

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

**MINUTES OF MEETING HELD  
November 17, 2020**

A regular meeting of the Board of Trustees was called to order at 2:37pm by Chairman Leon Pinder in the Flagler Gallery located on the 1<sup>st</sup> floor, City Hall, 401 Clematis Street, West Palm Beach, Florida 33401.

Trustees present were:

Benny Rodgers, Chairman  
Mark Parks, Secretary  
Jose-Luis Rodriguez, Trustee  
Christopher T. Harrison, Trustee  
Stephen Hunter, Trustee

Also present were:

Albert Lovingood & Denise McNeill, Administrators – Resource Centers  
Stacey Weinger, Attorney – City of West Palm Beach  
John McCann, Investment Consultant – AndCo Consulting  
Jennifer Chripczuk – Human Resources – City of West Palm Beach  
Eric Leventhal - KDST  
Brad Armstrong - GRS

**EXTRAORDINARY CIRCUMSTANCES FOR TRUSTEES JOINING ELECTRONICALLY**

Mr. Albert Lovingood reviewed the extraordinary circumstances for Trustees Joining Electronically. Mr. Lovingood informed the Board that the City's local emergency ordinance is allowing for the Board to meet electronically and no motion is needed.

**PUBLIC COMMENTS**

There was no public comment. Mr. Lovingood noted that the Public Comments section appears twice on the Agenda to accommodate any public comments that maybe submitted via email to the Board during the Board Meeting.

**MINUTES**

The Board reviewed the minutes from the regular meeting held on November 17, 2020.

**A motion was made by Jose-Luis Rodriguez to approve the minutes from the regular meeting held on November 17, 2020 as presented. The motion received a second by Stephen Hunter and was approved 5-0.**

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**SEPTEMBER 30, 2020 AUDITED FINANCIAL STATEMENT - KDST  
(PRESENTED BY: Eric Leventhal)**

Eric Leventhal presented the Board with the September 30, 2020 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 \$42,794,932, which was 0.2% higher than the 2019 net position. The total contributions for the year were \$184,029, which was 62% than the 2019 contributions. The Plan had \$1,275,766 in total interest and dividend income, which was 7% lower than the 2019 income and a net investment income was \$3,124,511, which was 95% higher than 2019. Mr. Leventhal then reviewed the administrative expenses and discussed the City's pre-funded contributions in detail. The Plan is 104.6% funded and is doing very well. Mr. Leventhal 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 Mark Parks to approve the Audited Financial Statement as presented. The motion received a second by Stephen Hunter and was approved 5-0.**

**A motion was made by Stephen Hunter to approve the Audit Representation Letter pending attorney review. The motion received a second by Chris Harrison and was approved 5-0.**

**SEPTEMBER 30, 2020 ACTUARIAL VALUATION REPORT - GRS  
(PRESENTED BY: Brad Armstrong)**

Brad Armstrong presented the Board with the September 30, 2020 Actuarial Valuation Report. Mr. Armstrong started his presentation with informing the Board that there are 14 remaining active members in the Plan as of September 30, 2020. Mr. Armstrong continued his review of the report stating that the City's 2021-2022 required contribution is \$182,788, down from last years required contribution of \$304,715 and future City contributions are expected to be paid from the prepaid employer contribution reserve, which is \$3,073,102 as of September 30, 2020. The Plan experienced losses on investment income, as well as a loss due to the less than assumed retiree mortality. These losses were partially offset by lower than expected salary increases for the year. The aggregate loss was amortized over ten years. Mr. Armstrong stated that there were no changes in benefit provisions impacting the 2021-2022 fiscal year and the mortality assumption has been updated to the mortality tables used by the Florida Retirement System. This change resulted in a reduction of liabilities of approximately \$679,000. Mr. Armstrong recommended that the assumed rate of inflation be reduced from 3.00% down to 2.75% and the wage inflation assumption be reduced from 5.00% down to 4.75% to reflect the

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downward trend in future expectations and to reflect the decrease in price inflation. Mr. Armstrong then reviewed the risks to future employer contributions. The current funded ratio of the Plan is 106.4%, up from 104.9% in 2019. Mr. Armstrong reminded the Board that once the last member commences his or her pension benefits, the retiree liabilities will increase and the actuarial accrued liability will increase to 100%, causing cash flows to increase, and will result in the Plan needing to change into more liquid, conservative investments. Mr. Armstrong also informed the Board that the Plan's annual COLA's will push liabilities up as assets decline. There was a lively discussion regarding the COLA's and the future needs of funding the Plan as all of the members go into retirement. There was a lengthy discussion regarding the Assumed Rate of Return and on the recommendation

**A motion was made by Jose-Luis Rodriquez to accept the September 30, 2020 Actuarial Valuation as Amended to reflect the 7.25% Assumed Rate of Return. The motion received a second by Christopher Harrison and was approved 5-0.**

**A motion was made by Jose-Luis Rodriquez to lower the Assumed Rate of Return to 7.25% and the Pan experts to get a 7.25% assumed return in the next year, the next several years, and for the long term thereafter. The motion received a second by Stephen Hunter and was approved 5-0.**

**I ARGENT CAPITAL PERFORMANCE REPORT (PRESENTED BY: Ken Crawford & Meghan James)**

Meghan James thanked the Board for the opportunity to review the Argent Capital Portfolio with the Board. Mrs. James started her presentation by reviewing the Portfolio's investment style along with the market shifts that has been seen over the past few months.

Ken Crawford then reviewed the investments in the Argent Capital Large Cap Growth Fund. Mr. Crawford then reviewed the performance of the Fund compared to the Benchmark along with the value vs. growth spread widening in the markets since 2016. Mr. Crawford then reviewed the impacts of COVID-19 on the markets along with how the pandemic affected the Fund. For the fourth quarter of 2020, the Fund earned 13.72% gross of fees, beating the benchmark rate of 11.39%. The one-year trailing returns were 19.02% compared to the benchmark rate of 38.49%, the five-year returns were 14.74% compared to the benchmark rate of 21.00%, and the ten-year returns were 14.28% compared to the benchmark of 17.21%.

**INVESTMENT CONSULTANT REPORT – ANDCO CONSULTING  
(PRESENTED BY: John McCann)**

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Mr. John McCann started his presentation by reviewing the changes within AndCo, noting that AndCo now has a total staff of 91 team members advising approximately \$100 billion in client assets. The Firm's investments made into the organization for 2020 were reviewed along with the forecast of continued investment for 2021. The Plan started with \$45,585,779 on October 1, 2020 with net transfers of \$521,410, contributions of \$13,813. Distributions totaled \$750,000, management fees totaled \$46,955 and total other expenses were \$3,222, with income totaling \$524,243. The total appreciation for the quarter was \$4,004,577 resulting in a market value of \$49,328,225 as of December 31, 2020. Mr. McCann then reviewed the fiscal year to date return of the Plan with the Board, noting that the return was 9.90% compared to fund policy rate of 9.63%. Mr. McCann then reviewed each individual manager with the Board pointing out some of the great returns earned by some of the managers. The Real Estate fund was revised with the Board along with Mr. McCann's expectations for that sector.

**ATTORNEY REPORT – CITY OF WEST PALM BEACH (PRESENTED BY:  
STACEY WEINGER)**

Attorney Stacey Weinger asked the Board if they wanted to perform an RFP for a Plan Administrator. Mrs. Weinger stated that the City generally performs an RFP on contracts every five to seven years and that there has not been an RFP for a Plan Administrator for an extended period of time.

**A motion was made by Jose-Luis Rodriguez to put out an RFP for a Plan Administrator, per the City's best practices and send out an RFP for any service providers who's contrasts are over five-seven years old. The motion received a second by Stephen Hunter and was approved 5-0.**

**ADMINISTRATIVE REPORT – RESOURCE CENTERS (PRESENTED BY:  
Albert Lovingood)**

MEETING DISBURSEMENTS: The Board reviewed the disbursement list presented through February 22, 2021 and decided to table the disbursements until the next Board Meeting.

BENEFIT APPROVALS: The Board reviewed the Benefit Approvals dated February 22, 2021.

**A motion was made by Jose-Luis Rodriguez to approve the Benefit Approvals dated November 17, 2020 as presented. The motion received a second by Mark Parks and was approved 5-0**

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RESOURCE CENTERS 2020 SOC 1 TYPE 2 AUDIT

Denise McNeill reviewed the results of the SOC 1 Type 2 Audit performed on The Resource Centers with the Board, noting that the audit was clean with no findings.

FINANCIAL STATEMENTS: The Board reviewed the Plan's Financial Statements.

2021 PROPOSED BOARD MEETING DATES: Albert Lovingood presented the Board with the 2021 Board Meeting Schedule. The Trustees reviewed the proposed dates and Jose-Luis Rodriguez reminded the Board that Armando Fana is unable to attend the Board Meeting with a 2:30 pm start time, though he can attend if the Board Meetings start at 3:30pm. There was a lengthy discussion regarding the options available of the Board Meetings moving forward. The Board opted to table the Board Meeting Schedule until the next Board Meeting and have the next Board Meeting on May 25, 2021 start at 3:30 pm.

TRUSTEE ELECTIONS: Mrs. McNeill congratulated the Board Members who were up for reelection. Mr. Lovingood then informed those Trustees that he will be sending them out an email with a weblink to complete the annual ethics training as required by the City.

2021 COLA AND ACTIVITY REPORT: Mrs. McNeill noted that Chairman Benny Rodgers has a few very good questions regarding the COLA Information sheets that were sent out the the Trustees and that there will be a conference call between Benny Rodgers, Scott Baur, and Brad Armstrong. Mrs. McNeill also informed the Board that an updated COLA information sheet upon the completion of the conference call. Chairman Benny Rodgers asked if members could be notified of the COLA increase amount on an annual basis.

**OTHER BUSINESS**

KLAUSNER MISSING AND NON-RESPONSIVE PARTICIPANT MEMO: Mr. Lovingood reviewed the memo with the Board that indicates the best practices in the event that a member is missing or non-responsive.

E-VERIFY: Brad Armstrong informed the Board that his firm is compliant with the E-Verify requirement by Florida Sate Law. Mrs. McNeill informed the Board that The Resource Centers is also compliant with the new law and will be sending letters out to all service providers to notify them of these changes.

**PUBLIC COMMENTS**

There was no public comment.

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**ADJOURN**

There being no other business, and the next regular meeting having been scheduled for May 25, 2021 at 3:30 P.M., the meeting was adjourned at 4:46 P.M.

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Mark Parks, Secretary