

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

**MINUTES OF MEETING HELD
May 18, 2022**

1. CALL TO ORDER

A regular meeting of the Board of Trustees was called to order at 1:35pm by Chairman Leon Pinder in the HR Training Room, 3rd Floor of City Hall.

Trustees present were:

Leon Pinder, Chairman
Benny Rodgers, Trustee
Jose-Luis Rodriguez, Trustee
Stephen Hunter, Trustee - Video

Also present were:

Albert Lovingood, Administrators – Resource Centers
Arlene Franconero and Lina Busby, Attorney – City of West Palm Beach
Brendan Vavrica, Investment Consultant – AndCo Consulting
Jenna Hamelton, Investment Manager – Garcia Hamelton
Richelle Cook, Investment Manager – American Realty Advisors

2. PUBLIC COMMENTS

There were no public comments.

3. REPORTS

A. GARCIA HAMILTON ASSOCIATES QUARTERLY PERFORMANCE REPORT

Janna Hamilton started her presentation by reviewing the Quarterly Performance of the portfolio ending March 31, 2022 in detail with the Board, noting that the portfolio have a gross loss of -4.33% compared to the benchmark of -5.93%. Mrs. Hamelton then reviewed the historical Federal Reserve Interest Rate Hikes from March of 2020 through May of 2022 in detail and commenting that she does not expect that the Fed can do all of the hikes that it would like to do due to inflation and the fear of recession. The COVID-19 Pandemic stimulus was reviewed and compared to the Great Financial Crisis, World War II, and the Great Depression along with how the money supply long term growth can lead to inflation. The Federal Reserve's Balance Sheet was reviewed in detail along with the inflationary pressures in detail with the Board. Mrs. Hamelton then reviewed the unemployment rates with the Trustees, noting that the United States has bounced back from the Pandemic very quickly. Mrs. Hamelton concluded her presentation by reviewing the risk tools of the portfolio were then reviewed with the Board, comparing the duration contribution from December of 2021 through April of 2022.

B. ARA CORED PROPERTY FUND – AMERICAN REALTY

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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, 32 years of operating history and \$12.2 Billion in Assets Under Management along with noting the continued AUM and investor growth. Mrs. Cook then reviewed the diverse and targeted private real estate investment funds that American Realty has and reviewed the outlook for property sectors, pointing out the focus on cold storage properties. The ARA Core Property Fund return target is at 7-9%. Mrs. Cook pointed out the ever-increasing rental rates and noted that American Realty is only raising their residential rental rates by 10-20%. Since Inception, the Plan has contributed \$2,500,000, net income is at \$531,337, with distributions of \$588,154. The fund has appreciated a total of \$1,217,928, resulting in an ending net asset value of \$3,691,111 as of March 31, 2022. The Fund Snapshot was reviewed in detail along with the current investment themes of "Sheds, Beds, and Tech" with is a focus on storage facilities, rental housing, and innovation, big-tech, and life science commercial space. The fund is overweight in industrial at a target rate of 34%, overweight in residential with a target of 30%, Office space is underweighted with a target of 20%, retail underweight at a 10% target, and other at neutral with a 0-10% target. The competitive edge and diversification cross markets and property types was reviewed with the Board along with American Realty's commitment to Florida. The 2021 dispositions and investments were reviewed along with the firm adding alpha through build-to-core investments. Mrs. Cook concluded her presentation by reviewing the lease rollover exposure, leasing rates, and active debt management of the fund with the Trustees, noting that the fund has no debt on the balance sheet.

**C. QUARTERLY PERFORMANCE REPORT DATED DECEMBER 31, 2021 –
ANDCO CONSULTING (PRESENTED BY: BRENDAN VAVRICA)**

Mr. Vavrica presented the Investment Report for the quarter ending March 31, 2022 and started his presentation by reviewing the market environment and major market index performance with the Board long with the market rate and yield curve comparison. For the Quarter ending March 31, 2022, the Plan was down 4.37% compared to the benchmark rate of 4.82%, the Fiscal-Year-To-Date returns were 0.53%, beating the benchmark rate of 0.32%. The One-Year returns were 4.83% compared to the benchmark rate of 6.03%. The Five-Year returns were 9.28%, compared to the benchmark rate of 10.14%. and since inception the Plan has earned 8.58%, beating the benchmark rate of 8.03%. Mr. Vavrica stated that as of today, the Plan is down about 5%. The investment managers were then reviewed in detail with the Board noting that fixed income is at the point that it should start making the plan some money in the 3-4% range.

Mr. Vavrica then reviewed the Stock and Bond Returns During Periods of High Inflation handout with the Board in detail and made a recommendation that the Investment Policy Guide be updated to change the benchmark for the Value Funds.

A motion was made by Jose-Luis Rodriguez to update the Investment Policy Statement as proposed by the investment monitor to change the

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international range to 5-25% and add a cash allocation. The motion received a second by Benny Rodgers and was approved 4-0.

D. ATTORNEY REPORT

1. LEGISLATIVE UPDATE

City Attorney, Arlene Franconero informed the Board that there were no legislative updates to discuss at this time.

Mrs. Franconero introduced Lina Busby from the City's Legal Department.

2. RFP - CRITERIA FOR EVALUATING FIRMS/PERSONS PROVIDING PENSION PLAN ADMINISTRATION SERVICES

Ms. Busby informed the Board that she was present to receive input for the Administrator RFP on what the Board views as important and how those qualifications would be scored. Ms. Busby and the Board reviewed the qualifications in detail, agreeing upon the parameters and scoring methods.

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

1. RESOURCE CENTERS MEMO – OFFICE LEASE ROLLOVER EXAMPLE

Albert Lovingood presented the Board with a Memo regarding office lease rollovers as it has been a continuous discussion with the Boards who have Real Estate investments. Mr. Lovingood informed the Board that his firm is eliminating approximately one-third of the office space that is currently being used. Mr. Lovingood explained that that way the Administrators work within the company has changed for the long-term and the upcoming lease renewal was an opportune moment to jettison the unused space and create a "Hotel Office Space" for the Plan Administrators when they need to come into the office to meet with members and prepare for Board Meetings.

2. RESOURCE CENTERS MEMO – PBI CERTIDEATH SERVICE

Mr. Lovingood informed the Board that The Resource Centers will be

3. SIGNATURE CARD UPDATES

Mr. Lovingood informed the Board with a memo regarding a new PBI CertiDeath Service that The Resource Centers will start utilizing in the coming weeks. Mr. Lovingood informed the Board that the current PBI Death Search Service that his firm is using is not as detailed and accurate as the new PBI CertiDeath Service. Mr. Lovingood reviewed the key differences along with the cost differences, noting

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that the new PBI CertiDeath Service is less expensive than the Annual Income Verification Letters that were sent out last year.

4. PENSION VERIFICATION – NON RESPONSIVE MEMBERS

Mr. Lovingood gave the Board an update on the Payment Verification Letters that were sent out and reviewed those members who have not responded. The Board discussed how to proceed with the two members who have not responded and requested that Mr. Lovingood run a death search on the two retirees.

4. PLAN FINANCIALS

The financial statements through March 31, 2022, were included in the meeting packets for review along with the disbursements dated May 18, 2022.

A motion was made by Jose-Luis Rodriguez to approve the disbursements for May 18, 2022, as presented. The motion received a second by Benny Rodgers and was approved 4-0.

5. BENEFIT APPROVALS

The Benefit Approvals dated May 18, 2022, were reviewed by the Board.

A motion was made by Jose-Luis Rodriguez to approve the Benefit Approvals Dated May 18, 2022, as presented. The motion received a second by Stephen Hunter and was approved 4-0.

6. MINUTES

The Minutes from the March 30, 2022, Quarterly Board Meeting were reviewed by the Trustees.

A motion was made by Benny Rodgers to approve the Quarterly Board Meeting Minutes dated March 30, 2022, as presented. The motion received a second by Stephen Hunter and was approved 4-0.

7. OLD BUSINESS

An update regarding Mr. Monroe was given. Mrs. Franconero informed the Board that the COLA provisions in the Plan Ordinance were reviewed and that the Plan has properly followed Ordinance regarding the conversion of Mr. Monroe's Disability Pension to a Normal Pension at age 65.

8. NEW BUSINESS

There was no new business at this time.

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9. ADDITIONAL REPORTS

There were no additional reports for this Board Meeting.

10. PUBLIC COMMENTS

There were no public comments in person, via zoom, or electronically submitted.

11. NEXT MEETING – WEDNESDAY, August 24, 2022, AT 1:30PM

12. ADJOURN

There being no further business to discuss, the Board Adjourned at 3:30pm
