

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

**MINUTES OF MEETING HELD
August 23, 2023**

1. CALL TO ORDER

A regular meeting of the Board of Trustees was called to order at 1:31pm by Chairman Leon Pinder in the HR Training Room, 3rd Floor of City Hall.

Trustees present were:

Leon Pinder, Chairman
Sylvia Gregory, Secretary
Bridget Souffrant, Trustee
Stephen Hunter, Trustee
Armondo Fana, Trustee (Joined at 1:55pm)

Also present were:

Albert Lovingood, Administrator – Resource Centers
Arlene Franconero, Attorney – City of West Palm Beach
Brendan Vavrica, Investment Consultant – AndCo Consulting
Kurt Terrien, Investment Manager – Clarkston Capital
Arlydia Brown, Retired Member

2. PUBLIC COMMENTS

Arlydia Brown addressed the Board of Trustees to express her disappointment that the retiree's annual Cost of Living Adjustment for 2023 was only 2.5%, noting that the Social Security Annual COLA for 2023 was 8.7%, and noted the salary increases that the city had agreed to before she retired in detail. Chairman Leon Pinder explained the difference between active City employees and retired City employees, noting that the annual COLA is dictated by the Plan Ordinance. Ms. Brown concluded her grievance to the Board with the request for a 25% raise to her monthly pension benefit and that she would not settle for less than 22%.

3. REPORTS

A. CLARKSTON CAPITAL (PRESENTED BY: KURT TERRIEN)

Kurt Terrien stated his presentation by reviewing the performance summary of the Clarkston Capital Fund for the period ending June 30, 2023. For Quarter-To-Dade, the Fund earned 5.82% compared to the Russell 2500 Index of 5.22%, the Russell 2500 Value Index of 4.37% and the Russell 2500 Growth Index of 6.41%. The Year-To Date returns were 5.82%, compared to the Russell 2500 Index of 8.79%, the Russell 2500 Value Index of 5.83% and the Russell 2500 Growth Index of 13.38% Benchmarks. The Three-Year Trailing Returns were 13.62%, compared to the Russell 2500 Index of 12.29%, the Russell 2500 Value Index of 16.07% and the Russell 2500 Growth Index of 6.56%, and since inception, the Fund has earned 9.40%, beating the Russell 2500 Index of 8.96%, the Russell 2500 Value Index of 8.08%, and the Russell 2500 Growth Index of 9.33%. Mr. Terrien then reviewed the Fund's attribution weighted average in detail along with the portfolio activity for the quarter

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ending June 30, 2023. The interest rate environments were then reviewed along with the historical mitigation of downside risk. Mr. Terrien concluded his presentation with reviewing the challenges and opportunities of rising interest rates were then reviewed along with how the volatility in the markets provide investment opportunities for the Fund.

B. QUARTERLY PERFORMANCE REPORT DATED JUNE 30, 2023 – ANDCO CONSULTING (PRESENTED BY: BRENDAN VAVRICA)

Brendon Vavrica started his presentation by informing the Board that Gilbert A. Garcia has entered the Huston Texas Mayoral race and will keep the Plan informed of any developments. Mr. Vavrica then presented the Investment Report for the quarter ending June 30, 2023, starting with a review of the Plan's asset allocations, noting that the allocations are within policy guidelines and does not see a need to rebalance at this time. The Plan's financial reconciliation was reviewed in detail with the Board for the quarter ending June 30, 2023, and for Fiscal-Year-To-Date. For the Quarter ending June 30, 2023, the Plan earned a net 3.08%, compared to the benchmark rate of 4.21%, ranking the Plan in the top 63rd percentile, the net Fiscal-Year-To-Date returns were 14.30%, compared to the benchmark rate of 15.88%. The One-Year net returns were 8.90% compared to the benchmark rate of 10.33%. The Five-Year net returns were 6.48%, compared to the benchmark rate of 7.22%. and since inception the Plan has earned 7.93%, beating the benchmark rate of 7.39%. Mr. Vavrica then reviewed the individual Investment Managers in detail with the Board, noting that Real Estate was the only investment that has been in negative territory for Fiscal-Year-To-Date.

C. AndCo Handout 06-30-2023 The Magnificent 7 Trailing 1-Year Performance – A Tale of Two Halves

Mr. Vavrica presented the Board with the Magnificent 7 Trailing 1-Year Performance handouts to the Board of Trustees. Mr. Vavrica reviewed the handout in detail noting that the seven growth companies market accounts for most of the S&P 500's cumulative returns of 16.89%, noting that if the Magnificent 7 were taken out of the S&P 500 returns for June 30, 2023, the total returns would only be 5.78%.

D. AndCo Handout 06-30-2023 Visualizing the Length, Pace, and Size of Fed Funds Rate Increases

Mr. Vavrica presented the Board with the Visualizing the Length, Pace, and Size of Fed Funds Rate Increases handout to the Board of Trustees. Mr. Vavrica reviewed the handout in detail, noting that from March 2022 through July 2023, was the most aggressive the Federal Reserve has been since 1994 with raising rates to offset inflation.

E. West Palm Beach General Employees 08-2023 Investment Policy Statement.

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Mr. Vavrica presented the Board of Trustees with an updated Investment Policy Statement. Mr. Vavricka reported that the updated Investment Policy Statement includes added language that complies with House Bill 3, which requires Pension Plans to only make investment choices based only on pecuniary factors.

A motion was made by Bridget Souffrant to approve the updated Investment Policy Statement as presented. The motion received a second by Armando Fana and was approved 5-0

F. ATTORNEY REPORT

1. LEGISLATIVE UPDATE

City Attorney, Arlene_Franconero reported no significant legislative updates along with having no update on the Plan Administrator RFP being prepared by the City's Procurement Department.

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

1. Robbins Geller Rudman & Dowd, LLP – Monitoring Agreement

Albert Lovingood informed the Board that he is missing a few Trustee signatures on the updated Signature Cards and Signature Authorization Forms and asked that all of the Board Members see him before leaving.

2. NYT Article – California Man Hid Mother's Death for 3 Decades to Collect Her Benefits

Mr. Lovingood reviewed the New York Times article regarding a California man hiding his mother's death from the Federal Government for over three decades so that he could collect more than \$800,000.00 in benefits intended for her. Mr. Lovingood stated that this individual was able to hide his mother's death due to her passing way in Japan and that the fraud was uncovered with Medicare performed an audit on retirees over the age of 90 who have not been utilizing their health benefits. Mr. Lovingood informed the Board that in addition to using enhanced death search and notification products, the Plan will stay in constant communication with any retiree who lives outside of the Country as an additional safeguard to mitigate pension payments being made to a deceased member.

3. Trustee Credit Card

Mr. Lovingood informed the Board that he had made an inquiry to the Plan's Custodial Bank asking them if they offer Trustee credit cards. KeyBank does offer credit cards; however, the Plan would need to spend \$50,000.00 per year on the card to keep the card open. An inquiry was also made to Wells

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Fargo Bank; however, Mr. Lovingood stated that he is still pending a response to his inquiry.

4. Positive Pay

Mr. Lovingood informed the Board that he had contacted Wells Fargo Bank regarding the Positive Pay cost quote that was received and requested that they take the City's banking relationship into consideration to see if a lower cost could be offered. Mr. Lovingood stated that he is still waiting for an answer to this question. Trustee Bridget Souffrant stated that she would forward Mr. Lovingood her point of contact to expedite a response to the question.

5. 2024 Board Meeting Schedule

Mr. Lovingood presented the Board with the 2024 Quarterly Board Meeting Schedule. The Board reviewed the schedule and had no objections.

6. KeyBank Signature Card Update

Mr. Lovingood informed the Board that he has an updated Signature Card for all Trustees to sign before they leave.

4. PLAN FINANCIALS

The financial statements through June 30, 2023, were included in the meeting packets for review along with the disbursements dated August 23, 2023.

A motion was made by Bridget Souffrant to approve the disbursements for August 23, 2023, as presented. The motion received a second by Sylvia Gregory and was approved 5-0

5. BENEFIT APPROVALS

There were no Benefit Approvals for the Board to approve at this time.

6. MINUTES

The Minutes from the May 17, 2023, Quarterly Board Meeting were reviewed by the Trustees.

A motion was made by Armando Fana to approve the Quarterly Board Meeting Minutes dated May 17, 2023, as presented. The motion received a second by Bridget Souffrant and was approved 5-0.

7. OLD BUSINESS

An update regarding Mr. Monroque was given. Mrs. Franconero informed the Board that the COLA provisions in the Plan Ordinance were reviewed and that the

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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.

9. ADDITIONAL REPORTS

The following reports were provided to the Board of Trustees. American Realty 05-23-23 Redemption Request Acknowledgment, American Realty 06-27-23 Quarterly Redemption Letter, American Realty 07-24-23 Quarterly Distribution Letter, Argent Capital 06-30-23 Certificate of Compliance, Argent Capital 06-30-23 Commission Purpose Report, Argent Capital 06-30-23 Portfolio Appraisal, Argent Capital 06-30-23 Purchase Sale Report, Argent Capital 06-30-23 Quarterly Performance Overview, Argent Capital 07-01-23 Proxy Voting Record - 2Q 2023, Argent Capital 07-07-23 Scrutinized Companies - 2Q 2023, Argent Capital 07-31-23 Quarterly Performance Overview, Dana Investments 06-30-23 Quarterly Performance Report, Garcia Hamelton 06-30-23 Compliance & Adherence letter, Garcia Hamelton 06-30-23 Macro and Custom Performance, and the Garcia Hamelton 06-30-23 Quarterly Letter.

10. PUBLIC COMMENTS

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

Arlydia Brown requested that retirees should have the ability to participate in the Pension Plan Board Meetings with the ability to ask questions to the Service Providers.

11. NEXT MEETING – Wednesday, November 29, 2023, AT 1:30PM

12. ADJOURN

There being no further business to discuss, the Board Adjourned at 2:47pm

