

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

**Minutes**

**March 14, 2025  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on March 14, 2025, 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: Stephanie Moroney & William Rice, Anchor Capital; Trisha Amrose & Jeff Amrose, GRS Consulting; Brendon Vavrica, Mariner Institutional; 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 February 14, 2025. 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 3-0<sup>2</sup>.

**PRESENTATION OF ACTUARIAL VALUATION FOR OCTOBER 1, 2024 – GRS CONSULTING**

Mr. Amrose presented the results of the September 30, 2024 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, 2026, and to determine the actuarial information for GASB Statement No. 67 for the fiscal year ending September 30, 2024.

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.

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<sup>1</sup> Arrived 8:41 AM.

<sup>2</sup> Mrs. Fragakis off the dais.

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The findings in this report are based on data or other information through September 30, 2024. 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.

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 funded ratio this year is 84.3% compared to 87.6% 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 \$10,380,382 during the plan year ended September 30, 2024. The primary source of the actuarial loss was investment earnings less than expected. The investment return for the FYE 2024 on the actuarial (smoothed) value of assets was 3.8% compared to the assumed rate of 7%. The investment return on the market value of assets for FYE 2024 was 20.2%.
- 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 2.5%, or \$8.2 million. 60% of the significant investment loss from the FYE 2022 was recognized over the last three years and 20% will be recognized each year in 2025 and 2026.

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- The recognition of this loss (along with the loss for FYE 2023) will put upward pressure on the contribution requirements and downward pressure on the funded ratios in those years. If the deferred investment gains and losses were fully recognized on September 30, 2024, the City contribution would increase by 2.05% of covered payroll to 41.80% of covered payroll after the application of the Contribution Stabilization Reserve, and the funded ratio would decrease from 84.3% to 82.9%.
- If this loss were fully recognized on September 30, 2023, the City contribution would increase by 12.82% of covered payroll to 52.17% of covered payroll (\$13,599,473 if made quarterly or \$13,147,107 if made on October 1, 2024) before the application of the Contribution Stabilization Reserve, and the funded ratio would decrease from 88.6% to 80.7%.
- 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 3.66%. 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 \$1,588,000.
- The value of the Contribution Stabilization Reserve is \$16,856,427 as of September 30, 2024. Page A-2 shows the net Required City Contributions for FYE 2025 and FYE 2026 reflecting the application of the Contribution Stabilization Reserve pursuant to the Board’s Funding Policy. The determination of the offset due to the application of the Contribution Stabilization Reserve is shown on page B-7 of the report.

## CONTRIBUTIONS NEEDED TO FINANCE DEFINED BENEFITS OF THE PENSION FUND

Defined Benefit Contributions for For Fiscal Year Beginning	Contributions Expressed as Percents of UnDROPed Payroll(1)			Contributions Expressed as Percents of Payroll Including DROP		
	October 1, 2025			October 1, 2025		
	After Assumption Changes	Before Assumption Changes	October 1, 2024	After Assumption Changes	Before Assumption Changes	October 1, 2024
Normal Cost:						
Service pensions	27.25 %	24.63 %	26.43 %	21.36 %	18.68 %	21.81 %
Disability pensions	2.38	2.26	2.24	1.87	1.71	1.84
Survivor pensions						
Pre-retirement	0.24	0.30	0.30	0.19	0.23	0.25
Post-retirement	1.70	1.94	0.00	1.33	1.47	0.00
Termination benefits:						
Deferred service pensions	1.78	1.67	1.76	1.40	1.27	1.45
Refunds of member contributions	0.65	0.68	0.69	0.51	0.52	0.57
Total Normal Cost	34.00	31.48	31.42	26.66	23.88	25.92
Unfunded Actuarial Accrued Liability (UAAL):						
Retired members and beneficiaries	0.00	0.00	0.00	0.00	0.00	0.00
Active and vested terminated members	23.84	22.32	18.63	18.70	16.93	15.90
Total UAAL	23.84	22.32	18.63	18.70	16.93	15.90
Administrative Expenses (net of charges to Share and DROP accounts)	1.33	1.54	1.12	1.04	1.16	0.93
Total Calculated Contribution Requirement	59.17 %	55.34 %	51.17 %	46.40 %	41.97 %	42.75 %
Adjustments to Calculated Contribution Requirement:						
Temporary full funding credit	0.00	0.00	0.00	0.00	0.00	0.00
FS112.64(5) compliance	0.00	0.00	0.00	0.00	0.00	0.00
Total adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Total Adjusted Contribution Requirement:	59.17 %	55.34 %	51.17 %	46.40 %	41.97 %	42.75 %
Member portion	11.00 %	11.00 %	11.00 %	8.62 %	8.34 %	9.08 %
Chapter 185 portion	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
City portion	48.17 % (2)	44.34 %	40.17 %	37.78 %	33.63 %	33.67 %
Expected Covered Payroll for Contribution Year	30,886,929	26,721,228	26,067,612	39,395,422	35,229,722	31,589,553
City Contribution Requirement Paid Quarterly	14,878,237	11,848,195	10,471,362	14,878,237	11,848,195	10,471,362
City Contribution Requirement Paid at						
Beginning of Fiscal Year	14,383,335	11,454,082	10,123,048	14,383,335	11,454,082	10,123,048
Use of Contribution Stabilization Reserve (3)	2,104,858	1,077,958	2,103,494	2,104,858	1,077,958	2,103,494
Net City Contribution Requirement Paid at						
Beginning of Fiscal Year	12,278,477	10,376,124	8,019,554	12,278,477	10,376,124	8,019,554
As a Percentage of Covered Payroll	39.75 %	38.83 %	30.76 %	31.17 %	29.45 %	25.39 %

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**DETERMINING CITY DOLLAR CONTRIBUTIONS**

For an October 1, 2025 contribution date, the City’s contribution requirement is \$12,278,477.

Based on the foregoing report, Mr. Marchese made a motion to accept the 2024 Actuarial Valuation Report, which was seconded by Mrs. Dana Fragakis. All Trustees voted yes, and the motion was passed 4-0.

The Board then discussed the expected rate of return of the Plan<sup>3</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.

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

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

**INVESTMENT REPORT - Anchor Capital**

Ms. Stephanie Moroney & Mr. William Rice<sup>4</sup> presented the fourth quarter report for the mid-cap value portfolio.

The portfolio had an account balance of \$26,173,123.92 as of December 31, 2024.

	Annualized				
	QTD	YTD	3 Year	5 Year	Since Inception
West Palm Beach Police Pension Fund (net of fees)	-3.64%	7.65%	1.76%	5.42%	9.89%
Russell Mid Cap Value	-1.75%	13.07%	3.88%	8.59%	10.43%

**Fiscal Year Return:**

As of September 30, 2024	1 Year	YTD
West Palm Beach Police Pension Fund (net of fees)	22.97%	11.72%
Russell Mid Cap Value	29.01%	15.08%

**INVESTMENT CONSULTANT – Mariner Institutional**

A flash report for February 28, 2025, prepared by Mr. Vavrica revealed the fiscal year return valued at 0.3%.

Mr. Vavrica also reviewed an asset allocation report.

**ATTORNEY’S REPORT**

Mrs. Jensen provided a brief update on the Select Quote & Xponential Fitness – Motion to Dismiss pending on both cases. Further information will follow as warranted.

Mrs. Jensen cited the IME for Mr. Christopher Clark is completed. Matter will be placed on the April 11, 2025 agenda for an informal hearing.

<sup>3</sup> Short term, medium term and long term.

<sup>4</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.

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Lafrance Update: Mrs. Jensen cited that a Writ of Certiorari has been filed on behalf of Mr. Lafrance in the Circuit Court of the 15<sup>th</sup> Judicial Circuit. Mrs. Jensen would expect a Motion to Show Cause to follow from the Court. A claim has been filed with our fiduciary insurance provider.

Ballesteros Update: Mrs. Jensen received the Order from the Court appointing the Guardian. She is awaiting further information regarding the account to deposit the funds for the child.

**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. Troy Marchese made the motion to approve, which was seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 3-0<sup>5</sup>.

**OPEN DISCUSSION**

Mr. Frost asked Mrs. Jensen to set up the presentation of the State of the Pension to the City Commission.

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned by motion at 10:42 AM

Next meeting is scheduled for April 11, 2025, at 8:30 AM.



Troy Marchese, Board Secretary

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<sup>5</sup> Mrs. Fragakis off the dais.