

Palm Beach Gardens Police Officers' Pension Fund Minutes of the Meeting Held: September 12, 2024

1. Chair Jay Spencer called the regular Quarterly Meeting of the Board of Trustees of the City of Palm Beach Gardens Police Officers' Pension Fund to order at 9:02 AM in the Council Chambers and called roll. Those persons present included:

2. **TRUSTEES PRESENT**

Jay Spencer, Chairman
Brad Seidensticker, Secretary
Marc Glass, Trustee
Greg Mull, Trustee
Sean O'Brien, Trustee

OTHERS PRESENT

Albert Lovingood & Scott Baur (Resource Centers)
Bonni Jensen (Klausner Kaufman Jensen & Levinson)
Jennifer Gainfort, Consultant (Mariner Institutional)
Steve Stack, Investment Manager (Highland Capital)

3. **REPORTS**

Highland Capital Investment Manager (Steve Stack, Highland Capital)

Steve Stack presented the Board with the Highland Capital Management Quarterly Performance Report dated June 30, 2024, and reported the following: The second quarter of 2024 delivered strong market performance, with the S&P Index gaining 4.29% and a first-half return of 15.29%, driven largely by a narrow group of AI-focused stocks, notably the "Magnificent 7," which accounted for 61% of year-to-date gains. Broader market participation remains weak, with many non-AI sectors and small-cap stocks underperforming. Meanwhile, U.S. GDP growth has slowed, inflation pressures persist in services and housing costs, along with elevated interest rates continue to weigh on borrowing costs. Despite these challenges, corporate earnings growth and fiscal spending tied to the election year are expected to provide temporary support, offering cautious optimism amid ongoing economic headwinds and market volatility. The Russell 1000 Growth Index gained 8.33% in Q2 2024, bringing its year-to-date return to 20.7%, though performance was highly concentrated, with mega-cap stocks like Microsoft and NVIDIA driving nearly all gains. Large Cap Growth outperformed, supported by momentum and growth factors and strong stock selection in Health Care, Consumer Discretionary, and Financials, despite some underperformance in Real Estate and IT sectors like semiconductors. Looking forward, secular growth opportunities, particularly in AI, remain strong, but elevated valuations, fewer expected Fed rate cuts, and mixed economic data create uncertainty.

Mr. Stack then reviewed the Fund's portfolio performance, noting that the Equity portfolios experienced strong cumulative gains of 8.99% for the quarter ending June 30, 2024. For Fiscal-Year-to-Date, the Fund has a cumulative return of 41.50%, and the Five-Year cumulative returns are at 138.53%. The Plan's Total Return Fixed Income portfolio saw cumulative returns of 0.91% for the quarter and 7.19% for Fiscal-Year-to-Date, and the Five-Year cumulative returns totaled at 5.97%. The Total Return Short Term Fixed Income Fund saw cumulative returns of 1.34% for the quarter, the Fiscal-Year-to-Date cumulative returns were 4.50%, and the Five-Year cumulative returns totaled 7.44%. Mr. Stack concluded his presentation by answering questions asked by the Board of Trustees along with having a detailed conversation regarding the short and long-term outlook on how the markets will perform with Trustee Marc Glass asking if the Plan is ready, which Mr. Stack confirmed that it is.

Investment Consultant (Jennifer Gainfort, Mariner Institutional)**Mariner Quarterly Performance Report as of June 30, 2024**

Jennifer Gainfort started her presentation by reviewing the Plan's Asset Allocation Summary with the Board of the Trustees, noting that there was not a major difference from the prior quarter with regards to the Investment Allocations and does not see a need to rebalance at this time. Ms. Gainfort then reviewed the Plan's financial reconciliation for the quarter and Year-to-Date with the Board of Trustees. For the Quarter ending June 30, 2024, the Plan earned a net 0.94%, beating the Plans benchmark rate of 0.65%, and ranked in the top 59th percentile of its Peers. For Fiscal-Year-to-Date, the Plan earned a net 13.80%, which was shy of the benchmark rate of 14.03%. The Five-Year trailing returns were a net 8.00%, slightly trailing the benchmark rate of 8.24%, and since inception the Plan has earned 7.70%, compared to the benchmark rate of 8.53%. The performance of individual asset classes and managers was reviewed in detail with Ms. Gainfort noting that Aristotle is down for the quarter with a net return of

-1.06%; however, even with this dip, Aristotle has still outperformed the benchmark rate of -2.17%, with a Fiscal-Year-to-Date returns at a net 20.74%. Trustee Brad Seidensticker inquired as to the status of TWIN Capital, which Ms. Gainfort stated that the funds were transferred to TWIN on July 1, 2024. Real Estate losses seem to be signaling that the Real Estate Market is starting to level out and Ms. Gainfort states that the Real Estate Market is expected to start earning positive returns for the next quarter. Trustee Marc Glass requested that Ms. Gainfort get a recap from American Realty Advisors that reviews what their long-term plan is moving forward and report that information back to the Board of Trustees. The IFM Global Infrastructure investment was reviewed in detail with the discussion that the benchmark being used is not in total alignment with the portfolio. Mrs. Jensen asked about what alternative options are available to use as the benchmark that are in better alignment with IFM for a more proper comparison. Steve Stack reported to the Board that he just received news that the European Union Bank cut rates by 0.25% today for the second time this year. A detailed discussion ensued regarding the Plan's Real Estate and Global Infrastructure Investments with the Board requesting that IFM Global and American Realty Advisors be invited to provide the Board of Trustees with an update on the Plan's Investments in each respective Fund.

Investment Policy Statement Update

Jennifer Gainfort presented the Board of Trustees with an updated Investment Policy Statement for review and approval. Ms. Gainfort stated that the Investment Policy Statement update is to add TWIN Capital as an investment manager.

Marc Glass made a motion to approve the Investment Policy Statement as presented, The Motion received a second from Brad Seidensticker, approved by the Board 5-0.

Attorney Report (Bonni Jensen, Klausner Kaufman Jensen & Levinson)

Jensen Memo – 2025 Board Meeting Dates: Plan Attorney, Bonni Jensen provided the Board of Trustees with a member containing the 2025 Quarterly Board Meeting Dates. The dates were reviewed and there was a detailed conversation on possibly changing when some of the Board Meeting would be held. The discussion resulted in there being no changes made.

Statement of Policy for Trustee Expenses: Mrs. Jensen presented the Board of Trustees with an updated Statement of Policy for Trustee Expenses for review and approval. Mrs. Jensen reviewed the changes made to increase the daily meal allowance from \$75.00 to \$100.00 per day, updating the mileage reimbursement section to reference the IRS published mileage rate along with cleaning up the footnotes and references.

Greg Mull made a motion to approve the Statement of Policy for Trustee Expenses, The Motion received a second from Marc Glass, approved by the Board 5-0.

Request to Change Joint Annuitant Form: Mrs. Jensen presented the Board of Trustees with the new Request to Change Joint Annuitant Form for review and approval. Mrs. Jensen reviewed the form in detail with the Board of Trustees with Mrs. Jensen noting that the Plan Ordinance states that the Joint Annuitant must be a Spouse or Relative. Trustee Marc Glass noted that in today's age, the language regarding the Joint Annuitant should be changed and would contact the Union Representative to get the ball rolling on that change and have Mrs. Jensen provide the proper verbiage that should be used for this change.

2024 Summary Plan Description: Mrs. Jensen informed the Board that a clean copy of the approved 2024 Summary Plan Description is included in the meeting packet and that the Plan Administrator will need to send a copy to the city for distribution to the Plan Members.

Marc Glass made a motion to approve the Summary Plan Description, as amended, The Motion received a second from Greg Mull, approved by the Board 4-0.

Administrator Report (Albert Lovingood and Scott Baur, Resource Centers)

Utilizing Artificial Intelligence for Board Meeting Minutes: Albert Lovingood presented the Board with a handout that detailed the capabilities of a Mac and Windows Based App called Limitless AI. Scott Baur reviewed how The Resource Centers is currently using Artificial Intelligence and exploring additional future uses for the program as it becomes more accurate. Mr. Lovingood then reviewed the potential uses of Limitless AI with a focus of using the program as an added layer of note taking for Board Meetings, along with all the additional capabilities of the program. One key feature that Mr. Lovingood noted, is the program's advertised ability to indicate the difference between multiple people speaking. The privacy settings were then reviewed with Mr. Lovingood informing the Board of Trustees that Limitless AI utilizes encrypted files that require an encryption key to access, none of the stored data would be sold, and the data is protected from access by 3rd party AI providers. Mr. Lovingood then informed the Board that he has been tasked with beta testing this new program and thought that the Palm Beach Gardens Police Officers' Pension Fund Quarterly Board Meetings would be a perfect Plan to use as everyone always introduces themselves by name and role at the beginning of the Board Meeting during rollcall. Mr. Lovingood concluded his presentation with informing the Board that he is in the early stages of reviewing and testing the program and does not expect to actively use it in connection with any Board Meetings until the ending of 2024 or beginning of 2025. The Board discussed the use of Limitless AI in detail while seeking the guidance from Mrs. Jensen along with the potential future uses of AI on a Maco level. The Board did not see any issue with utilizing this program and asked Mr. Lovingood to revisit this topic once he is ready to implement the use of this program.

4. **MINUTES**

The Board of Trustees reviewed the draft Minutes for the June 13, 2024, Quarterly Board Meeting.

Marc Glass made a motion to approve the Minutes for the June 13, 2024, Quarterly Meeting as amended, The Motion received a second from Brad Seidensticker, approved by the Board 5-0.

5. **DISBURSEMENTS AND FINANCIAL STATEMENTS**

The Board of Trustees reviewed the Warrant dated September 12, 2024, for payment of expenses.

Brad Seidensticker made a motion to approve the expenses on the Warrant dated September 12, 2024, as presented. The Motion received a second from Marc Glass, approved by the Board 5-0.

The Board received, reviewed, and filed the Interim Financial Statement Dated July 31, 2024.

6. **BENEFIT APPROVALS**

The Benefit Approvals dated September 12, 2024, were presented to the Board for review.

Brad Seidensticker made a motion to approve the Benefit Approvals dated September 12, 2024. The Motion received a second from Sean O'Brien, approved by the Board 5-0.

7. **OTHER BUSINESS**

Kevin Folmar: Mr. Lovingood provided the Board with an update regarding Mr. Folmar on the attempts to contact him regarding his DROP Account Overpayment. Mr. Lovingood reported that he has not received any responses to any of the letters that were sent to the member. Trustee Marc Glass asked what The Resource Centers has in place that would recoup the overpayment and make the Plan whole. Scott Baur stated that The Resource Centers Errors and Omissions Policy would cover such loss. Trustee Marc Glass requested that he be the Point of Contact on this matter and that the Plan should not have to eat the losses that were not made by the Board of Trustees. The Board requested that Mr. Baur submit a claim through The Resource Centers Errors and Omissions Insurance Policy with Mr. Glass stating that this is not personal and that he is extremely happy with The Resource Centers and Mr. Lovingood, noting that he has received positive feedback from members of the Plan.

8. **ADDITIONAL REPORTS**

The Board of Trustees accepted and filed the SEI 07-31-24 Aristotle Monthly Statement that was provided in the Board Meeting Packet.

9. **PUBLIC COMMENTS**

No members of the public had any comment.

10. **ADJOURN**

There being no further business, Chairman Jay Spencer adjourned the meeting at 11:00 AM.

Respectfully submitted,

Brad Seidensticker, Secretary