

**West Palm Beach Police Pension Fund
2100 North Florida Mango Road
West Palm Beach, Florida 33409**

Minutes

**October 14, 2022
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on October 14, 2022, at 8:30 AM, in the main conference room of the Ernest George Building of the Palm Beach County Police Benevolent Association.

Present at the meeting: Jonathan Frost, Board Chairman; Troy Marchese, Board Secretary; Sean Williams, Board Trustee; Dana Fragakis¹, Board Trustee, Joseph Ahern, Board Trustee.

Also present: Dusten Campbell, Active Member; Johnny Mak & Jacob Grimm, PGIM²; Arif Joshi & Tom Franzese, Lazard; Brendon Vavrica, Andco Consulting; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Mr. Michael Williams, Assistant to the Plan Administrator.

PUBLIC COMMENTS

No comments.

APPROVAL OF THE MINUTES

After providing his input which was noted, Mr. Frost asked if there were any additional changes required to the minutes of September 9, 2022. Mr. Marchese made the motion to approve the minutes, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

ATTORNEY'S REPORT

Mrs. Jensen reviewed e-mail from Bernstein Litowitz Berger & Grossmann LLP related to Shareholder Rights Alert - Corporate Charter Amendments and Officer Accountability. The Delaware Legislature amended its corporate statute to enable companies to insulate their Officers from Liability for Reckless Conduct.

Mrs. Jensen advised that the State of the Pension Report to the Mayor & the City Commission set for December 19, 2022.

Mrs. Jensen announced the Fund was appointed lead plaintiff in the SelectQuote, Inc. Matter. Updates will be provided as the case progresses³.

Mrs. Jensen indicated that Affiliated Development is seeking a candidate for their advisory board. After discussion and by consensus Mrs. Fragakis was nominated and accepted the task. Mrs. Jensen will notify the representatives accordingly.

¹ Attended remotely.

² PGIM representatives attended remotely.

³ Bernstein Litowitz Berger & Grossmann, LLC representing the Fund in this matter.

INVESTMENT REPORT – PGIM⁴

Mr. Johnny Mak & Mr. Jacob Grimm presented the August 31, 2022, portfolio report to the Board of Trustees. The portfolio was valued at \$8,228,979.00 as of August 31, 2022.

The path of global growth is uncertain. PGIM expects US growth to be resilient, however China, EU and parts of EM are slowing.

- Liquidity is tightening as inflation continues to pressure rates.
- Expectation is for continued differentiation among numerous factors:
- Commodity exporters to outperform commodity importers across all ratings.
- Issuers with weak fiscal policy or high debt service to be most impacted by tightening liquidity.
- Issuer negotiations with IMF are active and private sector involvement in restructurings in select issuers a possibility. Some candidates are trading near recovery value.
- Valuations are attractive from historical absolute and relative value perspective.
- Technicals have been weak through the first quarter with large outflows, however, flows have shown signs of reversing given repricing.

Risks:

- Fed raises rates beyond current market expectations.
- China growth falls short of 4%.
- Contagion from war in Ukraine expands beyond supply shock.
- Geopolitical tensions rise due to varying diplomatic stances towards Russia and the potential of secondary sanctions.

Since 1998, there have been 14 material Emerging Markets sell-offs. In most cases, the market has recovered all losses within a matter of months.

PERFORMANCE

Client Investment Performance As of August 31, 2022				
	FYTD	YTD	Annualized	
			1 Year	Since Inception ¹
Portfolio (%)	-16.47	-15.07	-18.49	-16.38
Portfolio Net (%)	-16.79	-15.30	-18.82	-16.72
Benchmark (%) ²	-17.84	-16.59	-20.10	-18.28
Increment (bps)	+137	+152	+161	+190

A flash report update was also provided which revealed the portfolio outperformed the benchmark by 82 basis points as of September 30, 2022.

INVESTMENT REPORT - Lazard⁵

Mr. Arif Joshi & Tom Franzese presented the September 30, 2022, portfolio report to the Board of Trustees. The portfolio was valued at \$7,305,105.64 as of September 30, 2022.

Asset Allocation: Overweight hard currency vs local currency contributed in Q3 but detracted earlier in the year.

⁴ Emerging Markets Blend Debt Fund.

⁵ Emerging Market Blend Debt.

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Sovereign Credit

- Investment Grade: Underweights in the highest quality credits including China and UAE detracted.
- High Yield: Overweight Ukraine was the most notable detractor amid Russia's invasion. Underweight Pakistan partly offset these losses.
- Distressed: Small positions in distressed markets including Zambia and Lebanon detracted modestly.

Corporate Credit: Roughly 5% allocation biased toward shorter-dated credits contributed.

Local Debt: Underweight Egypt and underweight low yielders contributed. Gains were partly offset by overweight duration position in Peru.

PERFORMANCE

	3Q 2022	YTD	1 Year	Annualized Since Inception (01 Aug 2021)
EMD Blend LP (Gross)	-5.43	-23.73	-25.23	-23.31
EMD Blend LP (Net)	-5.47	-23.92	-25.45	-23.59
50% JPM EMBI GD / 50% JPM GBI-EM	-4.64	-21.28	-22.45	-20.89
Excess Return (bps)	-79	-245	-278	-242

It was reported that the State of the World has deteriorated rapidly. In hindsight it was reported that the sell off of Russian positions when the war began was a bad move, as Russia has rebounded performance. It is felt that things will only get worse from here as a recession is just around the corner. The recession will be bad and job losses will come. It will be tough for Wall Street and for Main Street as well.

INVESTMENT CONSULTANT - AndCo Consulting

Mr. Brendon Vavrica presented the September 30, 2022, flash investment report. Excluding alternatives and real estate, the Fund return for the fiscal year was reported to be -10.6%.

Mr. Vavrica discussed Entrust relative to the new fund forthcoming and the AndCo provisions requested. The Net IRR will be based on capital called. AndCo is also reviewing a minority stake taken in Entrust Global.

Mr. Vavrica cited recent redemptions received.

Mr. Vavrica will also be bringing a search relative to managed income managers to the next meeting.

NEW BUSINESS

Share Allocations/Forfeitures: Mr. Williams presented the foregoing reports (and back-up material) to the Board of Trustees to consider. After review Mr. Ahern made a motion to approve the share allocations and forfeitures as presented. Mr. Sean Williams seconded the motion. All Trustees voted yes, and the motion was passed 5-0.

ADMINISTRATOR'S REPORT

Warrants approved since the last meeting were presented to the Board in spreadsheet format by Mr. D. Williams. A formal administrative report was also provided for consideration. After Mr. D. Williams detailed the report, Mr. Marchese made the motion to approve, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 5-0.

Bookkeeper: Based on a recommendation of Mr. D. Williams to retain a bookkeeper, formal proposal⁶ was provided to the Board. Mr. Williams suggested that due to Mr. Sean Williams' expertise, he be appointed as a committee of one to formally vet the firm. Mr. Ahern made a motion to retain the firm contingent Mr. Sean Williams' investigation⁷. Motion was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 5-0.

Security Litigation Firm: With the withdraw of Labaton firm, Mr. Williams asked the Board to consider retaining Robbins, Geller, Rudman & Dowd, LLP for security monitoring services. Mr. Williams cited that he had many years of professional interaction with the firm. Mr. Williams also cited his participation in a security ligation case with the firm, which had a successful conclusion for the class. Mr. Williams saw firsthand the level of professionalism within the firm during the case. Mr. Frost stated he was comfortable with our existing firms. Mr. Sean Williams advised he recently met a representative of the firm, and he would like to review and consider a written presentation. As such, by consensus a presentation booklet will be forthcoming. Mr. Williams thanked the Board for their consideration in this matter.

Subpoena and Public Records Request: For informational purposes, Mr. Williams included recent requests received and completed within the Trustee packet.

OPEN DISCUSSION

Due to a conflict, the November meeting will be cancelled. The Board elected to also change the date of the December meeting.

ADJOURNMENT

Being there was no other business; the meeting was adjourned by motion at 10:27 AM

Next meeting is scheduled for December 02, 2022, at 8:30 AM.



Troy Marchese, Board Secretary

⁶ Fast Forward Accounting Solutions.

⁷ Post Meeting Note: Mr. Sean Williams vetted and approved retaining Fast Forward Accounting Solutions.