

**THE CITY OF WEST PALM BEACH RESTATED EMPLOYEES'
DEFINED BENEFIT RETIREMENT SYSTEM**

**MINUTES OF MEETING HELD
FEBRUARY 21, 2024**

1. CALL TO ORDER

A regular meeting of the Board of Trustees was called to order at 1:33pm by Chairman Leon Pinder in the HR Training Room, 3rd Floor of City Hall.

Trustees present were:

Leon Pinder, Chairman
Sylvia Gregory, Secretary
Stephen Hunter, Trustee
Benny Rodgers, Trustee
Armondo Fana, Trustee

Also present were:

Albert Lovingood, Administrator – Resource Centers
Nancy Urcheck, Attorney – City of West Palm Beach
Brendan Vavrica, Investment Consultant – AndCo Consulting
Brad Armstrong, Actuary – GRS Consulting
Eric Leventhal, Auditor - KSDT

2. PUBLIC COMMENTS

There were no public comments.

3. REPORTS

A. 2023 ACTUARIAL VALUATION REPORT (PRESENTED BY: BRAD ARMSTRONG)

Brad Armstrong presented the Board with the September 30, 2023, Actuarial Valuation Report. Mr. Armstrong started his presentation by informing the Board that there are 9 remaining active members in the Plan as of September 30, 2023. Mr. Armstrong continued his review of the report by reviewing the history of the Plan with regards to when it was closed and the City's purchase of two annuity contracts that are held as an asset of the Plan and the \$20,624,024 in annuity contracts is assumed to be risk free asset of the Plan; however, it is his understanding that in the event of a default, any remaining liability would be borne by the City. The City's 2024-2025 required contribution is \$442,837 if paid in a lump sum on October 1, 2024. Future City contributions are expected to be paid from the prepaid employer contribution reserve, which is \$2,441,305 as of September 30, 2023. The Plan experienced gains due to higher-than-expected salary increases. The aggregate gain was amortized over 10 years and last year's amortization bases have 9 or fewer years remaining. Mr. Armstrong stated that there were no changes in benefit provisions impacting the 2024-2025 fiscal year. The funded ratio of the Plan is currently at 99%, which is up from the 97% funded ratio for the 2022 Actuarial Valuation Report. Mr. Armstrong then reviewed the Assumed Rate of Return with the Board, noting that the Expected Rate of Return of 7.25% is on the high-end of the reasonable range and the Board may want to consider lowering the assumption rate in the near future. The Board of Trustees, Mr. Armstrong, and the Plan's Investment Monitor, Brendon Vavrica discussed the Assumed Rate of Return in detail and Mr. Armstrong concluded his presentation noting that everything is functioning as designed.

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A motion was made by Armondo Fana to approve the September 30, 2023 Actuarial Valuation Report as presented. The motion received a second by Benny Rodgers and was approved 5-0.

A motion was made by Armondo Fana based on the recommendation of the Plan Actuary and Plan Investment Monitor that the Pension Fund expects to earn an Expected Rate of Return of 7.25% for the short term, midterm, and long term thereafter. The motion received a second by Benny Rodgers and was approved 5-0.

B. 2023 ANNUAL AUDIT REPORT (PRESENTED BY: ERIC LEVENTHAL)

Eric Leventhal presented the Board with the September 30, 2023, Audited Financial Statement. Mr. Leventhal started his presentation by informing the Board that his firm has issued an unmodified, clean opinion. The Plan's net position was \$39,480,362 which was 2% higher than the 2022 net position. The total contributions for the year were \$41,795, which was 89% lower than the 2021 contributions. The Plan had \$1,620,777 in total interest and dividend income, which was 16% higher than the 2022 income and a net investment gain was \$4,068,557, which was 160% higher than 2021. Benefits paid to members were \$3,298,020 which was roughly 1% higher than the benefits paid during 2022. Mr. Leventhal then reviewed the administrative expenses and discussed the City's pre-funded contributions in detail with the Board. Mr. Leventhal then reviewed the Statement of Fiduciary Net Position in detail with the Board along with the Changes in Fiduciary Net Position and concluded his presentation by informing the Board that his firm did not have any issue with management or any of the service providers while performing this audit.

A motion was made by Sylvia Gregory to approve the 2023 Audited Financial Statement as presented. The motion received a second by Armondo Fana and was approved 5-0.

Mr. Leventhal presented the Board with the Audit Representation Letter for review and approval.

A motion was made by Armondo Fana to approve the Audit Representation Letter upon legal review. The motion received a second by Sylvia Gregory and was approved 5-0.

C. ANDCO CONSULTING (PRESENTED BY: BRENDAN VAVRICA)

1. MARINER ACQUISITION OF ANDCO

Investment Monitor Brendan Vavrica provided the Board with a memo regarding the Mariner acquisition of AndCo. Mr. Vavrica reviewed Mariner in detail with the Board, noting that their interest in AndCo is to expand their business into the Institution Investment Sector. For clients, the only change that will be seen is the name changing to Mariner Institutional.

A motion was made by Stephen Hunter to authorize the Chairman of the Board to sign the Mariner Assignment of Investment Advisory Contract. The motion received a second by Sylvia Gregory and was approved 5-0.

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**2. HISTORICAL RUSSELL 1000 CORE, GROWTH, AND VALUE –
HISTORICAL TOP WEIGHTS**

Mr. Vavrica provided the Board with a handout about the historical Russell 1000 Core, Growth, and Value Top Weights to review with the Board of Trustees. The changes in the top 10 stocks from 2013 through 2023 were reviewed along in detail with the Board to give the Board a much better understanding of the impact that these companies have on these sectors along with how some of these companies have shifted from one sector to another.

3. QUARTERLY PERFORMANCE REPORT DATED DECEMBER 31, 2023

Brendon Vavrica started his presentation by reviewing the market environment with the Board of Trustees, noting the quarterly and one year performance of the major market indexes along with the market rate and yield curve comparison. The Plan's asset allocations were reviewed in detail with Mr. Vavrica stating that he does not see a need to rebalance the Fund at this time; however, Mr. Vavrica recommended that the Plan trim some of the Plan assets to stay within compliance. For the quarter ending December 31, 2023, the Plan earned a net 8.98%, compared to the benchmark rate of 9.25%. The One-year net return was 12.03%, compared to the benchmark rate of 15.99%. the Five-Year net returns were 8.77%, compared to the benchmark rate of 9.43%, and since inception, the Plan has earned a net return of 7.99%, beating the benchmark rate of 7.49%.

A motion was made by Armondo Fana to draw future benefit payments from Dana Investment Advisors Equity Portfolio. The motion received a second by Stephen Hunter and was approved 5-0.

D. ATTORNEY REPORT

1. LEGISLATIVE UPDATE

City Attorney, Nancy Urcheck informed the Board of Trustees that she has no legislative updates to report at this time.

**2. DRAFT ORDINANCE CHANGE – ALLOW RETIREES TO CHANGE JOINT
ANNUITANT - UPDATE**

Ms. Urcheck informed the Board of Trustees that she is in the process of reviewing the historical notes regarding the proposed Ordinance change and asked the Board of Trustees for clarification of where things were left off. The Board of Trustees provided Ms. Urcheck with an overview of the request and where things were left off with the former City Attorney assigned to the Plan.

3. 2024 Online Form 1 Filing

Ms. Urcheck informed the Board of Trustees that the Florida State Division on Ethics has announced that starting this year, the annual Form 1 Filing will be done

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electronically direct thought the Ethics website and no longer submitted to the County Elections Office.

**E. ADMINISTRATIVE REPORT – RESOURCE CENTERS (PRESENTED BY:
ALBERT LOVINGOOD)**

1. Biennial Comprehensive Report

Plan Administrator Albert Lovingood informed the Board of Trustees that the Biennial Comprehensive Report was submitted to the State of Florida Division of Retirement on December 13, 2023.

2. Resource Centers Memo – SOC 1 Type 2 Audit

Mr. Lovingood presented the Board of Trustees with a memo regarding The Resource Centers SOC 1 Type 2 Audit. Mr. Lovingood reported that for the 16th year, his firm has had a clean unmodified opinion on this extensive audit. Mr. Lovingood noted that over the past few years, the audit has been steadily becoming more complex.

3. IRS 2024 Milage Rate

Mr. Lovingood informed the Board of Trustees that the Internal Revenue Service has increased the standard milage rate to \$0.67 per mile effective January 1, 2024. This is a \$0.015 increase from the 2023 mileage rate. Mr. Lovingood reminded the Board that the IRS has been known to adjust this rate and will notify the Board should another change occur.

4. Fraud

Mr. Lovingood reported that a relationship manager at a custodial bank had been arrested for fraud and provided the Board with an overview of what information is known about the situation. Mr. Lovingood reported that the custodial bank where the individual worked at is not the Plan's Custodial Bank; however, he wanted to let the Board know of this incident. The Board and Mr. Lovingood discussed the safety precautions that the Custodial Bank takes with moving funds and selling investments to cover benefit payments.

A motion was made by Armondo Fana to update the Investment Manager and Custodial Bank Signature Cards to require two signature to execute any movement of funds. The motion received a second by Stephen Hunter and was approved 5-0.

4. PLAN FINANCIALS

The financial statements through December 31, 2023, were included in the meeting packets for review along with the Disbursements dated February 21, 2024.

A motion was made by Stephen Hunter to approve the Disbursements dated February 21, 2024, as presented. The motion received a second by Benny Rodger and was approved 5-0

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5. BENEFIT APPROVALS

There were no Benefits to approve at this meeting.

6. MINUTES

The Minutes from the November 29, 2023, Quarterly Board Meeting were reviewed by the Trustees.

A motion was made by Stephen Hunter to approve the Quarterly Board Meeting Minutes dated November 29, 2023, as presented. The motion received a second by Benny Rodgers and was approved 5-0.

7. OLD BUSINESS

There was no old business to discuss at this meeting.

8. NEW BUSINESS

There was no new business to discuss at this meeting.

9. ADDITIONAL REPORTS

The following reports were provided to the Board of Trustees. American Realty 01-19-2024 Quarterly Distribution Letter.

10. PUBLIC COMMENTS

There were no public comments.

11. NEXT MEETING – Wednesday, May 15, 2024, AT 1:30PM

12. ADJOURN

There being no further business to discuss, Stephen Hunter made a motion to Adjourn the Board Meeting at 2:55pm. The motion received a second by Armondo Fana and was approved 5-0.

Sylvia Gregory _____