

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

Minutes

**December 02, 2022
8:30 AM**

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on December 02, 2022, at 8:40 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; Joseph Ahern, Board Trustee.

Also present: Jeffrey Burns & Nick Rojo, Affiliated Housing; Mark Guariglia & Sophia Mullen, EnTrust Global; Brendon Vavrica, Andco Consulting; Lindsey Garber, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Mr. Michael Williams, Assistant to the Plan Administrator.

PUBLIC COMMENTS

- FTX Matter was noted.
- The promotion of Sophia Mullen, from Senior Managing Director, to the President of EnTrust Global was highlighted and congratulations were given to Ms. Mullen by the Board of Trustees.

APPROVAL OF THE MINUTES

After providing his input which was noted, Mr. Frost asked if there were any changes required to the minutes of October 14, 2022. Mr. S. Williams made the motion to approve the minutes as presented, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

ATTORNEY'S REPORT

Ms. Garber noted that BLBG's initial investigation began because of a June 22, 2022 report issued by Spruce Point Capital Management, which alleged that the Company's growth had been artificially inflated through a series of M&A deals. As a result of this report, Generac's stock price declined by \$7.41 per share, or 3.4%. Although the stock price had recovered a bit since then, October 19, 2022 there were new developments, related to the Spruce Point report, that have caused Generac's stock price to decline by \$352,000.

One of Generac's largest customers, Pink Energy, sued Generac in federal court, claiming that Generac had been providing "defective" energy storage components that have caused millions of dollars of damage to Pink Energy's customers and threatened Pink Energy's future solvency. Relatedly, a law firm announced that it is contemplating a potential class-action lawsuit against Generac on behalf of energy companies who used their products. Then, on October 18, 2022, Pink Energy filed for bankruptcy, attributing its declining financial health to Generac's faulty components. The following day, Generac slashed its full-year sales growth guidance from 38% to just 23% and announced it would take an \$18 million impairment in its third quarter earnings as a result of Pink Energy's bankruptcy. On this news, Generac's stock declined by \$37.01 per share, or 25%. BLBG & KKLJ recommended action by our Fund to file a case with a loss of in excess of \$300,000.00.

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The Board did not want to appear too litigious but felt the merits of the case warranted action. Motion by Mr. Ahern to engage BLBG in an effort to seek lead plaintiff status in the Generac Matter. Motion seconded by Mr. S. Williams. All Trustees voted yes, and the motion was passed 4-0.

Proxy Voting: It was reported that a longstanding principle of corporate law is that both directors and officers of corporations owe the fiduciary duties of care and loyalty to their stockholders. Delaware, the state of incorporation for many companies across the world, recently amended their law to permit corporate charter provisions exempting officers from liability to stockholders for grossly negligent conduct. Delaware Statutes Section 102(b)(7).

Since the Board of Trustees of this Fund does not vote their own proxies, we suggest that the following be communicated with all investment managers:

Corporate Charter Provisions Addressing Director and Officer Exculpation from Personal Liability

1. Outside and non-conflicted directors are often expected to, and often should, rely on the care and diligence exercised by corporate officers in performing their day-to-day managerial roles for the corporation. Charter provisions exculpating outside and non-conflicted directors from personal financial liability for breaches of the duty of care can, in many instances, be consistent with the relationship among directors and officers, and can help encourage qualified individuals to serve as outside directors. Accordingly, the Fund will, in typical circumstances, support corporate charter provisions that exculpate outside directors for breaches of the fiduciary duty of care.
2. However, exculpating corporate officers from breaches of the duty of care, including grossly negligent and reckless conduct, is inconsistent with the logic for exculpating outside directors for breaches of the duty of care. Accordingly, the Fund does not support extending exculpation and immunity from personal financial liability to corporate officers and will vote against any proposed charter amendments seeking to provide such immunity.

After review and consideration, Mr. S. Williams made the motion to adopt the foregoing and communicate this information with all investment managers. Motion seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

Just a reminder provided that the State of the Pension Report to the Mayor & the City Commission set for December 19, 2022.

INVESTMENT REPORTS

EnTrust Global: Mr. Mark Guariglia & Sophia Mullen reviewed the ETG Co-Invest Opportunities Fund, LP – Class A. The capital committed was \$20,000,000.00 (June 2020). The capital called as of October 2022 was reported at \$17,438,210.00. That equates to 87.19% on a percentage basis of capital commitment called.

The inception to date thru October 31, 2022 was reported to be 5.13% Net TWR¹.

¹ The time-weighted rate of return (TWR) is a measure of the compound rate of growth in a portfolio. The TWR measure is often used to compare the returns of investment managers because it eliminates the distorting effects on growth rates created by inflows and outflows of money. The time-weighted return breaks up the return on an investment portfolio into separate intervals based on whether money was added or withdrawn from the fund.

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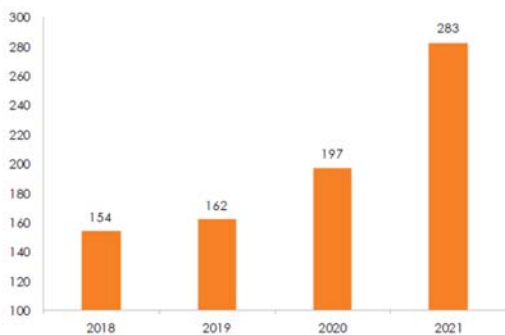
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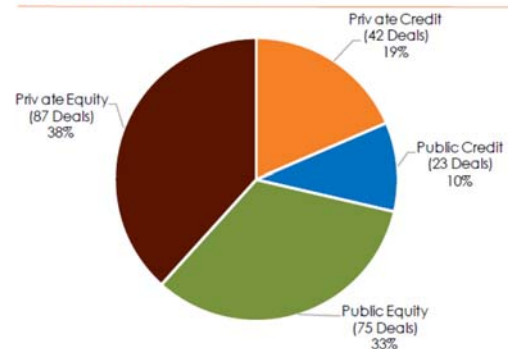
It was reported that there is a diverse, robust, and expanding co-investment pipeline represents all major alternatives strategies. Stringent due diligence process results in the funding of less than 6% of the universe of sourced ideas. EnTrust continues to actively source potential co-investment opportunities

- Average deals per quarter 68.
- Deals sourced for 2022 YTD 227.
- Percentage of deals selected for funding in 2022 YTD 6%.

NUMBER OF DEALS SOURCED BY YEAR



PIPELINE BY ASSET CLASS²



EnTrust Global's co-investment strategy is specifically designed for a swift deployment of capital. We were well positioned to take advantage of the pandemic-driven selloff, deploying nearly \$1B in 2020 onset of COVID. Added capital to certain existing portfolio companies to opportunistically exploit price dislocations and benefit from post-drawdown recoveries.

Global markets have suffered a broad-based drawdown in 2022, with the S&P 500 Index having its worst year since the Global Financial Crisis, and the Barclays Aggregate Bond Index having its worst year since inception. Amidst the uncertainty and negative sentiment, the portfolio's unrealized positions – particularly public equity exposures – have suffered from mark-to-market volatility YTD. Indeed, much of the recent mark-to-market volatility for West Palm Beach Police's portfolio has been generated by 3 public equity positions. We believe these changes in asset prices have occurred despite little to no change in long-term fundamentals.

Our Fund is currently invested in 20 Opportunistic Co-Investments across both credit and equity strategies. EnTrust Global continues to source and execute upon what we believe is a robust and diverse pipeline of co-investments across a range of asset classes, sectors, geographies, etc. Indeed, EnTrust Global sourced 93 co-investments in Q3 2022, and funded one, with additional opportunities in the later stages of due diligence.

Mr. Frost inquired about Fund II status. It was reported that EnTrust is rewriting the documents with the assistance of AndCo Consulting, in an effort to make changes that are more investor friendly. Fund II announcement is expected in the Q1 of 2023.

The Trustees thanked the EnTrust representatives for their recent educational conference. It was reportedly helpful and understandable.

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Affiliated Housing: Representatives provided an update on the Affiliated Housing Impact Fund, LP. Initial Fund closing occurred in December 2020 with subsequent closings November 2021, January 2022 and October 2022. To date a total of thirteen local general, police and/or firefighters' pension plans have committed capital to the Fund. The Fund has made three capital calls to date totaling \$17,303,659 to fund four projects.

Current Fund Projects:

- Bohemian (Lake Worth) was delivered and is currently in lease up.
- The Grand (West Palm Beach) is under construction.
- The Tropic (Hollywood) and The Pierce (Boynton Beach) are in the pre-development phase.

It was reported that South Florida remains a fundamentally sound market.

Rent Growth: 2021 represented a record year for rent growth in the South Florida Market. Rents increased 17%, 22% and 31% in Dade, Broward and Palm Beach, respectively. As expected, rents have started to plateau; during the first half of 2022, rents increased 7.5%, 5.3% and 0.3% in Dade, Broward and Palm Beach, respectively.

Vacancies: Vacancies remain at historic lows averaging around 3% in South Florida.

Employment: Florida is now far outpacing the rest of the nation in job growth. Since 2020, the number of jobs in South Florida increased by 500k, crossing 3 million. The area's unemployment rate plunged from 14.5% to 2.6%, which was a full percentage point below the overall U.S. unemployment rate.

Population Growth: Exacerbated by faster in-migration from high-tax states since the COVID-19 pandemic, South Florida's population grew in the first six months of 2022 by 47,400 residents. Since 2017 South Florida's population increased by 135,130. During the same period, 34,499 new apartment units were built. This means one unit has been built for every 3.9 net new people to the region. Over the next five years, South Florida is expected to see a positive net migration of 323,062 people. Using the same ratio, the region would need over 82,000 new rentals to keep pace with the population growth for the next five years.

Inventory: Over the last ten years the supply of housing has not kept up with the population growth; 4,000 units per year were being developed while we needed 6,000 units per year just to keep up with population growth (pre-covid). Developers expect to deliver 11,957 newly built apartments in South Florida in 2022 —about half of them in Miami, a third in Fort Lauderdale, and a fifth in West Palm Beach.

Rent vs Buy: Single family home market continues to price out buyers. Home prices increased 50.5% since 2017, while the 30-year fixed rate mortgage average jumped 93% year-over-year in 3Q22 and is now hovering around 7%. The average mortgage payment has nearly doubled over the last year.

Fund Financial Update: 30.1% Gross IRR and 25.2% Net IRR.

Affiliated recently added an in-house Architect, which has saved time and money.

Affiliated was approached by Palm Beach County to assist in crafting the workforce housing bond program recently approved by the voters.

INVESTMENT MONITOR

- Mr. Vavrica cited that AndCo reviewed the minority interest of the Brunei Investment Agency in EnTrust and had no issue with same.
- Mr. Vavrica reported that JPM Peg Account had a \$17,000.00 loss from the FTX Matter. Mr. Williams asked if any PE Managers had an exposure to Alameda Research. Mr. Vavrica thought not but will certainly check into the inquiry and report back.
- Mr. Vavrica advised that as of September 30, 2022, the total assets were valued at \$421,897,085.00.

For the quarter, the total fund return was valued at -3.41% vs. -4.08% compared to the target index. That fund return placed the Plan in the 12th percentile of the investment universe.

On a fiscal year basis, the total fund returned -10.44% (9th percentile) vs. -13.78% (35th percentile) compared to the target index. The median return for all public funds was reported to be -15.10%. On a three-year & five-year basis, the Plan returned 5.74% & 5.84% respectively.

It was noted that the POB had a net gain in the Plan of \$14,825,824.00.²

In a spirit of transparency, the entire investment report may be viewed on-line at:
http://wpbppf.com/docs/investments/WPBPPF_Report_2022_Q3.pdf#zoom=100

Mr. Vavrica recommended a \$2,000,000.00 transfer from the R&D Account to BlackRock Multi Asset Account held by FTIS for future capital calls. The Board agreed by consensus to that internal action.

Mr. Vavrica recommended a \$5,000,000.00 transfer from the R&D Account to purchase the Vanguard Short-Term Bond Index, which will be held by FTIS. The foregoing was placed in the form of a motion by Mr. Ahern. Mr. marchese seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

Mr. Vavrica presented a Global Tactical Asset Allocation Manager Analysis for the Board to consider. JP Morgan and BlackRock was included in the search along with Crawford Investment Counsel. Upon reviewing the information, the Board by consensus agreed to invite Crawford to the January meeting for a presentation. Mr. Frost asked about a potential allocation. Mr. Vavrica felt up to 5% or 25 million dollars.

NEW BUSINESS

GRS Engagement for Annual State Report: The Board agreed by consensus to continue the engagement.

Robbins Geller Rudman & Dowd (RGRD): Formal presentation booklet was supplied to all present. Mr. Williams cited that Labaton Sucharow resigned in April of 2022. He believed that RGRD would be a good replacement to fill that void. Mr. Williams cited his professional experience with RGRD, how the case was handled in a skilled manner and how their efforts led to a successfully conclusion. Ms. Garber was asked her firm works well with RGRD which she stated yes that they have multiple clients in common. Mr. Frost felt the Board didn't need a replacement.

² See Page 17 of the AndCo Report cited.

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The Board inquired about any costs and/or requirements. Mr. Williams cited that there were no costs for the service and the Board is under no obligation to move forward on any case brought forth, just like the other monitors in place. Mr. S. Williams liked the idea of having a new set of eyes safeguarding the portfolio. Mr. Frost advised that he has a less than ethical experience with RGRD at a conference over ten years ago and he was not inclined to support. Members felt a conference is outside of their security monitoring duties. Mr. Ahern made a motion to retain RGRD for security monitoring services, which was seconded by Mr. Marchese. All Trustees voted, and the motion was passed 3-1 (Mr. Frost). Ms. Garber will proceed with the agreement accordingly.

Annual Staff Report: Mr. Williams reflected that he has never sought a fee increase, however, but does ask the Board to consider keeping up with the cost of living. For the period ending September 2022, the cost of living was valued at 8.20%.

The Board discussed a range up to the cited 8.20% and agreed by consensus adjustment of 7.00%. Performance accolades were passed along to Mr. Williams and his staff for the professional services rendered over the last 14 years. Motion by Mr. Ahern to apply a 7.00% cost of living adjustment for PPA, Inc. effective October 1, 2022. Motion seconded by Mr. S. Williams. All Trustees voted yes, and the motion was passed 4-0. Mr. Williams thanked the Board for their consideration.

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. Ahern made the motion to approve, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

PPCC Award: Mr. Williams presented the 2022 Public Pension Coordinating Council Public Pension Standards Award - For Funding and Administration to the Board of Trustees. As the City of West Palm Beach is the Plan Sponsor and a stakeholder, it was felt that Mr. Frost should present the Award to the Mayor & the City Commission at the State of the Pension presentation. A copy of the award and its requirements may be viewed at: <http://wpbppf.com/docs/announcements/WPB%20Pension%20PPCC%20Award%202022.pdf#zoom=100>

OPEN DISCUSSION

Mr. Ahern voiced his opposition to the language within the special act relative to supplemental distribution. Mr. Ahern felt the language should be changed to prevent any Board from having to determine the issuance. Mr. Ahern felt that Mr. George should not have to come before the Board to advocate for the issuance. He felt the language should be clear and concise. The Board agreed and the item will be placed on the next agenda for Mrs. Jensen to consider.

ADJOURNMENT

Being there was no other business; the meeting was adjourned by motion at 10:56 AM

Next meeting is scheduled for January 13, 2023, at 8:30 AM.



Troy Marchese, Board Secretary