

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

**MINUTES OF MEETING HELD
May 15, 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
Bridget Souffrant, Trustee

Also present were:

Albert Lovingood, Administrator – Resource Centers
Nancy Urcheck, Attorney – City of West Palm Beach
Jorge Friguls, Investment Consultant – Mariner
Benjamin D. Monkiewicz and Connie Falcon Davis, Investment Manager – Garcia Hamelton
Richelle Cook, Investment Manager – American Realty Advisors

2. PUBLIC COMMENTS

There were no public comments.

3. REPORTS

A. ARA CORE PROPERTY FUND – AMERICAN REALTY

Richelle Cook started her presentation by giving the Board a review of her firm along with the firm's strength and alignment, noting that American Realty is 100% employee-owned, 35 years of operating history and \$11.4 Billion in Assets Under Management along with noting the continued AUM and investor growth. Mrs. Cook then reviewed her Firm's diverse and targeted private real estate platform, which consists of the ARA core Property Fund, American Strategic Value Realty Fund, and the new ARA Residential Insight Fund. The ARA Core Property Fund return target is at 7-9% gross and 6-8% net of fees. Mrs. Cook reported that from the quarter ending March 31, 2024, the Fund earned a gross -2.22%, compared to the benchmark rate of -2.37%. The One-Year trailing returns for the Fund are -12.08%, compared to the benchmark rate of -11.28%, and since inception, the Fund has earned a 5.78% return, beating the benchmark rate of 5.77%. As of March 31, 2024, the Fund has a total of 87 investments that equal to a total of 252 buildings. The Portfolio is not taking on a ton of debt and is 90.4% leased and the Portfolio has taken a moderate leverage stance at 25.8%. The Redemption Queue for the Portfolio was reviewed in detail with the Board of Trustee with Mrs. Cook noting that the current queue is at \$741.9 Million, which is about 10-11% of the Total Fund's Value. The Fund has a 6.3-Year weighted average lease term with 34% of the Tenants being a part of the S&P 500, and the largest tenant occupies 4% of the entire Fund's total portfolio. Mrs. Cook reviewed the Leased Property

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by type in detail along with the percentage of leases that are expiring over the next 10 years. The Fund is currently overweight in Industrial with a target of 35%, overweight in Residential with a target rate of 32%, neutral weight in Other, also known as "sheds, beds, and innovation" sector with a target rate of 8%, neutral in retail with a target rate of 10%, and underweight in office space with a target rate of 15%. Mrs. Cook concluded her presentation by reviewing the negative impacts that the high interest rates are having on Real Estate along with the expected outlook for the rest of 2024.

**B. GARCIA HAMILTON & ASSOCIATES 03-31-2024 QUARTERLY
PERFORMANCE REPORT (PRESENTED BY BENJAMIN D. MONKIEWICZ &
CONNIE FALCON DAVIS)**

Benjamin Monkiewicz and Connie Falcon Davis, both introduced themselves to the Board of Trustees and informed the Board that Janna Hamilton has retired from Garcia Hamilton and Associates. Mr. Monkiewicz and Ms. Davis started their presentation by informing the Board that Garcia Hamilton's Fixed Income Portfolio has provided the Plan with over 13 years of high quality only short duration investments. For the quarter ending March 31, 2024, the Fund earned -1.25%, beating the benchmark rate of -1.31%. the One-Year returns were 0.09%, compared to the benchmark rate of -0.16%. The Five-Year returns were 0.42%, beating the benchmark rate of 0.13%, and since inception, the Portfolio has earned 2.74%, compared to the benchmark rate of 2.48%. The Federal Reserve's past track record of predicting rates was reviewed in detail with the Board of Trustees, along with the Yield Curve Indicators, noting that the most reliable indicator indicates that a recession is likely to occur soon. The various markets and variables that affect the domestic equity and fixed income sectors were reviewed in detail, along with a detailed review of the Average Option Adjusted Spreads. Mr. Monkiewicz and Ms. Davis concluded their presentation by reviewing the Fixed Income Market Factors and the Fund's Asset Breakdown by type and client.

C. MARINER (PRESENTED BY: Jorge Friguls)

1. QUARTERLY PERFORMANCE REPORT DATED MARCH 31, 2024

Jorge Friguls 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. Friguls stating that he does not see a need to rebalance the Fund at this time. For the quarter ending March 31, 2024, the Plan earned a net 5.35%, compared to the benchmark rate of 5.32%. For Fiscal-Year-To-Date, the net returns were 14.32%, compared to the benchmark rate of 15.05%. The One-Year net return was 14.06%, compared to the benchmark rate of 16.06%. the Five-Year net returns were 8.03%, compared to the benchmark rate of 8.61%, and since inception, the Plan has earned a net return of 8.16%, beating the benchmark rate of 7.67%. The Investment Managers were then reviewed in detail with Mr. Friguls noting that both Dana Investments and Argent Capital both reporting returns of 29.18% and 36.64% respectively so far, this fiscal year. The PIMCO Total Global Fixed Income Fund was also mentioned on its performance constantly beating its benchmark rate since inception, and the Blackrock Multi Asset Income Fund's underperformance.

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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 provided the Board of Trustees with the final draft version of the ordinance change to allow retirees to change their joint annuitant after retirement. Ms. Urcheck reviewed the draft with the Board of Trustees in detail and to ensure that no modifications are needed. Ms. Urcheck concluded her review with providing the Board with a review of the following steps that would need to take place for the change to potentially be approved.

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

1. IRS Notice Regarding Changes to the 2023 Instructions for Forms 1099-R and 5498

Plan Administrator Albert Lovingood provided the Board of Trustees with a Memo regarding the IRS Notice of changes to the 2023 Instructions for Forms 1099-R and 5498 to help clarify how to report disability annuity payments to first responders or other taxpayers on the Form 1099-R. Mr. Lovingood reviewed Internal Revenue Ruling 85-105, 1985-2 C.B. 53 in detail with the Trustees noting the new paragraph that clarifies what disability payments are taxable and non-taxable. Mr. Lovingood then reviewed how the changes will affect the Pension Plan and noted that the Plan currently has no disability pensions.

2. Form 1 Annual Filing

Mr. Lovingood reminded the Board of Trustees that they need to File the Annual Form 1 no later than July 1, 2024, and that this year, all Form 1 filings will be done via the State of Florida Commission on Ethics Website.

3. Wells Fargo Positive Pay - Update

Mr. Lovingood informed the Board of Trustees that Wells Fargo has provided his office with the Positive Pay File format sample and that his Payment Group is in the process of updating their systems to meet the formatting requirement.

4. PLAN FINANCIALS

The financial statements through March 31, 2024, were included in the meeting packets for review along with the Disbursements dated May 15, 2024.

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A motion was made by Stephen Hunter to approve the Disbursements dated May 15, 2024, as presented. The motion received a second by Benny Rodger and was approved 5-0

5. BENEFIT APPROVALS

There were no Benefits to approve at this meeting.

6. MINUTES

The Minutes from the February 21, 2024, Quarterly Board Meeting were reviewed by the Trustees.

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

7. OLD BUSINESS

The open Trustee Seat was discussed by the Board of Trustees with Mr. Pinder noting that he may have found a local resident that is interested in sitting on the Board.

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 electronically: Argent Capital 03-31-24 Performance Numbers, and the Argent Capital 03-31-24 Purchase and Sales Report.

10. PUBLIC COMMENTS

There were no members of the public present, and no public comments were submitted to the Plan via email.

11. NEXT MEETING – Wednesday, August 26, 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.

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Sylvia Gregory