capital	# of Investments	10/31/2024 NAV	Net IRR	NAV % of Called Capital
ETG Co-Invest Opportunities Class A	Distributing Capital	Jun-20	\$20,000,000	\$20,000,000	\$0	31	\$19,508,094	(0.83%)	98%
ETG Co-Invest Opportunities Class D	Investing Capital	Aug-23	\$10,000,000	\$3,818,436	\$6,191,564	9	\$4,003,868	7.42%	105%
TOTAL	--	--	\$30,000,000	\$23,818,436	\$6,191,564	40	\$23,511,962	--	99%

ETG Co-Invest Opportunities Fund LP – Class A Realized Investments

Entrust has realized three investments on behalf of WPB generating a gross IRR of 13.50%.

Realized Gross Performance			
	Number of Realized Investments	Gross MOIC	Gross IRR
Credit	2	1.21x	19.89%
Equity	1	1.09x	5.53%
Total	3	1.17x	13.50%

Other ETG Co-Invest Opportunities Fund LP – Class A & Class D unrealized investments were reviewed as well.

INVESTMENT REPORT – Affiliated Housing Impact Fund

Mr. Jeff Burns, Mr. Nick Rojo & Mr. Marano presented the latest update to the Board of Trustees.

Q3 2024 Update:

Fundamentals: Continued Strong Employment, Migration, and Market Demand.

Workforce Model: Ability to construct and deliver inventory throughout cycles.

Rent vs Buy: Cost of buying a home versus renting is at its most extreme since at least 1996.

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New Programs: Municipalities, counties, and the state are creating new programs to address workforce housing.

Site Acquisition: Availability of land at reduced pricing.

Inventory: Spread between starts and deliveries widest in history.

Track Record: The Bohemian

Completed July 2022

- Public Private Partnership: CRA, City and County funded \$12.1m in total incentives.
- 200 Class A Apartments.
- 4,100 square feet of retail space.
- Project completed on schedule and on budget.
- Leased up in 7 months.
- Currently stabilized and fully leased.

Track Record: The Grand

- 309 unit mixed-income, workforce housing community in downtown West Palm Beach development, owned and operated by Affiliated Development.
- 66% of the units are restricted at 80%-140% AMI.
- 33% are market rate.
- Construction began in October 2021 and was completed on time and on budget in May 2023.
- Successfully managed COVID era material shortages, cost escalations and interest rate increases and stayed within the original budget.
- Due to the leasing velocity, no capital calls were made to cover the interest rate hikes of 525bps.
- Project fully leased and occupied by the end of 2023, 7 months from completion date which speaks to the local demand for attainably priced housing.

Progress Report: The Tropic

- 223 unit mixed-income, workforce housing community in downtown Hollywood.
 - 50% of the units restricted at 80%-120% AMI.
 - 50% of the units are market rate.
- Bank United and Key Bank provided the construction financing.
 - Rate fixed through interest rate hedge.
- Construction began in March 2024.
 - Currently 50% complete, on schedule and on budget.
- November 2025 anticipated completion.
- Project is expected to stabilize by July 2026, 8 months after construction completion.

Progress Report: The Spruce

- 270 unit mixed-income, workforce housing community in West Palm Beach, FL with the following income restrictions:
 - 44% of the units are Workforce and 56% are market rate
- BMO provided the construction financing.
 - Rate fixed at 6.45% through interest rate hedge.
- Construction began in August 2024.
 - Currently 11% complete, on schedule and on budget.
- January 2026 anticipated completion.
- Project is expected to stabilize by September 2026, 8 months after construction completion.

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Financial Fund Update:

Fund Performance through Q3 2024

- The Fund has called \$56,355,744 of capital through Q3 2024
- Q3 2024 NAV of \$78,914,478
 - 24.0% Gross IRR
 - 20.2% Net IRR
- 78% of capital commitments have been called through Q3 2024

The representatives conveyed that Affiliated Development (“Affiliated” or the “Company”) is seeking investors for Affiliated Housing Impact Fund II, LP (“Fund II” or the “Fund”). Fund II is the continuation of a successful investment strategy employed in Fund I. The Fund will acquire development sites to construct and operate Class A multifamily, mixed-income housing communities in Florida. Our strategy is to deliver a luxury product at a reduced price to severely cost burned, supply constrained markets in Florida.

The greatest housing need in Florida (specifically South Florida) is for quality workforce housing. Affiliated is addressing the demand by utilizing various public finance tools to bridge the gap and develop Class A housing at attainable rents.

The Fund is targeting a market rate of return by leveraging local incentives which bring down the overall cost basis of our projects.

Given the tremendous demand for workforce housing in our target markets, the strategy also provides our investors a level of insulation from market volatility, as evidenced by Fund I performance.

Fund Size	\$200M Target
Strategy	Private R/E: Opportunistic
Property Types	Multifamily Apartment Complexes
Geography	Florida (South Florida Concentration)
Target IRR; Multiple	17% Net IRR; 2.0x
Investment Period	Three years, with a one-year extension if needed
Fund Term	10 years

Fund II investors will have the benefit of investing in projects that are already under development, approved and fully underwritten.

Capital will be immediately deployed; current pipeline includes four fully approved projects that will close over the next 18 months.

All pipeline projects meet our investment criteria:

- Location: High-cost areas with significant barriers to entry located near employment centers, transportation nodes and other city amenities.
- Rent Differential: Provide a meaningful rent discount to comparable product in the local market.
- Target Underwriting: Minimum unlevered yield of 150 bps above comparable sales and project IRR above 20%.
- Incentives: Leverage tax incentives, grants or other subsidies to reduce the cost basis and offer more competitive rents.

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Mr. Frost while interested in Fund II, suggested the representatives clearly articulate what projects are in Fund I and which will be designated to Fund II. Further, the firm should consider offering early investment incentives for first-closing investors. The representatives acknowledged both points accordingly.

At this point Mr. Vavrica outlined the Mariner review³ of Affiliated – Fund II.

Mariner Institutional staff has conducted thorough due diligence on Fund II, including an extensive review of the investment strategy, marketing materials, and offering documents. We also analyzed past projects developed by Affiliated Development's principals, interviewed key personnel, conducted property tours, and assessed the firm's operational resources and capabilities.

Below are key takeaways from our due diligence process that we believe are key for potential investors in Fund II to consider. These points were discussed with Nick Rojo, Principal of Affiliated Development, during a call on July 9, 2024, as well as with both Nick Rojo and Jeff Burns during an onsite visit to our firm's Winter Park offices on September 16, 2024, including follow-up thereafter.

The general partner for Fund II is expected to replicate the strategy implemented on behalf of Fund I. Given Florida's ongoing and projected demographic growth pressures, we believe the strategy's value creation thesis remains robust. Key features of the strategy include:

1. **Strategic Focus:** The development of quality, affordable workforce housing in Southeast Florida municipalities continues to be highly relevant due to the sustained and above-average population growth in the state that drives increased demand for such housing.
2. **Socioeconomic Impact:** The strategy is not only financially sound but also offers potential socioeconomic benefits to the municipalities where workforce housing projects are developed, addressing critical housing needs in these communities.
3. **Public Financing:** Affiliated Development's principals have significant experience in sourcing and securing public financing for projects like those outlined in Fund II's investment mandate, enhancing the viability and execution of the strategy.
4. **Early Success & Operational Improvements:** While most of Fund I's property investments are not yet developed, it has had initial success in other properties. Fund I's general partner has successfully developed two multifamily housing projects—one fully stabilized and another just commencing operations. Additionally, a third project is approximately 30% complete. Fund I also holds four other investments consisting of land parcels in various stages of pre-development, design, and permitting with local municipalities. It is also of note that since Fund I, Affiliated Development has enhanced its internal operational infrastructure, such as through the development of policies and procedures, which we believe has made the manager more institutional.

Considerations: While Affiliated Development's investment activities have helped address some of the risks initially identified with Fund I, the introduction of Fund II brings additional considerations that clients should carefully evaluate.

³ While the report detailed was noted to be proprietary and confidential, it was presented and discussed at a public meeting.

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Financial Reporting, Concentration, Lack of Experience Exiting Similar Investments, Economic Sustainability of Affiliated Development, Dependence on Public Financing, Tax Risks, SEC Registration, and Off-Market Fees.

Client Requirements:

For clients who recognize the merits and considerations outlined above and are interested in committing to Fund II, Mariner would support such a decision on a case-by-case basis, provided the following conditions are met. If these conditions are not initially satisfied but the client's commitment to Fund II is part of a broader strategy to develop a diversified real estate portfolio, we could also support the commitment under those circumstances:

1. The client has at least two existing real estate investments within their overall portfolio structure.
2. One of the client's existing real estate investments is in an open-end, core or core-plus real estate strategy.
3. Another existing real estate investment of the client is in a closed-end, value-add real estate strategy.
4. The client's investment in Fund II does not exceed 1.75% of their total portfolio or 25% of their real estate portfolio at the time of commitment.
5. The client's total portfolio value is at least \$50 million at the time of commitment to Fund II.

Mr. Vavrica indicated that based on the foregoing, Fund II would be a viable option for the Board to consider. Mr. Frost and Mr. Sean Williams thanked Mr. Vavrica and the Mariner staff for their due diligence in this matter.

INVESTMENT CONSULTANT – Mariner Institutional

Mr. Brendon Vavrica cited the management team update for JPMorgan Real Estate. The manager will be at the January 2025 meeting, along with the private equity team.

Mr. Vavrica provided a flash report through November 30, 2024, showing the fiscal year return was 2.1%.

Finally, Mr. Vavrica provided a real estate historical chart for the Board to consider.

ADMINISTRATOR'S REPORT

Stoppage of Pension Payment: Mr. Williams provided names of retired members who have failed to return the confirmation of retirement forms to Mrs. Jensen to provide formal notice of stoppage.

2025 COLA: Mr. D. Williams received the 2025 cola report from GRS Consulting. A copy of the report was distributed for consideration. While there was no formal approval, Mr. Frost and Mr. Sean Williams were not opposed to proceeding with the required payroll adjustment.

OPEN DISCUSSION

Mr. Frost spoke about his attendance at the Taurus Fund Client Conference held in Palm Beach County. He also said that Fund III was forthcoming.

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ADJOURNMENT

Being there was no other business; the meeting was adjourned by motion at 10:39 AM.

Next meeting is scheduled for January 17, 2025, at 8:30 AM.

A handwritten signature in black ink, appearing to read 'T. Marchese', enclosed in a thin black rectangular border.

Troy Marchese, Board Secretary