

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND

MINUTES OF MEETING HELD

November 13, 2023

The meeting was called to order at 10:03 A.M. in the Council Chambers at the Town Hall, Jupiter, Florida. Those persons present were:

TRUSTEES PRESENT

Jason Alexandre
Mark Ahern
Frank LaPlaca
Michael Salvemini
Nick Scopelitis

OTHERS PRESENT

Margie Adcock, Pension Resource Center
Madison Levine, Sugarman & Susskind P.A. (10:15 A.M.)
Chad Little, Freiman Little Actuaries
Burgess Chambers, Burgess Chambers & Associates
Cheryl Grieve, Town Finance Department
Richelle Cook, American Realty
Brian Casey & Evan Serton, Cohen & Steers
Ryan Kolenich, Participant (via electronic)

APPROVAL OF MINUTES

The Trustees reviewed the minutes of the meeting held August 14, 2023.

- Michael Salvemini made a motion to approve the August 14, 2023 minutes. The motion received a second by Nick Scopelitis and was approved by the Trustees 5-0.

ACTUARY REPORT

Chad Little appeared before the Board. He stated that the Board decided on the assumed rate of return at the last meeting, so he had nothing else to report.

INVESTMENT MANAGER REPORT – AMERICAN REALTY (RICHELLE COOK)

Richelle Cook appeared before the Board. She provided a brief introduction and reviewed the firm. She stated that she has been working with the Board since 2012. The firm was founded in 1987. They have managed in several up and down market cycles. They have 600 institutional investors with \$12.2 billion in assets under management. They have 80 employees. They have 6 offices and opened up a new office in New York where their research group will be. She stated that they have diverse and targeted private real estate platforms. Real estate was in a bull market for the ten years between 2010 and 2020. Real estate is not correlated to stocks or bonds.

Ms. Cook reviewed the American Core Realty Fund. She stated that this was their flagship fund. She reviewed the performance of the portfolio. The total market value as of September 30, 2023 was \$5,517,222. It was noted that the Fund currently has redemptions in place, which are being paid out at about 5% every quarter. The portfolio was down 2.48% net of fees for the quarter while the benchmark was down 2.10%. Since inception of July 2, 2012 the portfolio was up 7.47% net of fees while the benchmark was up 7.67%. Ms. Cook discussed more about the American Core Realty Fund. She stated that there are not a lot of transactions going on right now. They have had four negative quarters, but expect the market to pick up and are expecting to have strong performance long term. She discussed the investments. There are 88 investments in the portfolio. Their leverage percentage is 92.9%. The amount of undrawn commitments is \$25.7 million while there is a \$721.9 million redemption queue.

Madison Levine entered the meeting.

Ms. Cook reviewed the diversification across markets and property types. She reviewed their recent investments and dispositions. She stated that their office properties in Seattle and Portland

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND

MINUTES OF MEETING HELD

November 13, 2023

have been a struggle. Those properties are challenging. The occupancy rate is 60% in Seattle and 30% in Portland. There was a lengthy discussion regarding the long delay in paying out the redemption requests. Ms. Cook stated that they do not use their line of credit. They are paying out for development in some areas and also have money that is used for operations. The money comes from selling properties but they do not want to force a sale. Most of their sales have been in the industrial area. She stated that this is the highest redemption queue they have ever had. The American Core Fund itself is very strong. Mr. Chambers stated that the Fund put in for a \$2.5 million redemption and has received only \$500,000 so far. Ms. Cook stated that she expects the payments to pick up.

INVESTMENT MANAGER REPORT – COHEN & STEERS (BRIAN CASEY & EVAN SERTON)

Brian Casey and Evan Serton appeared before the Board. Mr. Casey stated that he was on the client service team and Mr. Serton was a Senior Portfolio Specialist. Mr. Casey provided an overview of the firm. He stated that the firm was founded in 1986. They are a boutique asset management firm. They have \$75.2 billion in assets under management. He reviewed the investment team. He stated that this year has been more challenging for their asset class. The largest sector is utilities. The rising interest rates have had a negative impact.

Mr. Serton reviewed the performance of the portfolio year to date as of September 30, 2023. He stated that they invest in listed companies that own and operate infrastructure assets. It is a global fund so they are investing in companies around the world. Infrastructure stocks defended really well in 2023, down about 5% versus global fixed income which was down 16% and global equities which was down 18%. It was noted that year to date they are down more than global equities and global fixed income, mainly because of the acceleration in interest rates. It was reported that utilities make up about 50% of the benchmark available to them. As interest rates increase the borrowing costs these companies face also rise. Utilities companies can charge more for their services but it has still hurt performance. Mr. Serton stated that they were pleased with their relative performance. The Fed has done a good job in getting inflation from 9% to between 4% and 5%. He does not think inflation will get down to 2% though. He noted that infrastructure outperforms the long-term average when the market experiences unexpected inflationary environments. Mr. Serton reviewed the portfolio weights as of September 30, 2023. He reviewed the top ten holdings as of September 30, 2023. He noted that NextEra Energy was their largest holding.

Richelle Cook, Brian Casey, and Evan Serton departed the meeting.

ATTORNEY REPORT

Madison Levine appeared before the Board. She provided an Updated Special Report on House Bill 3 dated October 31, 2023. She stated the required report must be filed by December 15th. Her office has worked with other public pension attorneys in the State and it was determined that all of the plans will file the same cover sheet and attach the IPS to fulfill the comprehensive report requirement. She stated that the Board revised the IPS at the last meeting which included the necessary language needed. Ms. Adcock stated that her office would be filing the comprehensive report by December 15th.

INVESTMENT CONSULTANT REPORT – BURGESS CHAMBERS & ASSOCIATES (BURGESS CHAMBERS)

Burgess Chambers appeared before the Board. He stated that at the last meeting it was noted that CS McKee had a different benchmark in their report versus the benchmark being used in his

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND

MINUTES OF MEETING HELD

November 13, 2023

report. He stated that CS McKee was using the incorrect benchmark and they have now corrected the benchmark.

Mr. Chambers discussed American Realty and the outstanding redemption. He stated that if the Board wanted to accelerate the redemption rate, another redemption could be placed. There was a lengthy discussion.

- Nick Scopelitis made a motion to request a full redemption from American Realty based on the recommendation of the Investment Consultant. The motion received a second by Frank LaPlaca and was approved by the Trustees 5-0.

Mr. Chambers reported on the performance for the quarter ending September 30, 2023. He stated that bonds have become extremely attractive. The recent surge in bond yields offers the Plan an opportunity to de-risk a portion of the liabilities. He stated that the Board could think about putting more money into fixed income, which is a new phenomenon due to inflation. The rapid climb among bond yields has almost eliminated the potential reward in owning stocks over bonds. He stated that there was no reason to make any decision regarding this today, but he did want the Board to think about it. He stated that he would bring a more involved analysis to the next meeting. He stated that he was thinking of maybe recommending having about 50% in fixed income. He stated that he would like to find something specific for this Plan for the long-term fixed income portfolio model. He suggested having CS McKee attend the next meeting to discuss a possible model. There was a lengthy discussion. Mr. Little stated the Fund is required to report on the market value of the portfolio. If the interest rates go up and values go down, there would be an unfunded liability. Mr. Chambers stated that he thought a study should at least be done. He requested Mr. Little to prepare a spreadsheet of the cash flow to develop a coupon matching. He thought it was prudent to look into this further. Mr. Little stated that he could provide a cash flow projection of the remaining members in the Plan.

- Michael Salvemini made a motion to authorize the Actuary to perform the study requested by the Investment Monitor. The motion received a second from Frank LaPlaca and was approved by the Trustees 5-0.

Madison Levine departed the meeting.

Mr. Chambers reported on the performance of the Fund as of September 30, 2023. The total market value of the Fund as of September 30, 2023 was \$94,158,116. The total Fund was down 4.0% net of fees for the quarter ending September 30, 2023 while the benchmark was down 3.2%. For the fiscal year, the total Fund was up 9.1% while the benchmark was up 10.6%. For the quarter, total equities were down 4.6%; domestic equities were down 3.4%; international equity was down 6.3%; REITs were down 7.4%; private real estate was down 2.5%; and fixed income was down 3.2%.

Mr. Chambers stated that he was a little concerned with Polen. They were at the top of their game at the end of 2021 but 2022 was a horrendous year for them. They got out of Facebook at the wrong time. He has given them some more time, but they are on his watch list. He recommended not giving Polen any more money right now. Rather he would just recommend funding the Index. When money starts coming in from American Realty, he suggests putting it in fixed income. Mr. Chambers stated that Eagle is doing great. REITs have gotten cheap. He stated that the Plan has a small target allocation as it was de-risked a couple of years ago. With respect to CS McKee, they have not hit any compliance items over the last 5 years. Most of their returns have come from coupon. They do not own any investment grade bonds and do not venture down to higher risk areas. Mr. Chambers stated that he is fine with them.

- Michael Salvemini made a motion to accept the Investment Consultant Report. The motion received a second by Nick Scopelitis and was approved by the Trustees 5-0.

TOWN OF JUPITER POLICE OFFICERS' RETIREMENT FUND

MINUTES OF MEETING HELD

November 13, 2023

OTHER REPORTS

It was noted PomTrack and Robbins Geller monitoring reports were in the Trustee packets for informational purposes and there were no recommendations for action.

APPROVAL OF DISBURSEMENT

The Disbursement list was presented for consideration. It was noted that the list included the 2024 membership renewal for NCPERS.

- Frank LaPlaca made a motion to approve the disbursements as presented. The motion received a second from Michael Salvemini and was approved by the Trustees 5-0.

It was noted the financial statement through September 30, 2023 was included in the Trustee packet for review. The Trustees accepted the financial statement.

ADMINISTRATIVE REPORT

BENEFIT APPROVALS: Benefit Approvals were presented for consideration.

- Michael Salvemini made a motion to approve the Benefit Approvals as presented. The motion received a second from Frank LaPlaca and was approved by the Trustees 5-0.

2024 CONFERENCE LIST: The Board was provided with an upcoming conference list for 2024.

2024 MEETING DATES: The Board reviewed the proposed 2024 meeting dates.

OTHER BUSINESS

There was no other business.

PUBLIC COMMENTS

There were no public comments.

With there being no further business, the meeting adjourned.

Respectfully submitted,

Michael Salvemini, Secretary