

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

**MINUTES OF MEETING HELD  
FEBRUARY 22, 2023**

**1. CALL TO ORDER**

A regular meeting of the Board of Trustees was called to order at 1:30pm by Chairman Leon Pinder in the HR Training Room Located on the third floor of City Hall.

Trustees present were:

Leon Pinder, Chairman  
Sylvia Gregory, Secretary  
Benny Rodgers, Trustee  
Bridget Souffrant, Trustee  
Stephen Hunter, Trustee (Joined via Zoom 1:35pm)

Also present were:

Albert Lovingood, Administrator – Resource Centers  
Arlene Franconero, Attorney – City of West Palm Beach  
Brendan Vavrica, Investment Consultant – AndCo Consulting  
Brad Armstrong – GRS consulting  
Eric Leventhal, KSDT  
Sheri Coverman – Robbins, Geller, Rudman & Dowd. LLP

**2. PUBLIC COMMENTS**

There were no public comments.

**3. REPORTS**

**A. 2022 ACTUARIAL VALUATION REPORT (PRESENTED BY: BRAD ARMSTRONG)**

Brad Armstrong presented the Board with the September 30, 2022, Actuarial Valuation Report. Mr. Armstrong started his presentation by informing the Board that there are 11 remaining active members in the Plan as of September 30, 2022. 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 \$21,586,239 in annuity contracts is assumed to be risk free (despite the scare fifteen years ago with the insurance industry). The City's 2023-2024 required contribution is \$491,192 if paid in a lump sum on October 1, 2023. Future City contributions are expected to be paid from the prepaid employer contribution reserve, which is \$2,441,305 as of September 30, 2022. The Plan experienced losses on investment income, this loss was partially offset by a gain due to lower than expected salary increase and a gain due to higher retiree mortality than assumed. The aggregate loss was amortized over 10 years and last year's amortization bases have 9 or fewer years remaining. Trustee Bridget Souffrant inquired about the City being aware of the prepaid contribution reserved dwindling down and that the City should start making payments for the required minimum contributions moving forward. Mr. Armstrong stated that there were no changes in benefit provisions impacting the 2023-2024 fiscal year. The funded ratio of the Plan is currently at 97%, down from the 117% funded ratio for the 2021 Actuarial Valuation

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Report. Mr. Amrstrong then reviewed the Assumed Rate of Return with the Board, noting that the 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.

**A motion was made by Benny Rodgers to approve the September 30, 2022 Actuarial Valuation Report as presented. The motion received a second by Bridget Souffrant and was approved 5-0.**

**A motion was made by Bridget Souffrant based on the recommendation of the Plan Actuary and Plan Investment Monitor that the Pension Fund expects to earn a Assumed Rate of Return of 7.25% for the short term, midterm, and long term thereafter. The motion received a second by Sylvia Gregory and was approved 5-0.**

**B. 2022 ANNUAL AUDIT REPORT (PRESENTED BY: ERIC LEVENTHAL)**

Eric Leventhal presented the Board with the September 30, 2022, 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 \$38,781,299 which was 20% lower than the 2021 net position. The total contributions for the year were \$371,968, which was 5% higher than the 2021 contributions. The Plan had \$1,393,541 in total interest and dividend income, which was 12% higher than the 2021 income and a net investment loss was \$6,811,203, which was 175% lower than 2021. Benefits paid to members were \$3,280,574 which was roughly 5% lower than the benefits paid during 2021. 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 Benny Rodgers to approve the 2021 Audited Financial Statement as presented. The motion received a second by Bridget Souffrant and was approved 5-0.**

**A motion was made by Benny Rodgers to approve the Audit Representation Letter upon legal review. The motion received a second by Bridget Souffrant and was approved 5-0.**

**C. ROBBINS, GELLER, RUDMAN & DOWD, LLP**

Sheri Coverman started her presentation by thanking the Board for allowing her firm to present at today's Board Meeting. Ms. Coverman reviewed her firm and the firm's global reach noting that Robbins, Geller, Rudman & Dowd has 200 attorneys in 9 offices, including dozens of former Federal and State Prosecutors, and 2030 Legal Support Professionals, including Forensic Accountants, Economists, and Investigators. An overview of the record recoveries was reviewed with the Board, and it was noted that American Realty Capital Properties, Inc. is a different Investment Manager that is

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not a part of American Realty Advisors, that the Plan has investments with. Ms. Coverman reviewed what her firm does, the fee schedule, and noted that her firm is only paid if a case is filed and reviewed the Lead Plaintiff filing situation in detail with the Board.

**D. QUARTERLY PERFORMANCE REPORT DATED DECEMBER 31, 2022 – ANDCO CONSULTING (PRESENTED BY: BRENDAN VAVRICA)**

Brendon Vavrica started his presentation by reviewing the AndCo Annual Firm Update in detail with the Board, noting that Jon Breth, Tyler Grumbles, and Brooke Wilson were named Partners and AndCo is now at 93 team members strong with plans to grow the firm's size and that Donna Sullivan had retired. Mr. Vavrica then reviewed in detail a handout showing the S&P 500 Histogram of Annual Returns from 1926 through 2022. The Plan's asset allocations were reviewed in detail with Mr. Vavrica stating that even with Real Estate being overweight, he does not see a need to rebalance the Fund at this time. For the quarter ending December 31, 2022, the Plan earned a net 7.16%, compared to the benchmark rate of 5.65% and for the month of January 2023, the Plan is up 4.45-5%, bringing the Fiscal-Year-To-Date returns into the double-digit territory. The quarterly returns for each asset class and manager were reviewed with the Board in detail and Mr. Vavrica concluded his presentation with giving the board a general outlook of the markets.

**E. ATTORNEY REPORT**

**1. IRS 2023 Milage Rate**

City Attorney, Arlene Franconero informed the board that the Internal Revenue Service (IRS) released its updated Standard Milage Rate for 2023. The new rate is \$0.655 per mile for miles driven on or after January 1, 2023. This rate is up 3 cents from the rate effective at the end of 2022.

**2. Ordinance Change – Allow Retirees to Change Joint Annuitant**

Mrs. Franconero provided the Board with an update regarding the request to consider changing the Plan Ordinance allowing retirees to change their joint annuitant, indicating that there is some resistance from the City on making this change to the Plan Ordinance.

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

**1. Resource Centers Memo – Internal Controls**

Albert Lovingood reviewed his firm's internal controls in detail with the Board. Mr. Lovingood reported that his firm has various departments where roles are separated to mitigate the risk of theft or fraud for the pension plans that his firm is the Administrator for along with the multilevel verification process that the Custodial Bank utilizes for any new monthly benefit payments and/or changes to existing benefit payments.

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Mr. Lovingood then presented the Board with an updated Change of Address and Contact Information Form and Direct Deposit Form, noting the addition of the Notary Block. Mr. Lovingood informed the Board that moving forward, his firm will contact retirees who submit a direct deposit change request or an address change request to help mitigate any potential fraud or theft. Mr. Lovingood then presented the Board with a Fraudulent Direct Deposit Change Request that he had received for one of the pension plans that he is the Administrator of. The fraudulent red flags on this form were reviewed in detail and Mr. Lovingood reported that all Change of Address and Direct Deposit Forms have been removed from the Plan's Website as an added layer of Security.

## **4. PLAN FINANCIALS**

The financial statements through December 31, 2022, were included in the meeting packets for review along with the disbursements dated February 22, 2023.

**A motion was made by Benny Rodgers to approve the disbursements for February 22, 2023, as presented. The motion received a second by Bridget Souffrant and was approved 5-0.**

## **5. BENEFIT APPROVALS**

Mr. Lovingood presented the Board with the Benefit Approvals dated February 22, 2023.

**A motion was made by Stephen Hunter to approve the Benefit Approvals Dated February 22, 2023, as presented. The motion received a second by Sylvia Gregory and was approved 5-0.**

## **6. MINUTES**

The Minutes from the December 6, 2022, Quarterly Board Meeting were reviewed by the Trustees.

**A motion was made by Armando Fana to approve the Quarterly Board Meeting Minutes dated December 6, 2022, as presented. The motion received a second by Stephen Hunter and was approved 6-0.**

## **7. OLD BUSINESS**

### **Plan Administrator RFP**

City Attorney, Arlene Franconero requested that Mr. Lovingood leave the Meeting so that the Board could discuss the upcoming Plan Administrator RFP. The Board then discussed the Plan Administrator RFP and called Mr. Lovingood back into the Meeting upon completion of this discussion.

## **8. NEW BUSINESS**

Chairman Leon Pinder noted that including himself, two other Trustees will be attending the NCPERS Annual Conference in May 2023. This Conference is at the same

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time of the Plan's may Quarterly Board Meeting and requested that the Board Meeting date be moved up one week to ensure a quorum is present. The Trustees and Service Providers reviewed their schedules and concluded that moving the Board Meeting date to May 17, 2023, at 1:30pm will work for everyone.

**9. ADDITIONAL REPORTS**

The following reports were included in electronic form for the Board of Trustees. Argent Capital 01-31-23 Purchase and Sale Report, Argent Capital 12-31-22 Certificate of Compliance, Argent Capital 12-31-22 Commission Purpose Report, Argent Capital 12-31-22 Monthly Performance Report, Argent Capital 12-31-22 Performance Overview Report, Argent Capital 12-31-22 Portfolio Appraisal Report, Argent Capital 12-31-22 Monthly Purchase and Sale Detail Report, Argent Capital 12-31-22 Quarterly Purchase Sales Report, Argent Capital 12-31-22 Scrutinized Companies Report, Argent Capital 12-31-22 Voting Record Report, Argent Capital 01-31-23 Monthly Performance Report, Dana Investments 12-31-22 Annual Proxy Vote Summary, Dana Investments 12-31-22 Quarterly Performance Report, Garcia Hamelton 12-31-22 Quarterly Macro and Performance Report, Garcia Hamelton 12-31-22 Quarterly Performance Summary Letter, and the Garcia Hamelton 21-31-22 Quarterly Compliance and Adherence Letter.

**10. PUBLIC COMMENTS**

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

**11. NEXT MEETING – TUESDAY, MAY 17, 2023, AT 1:30PM**

**12. ADJOURN**

There being no further business to discuss, the Board Adjourned at 3:26pm