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

Minutes

March 08, 2024
8:30 AM

CALL THE MEETING TO ORDER
Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on March 08, 2024, at 8:33 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; Dana Fragakis, Board Trustee, Sean Williams, Board Trustee.

Also present: Dustin Campbell, Active Member; William Rice, Anchor Capital; Trisha Amrose & Jeff Amrose, GRS Consulting; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Michael Williams, Assistant to the Plan Administrator.

PUBLIC COMMENTS
No comments.

APPROVAL OF THE MINUTES
Approval of the Minutes of February 23, 2024 – Tabled.

PRESENTATION OF ACTUARIAL VALUATION FOR OCTOBER 1, 2023 – GRS CONSULTING

Mr. Amrose presented the results of the September 30, 2023 Annual Actuarial Valuation of the West Palm Beach Police Pension Fund (the Plan). The report was prepared at the request of the Board and is intended for use by the Plan and those designated or approved by the Board.

The purposes of the valuation are to measure the Plan’s funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2025, and to determine the actuarial information for GASB Statement No. 67 for the fiscal year ending September 30, 2023.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in the report. This report includes risk metrics, but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data or other information through September 30, 2023. The valuation was based upon information furnished by the Plan Administrator concerning Pension Fund benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data.

This report was prepared using certain assumptions approved by the Board as authorized under Florida Statutes and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Methods. The investment return assumption was prescribed by the Board and the assumed mortality rates detailed in the Actuarial Assumptions and Methods section were prescribed by the Florida Statutes in accordance with Chapter 112.63, Florida Statutes. All actuarial assumptions used in this report are reasonable for purposes of this valuation.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Pension Fund as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

- The funded ratio this year is 88.6% compared to 92.8% last year. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.
- The activities of the Pension Fund and its members generated an experience loss of $23,186,072 during the plan year ended September 30, 2023. The primary source of the actuarial loss was investment earnings less than expected[1]. The investment return for the FYE 2023 on the actuarial (smoothed) value of assets was 0.7% compared to the assumed rate of 7%. The investment return on the market value of assets for FYE 2023 was 7.7%. In addition to the investment losses, there were losses caused by greater than expected salary increases.

  Currently the actuarial value of assets, which is used to determine the contribution requirements and funded ratios for the Fund, is greater than the market value by 10%, or $42.9 million[2] 25% of the significant investment loss from the FYE 2022 was recognized this year and 25% will be recognized each year in 2024 and 2025. The recognition of this loss will put upward pressure on the contribution requirements and downward pressure on the funded ratios in those years.

[1] Please refer to pages B-6, B-17, C-4, C-5, and C-6 for additional experience information.
[2] (see page B-6).

If this loss were fully recognized on September 30, 2023, the City contribution would increase by 12.82% of covered payroll to 52.17% of covered payroll ($13,599,473 if made quarterly or $13,147,107 if made on October 1, 2024) before the application of the Contribution Stabilization Reserve, and the funded ratio would decrease from 88.6% to 80.7%.

- Another potential area of variability has to do with the annual payment on the unfunded accrued liability (UAL). This payment is computed as a level percent of covered payroll under the assumption that covered payroll will rise by 2.5% per year. According to the Florida Statutes, this payroll growth assumption may not exceed the average growth over the last ten years which is 3.79%. Amortizing the UAL as a level percent of payroll using a 0% payroll growth assumption instead of a 2.5% payroll growth assumption would have caused the required contribution to increase by approximately $1,078,000.

- The value of the Contribution Stabilization Reserve is $17,745,950 as of September 30, 2023. Page A-2 shows the net Required City Contributions for FYE 2024 and FYE 2025 reflecting the application of the Contribution Stabilization Reserve pursuant to the Board's Funding Policy. [3]

CONTRIBUTIONS NEEDED TO FINANCE DEFINED BENEFITS OF THE PENSION FUND - DRAFT

Defined Benefit Contributions for	Contributions Expressed as Percents of UnDROPed Payroll(1)		Contributions Expressed as Percents of Payroll Including DROP	
For Fiscal Year Beginning	**October 1, 2024**	**October 1, 2023**	**October 1, 2024**	**October 1, 2023**
Normal Cost:				
Service pensions	23.77 %	23.66 %	19.62 %	19.18 %
Disability pensions	1.87	1.87	1.55	1.52
Survivor pensions				
Pre-retirement	0.30	0.30	0.25	0.24
Post-retirement	1.92	1.91	1.58	1.55
Termination benefits:				
Deferred service pensions	1.33	1.33	1.10	1.08
Refunds of member contributions	0.77	0.76	0.64	0.62
Total Normal Cost	29.96	29.83	24.74	24.19
Unfunded Actuarial Accrued Liability (UAAL):				
Retired members and beneficiaries	0.00	0.00	0.00	0.00
Active and vested terminated members	19.27	11.86	15.90	9.61
Total UAAL	19.27	11.86	15.90	9.61
Administrative Expenses (net of charges to Share and DROP accounts)	1.12	1.32	0.93	1.07
Total Calculated Contribution Requirement	50.35 %	43.01 %	41.57 %	34.87 %
Adjustments to Calculated Contribution Requirement:				
Temporary full funding credit	0.00	0.00	0.00	0.00
FS112.64(5) compliance	0.00	0.00	0.00	0.00
Total adjustments	0.00	0.00	0.00	0.00
Total Adjusted Contribution Requirement:	50.35 %	43.01 %	41.57 %	34.87 %
Member portion	11.00 %	11.00 %	9.08 %	8.91 %
Chapter 185 portion	0.00 %	0.00 %	0.00 %	0.00 %
City portion	39.35 %(2)	32.01 %	32.49 %	25.96 %
Expected Covered Payroll for Contribution Year	26,067,612	25,176,432	31,589,553	31,069,581
City Contribution Requirement Paid Quarterly	10,257,607	8,058,978	10,257,607	8,058,978
City Contribution Requirement Paid at Beginning of Fiscal Year	9,916,403	7,790,908	9,916,403	7,790,908
Use of Contribution Stabilization Reserve (3)	1,930,722	1,992,280	1,930,722	1,992,280
Net City Contribution Requirement Paid at Beginning of Fiscal Year	7,985,681	5,798,628	7,985,681	5,798,628
As a Percentage of Covered Payroll	30.63 %	23.03 %	25.28 %	18.66 %

[3] • The determination of the offset due to the application of the Contribution Stabilization Reserve is shown on page B-7.

EXPERIENCE INVESTIGATION FOR THE 9-YEAR PERIOD ENDED SEPTEMBER 30, 2023

Mr. Amrose then gave a detailed report based on the experience study requested by the Board of Trustees.

The period covered by this study is October 1, 2014 through September 30, 2023. Based upon the results, certain changes in actuarial assumptions for valuation purposes are recommended.

The purpose of this Report is to evaluate certain assumptions and methods to be used for Actuarial Valuations, and to describe the financial effect of the recommended assumption and method changes based on our findings.

This Report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Proposed changes in actuarial assumptions resulting from this experience investigation, including the approximate first-year impact on the employer contribution and funded ratio, are summarized below. The impacts of these changes are measured as of September 30, 2023.

For comparison purposes, the Required City Contribution in our September 30, 2023 Actuarial Valuation Report before any assumption changes are adopted is $9.92 million, or 38.04% of covered payroll, before the application of the Contribution Stabilization Reserve and the funded ratio is 88.6%. After the application of the Contribution Stabilization Reserve, the Required City Contribution is $7.99 million, or 30.63% of covered payroll.

Our proposed actuarial assumption and method changes are as follows:

Actuarial Assumption or Method	Current Assumption or Method	Proposed Assumption or Method	Change in Required Contribution		Change in Funded Ratio
			Dollar Amount	% of Covered Payroll	
Salary Increase Rates	Flat 5% per year	Rates based on service	(25,200)	-0.10%	0.80%
Retirement Rates	Rates based on first eligibility	Separate table of rates based on retirement condition	171,364	0.66%	-0.30%
Separation Rates	10-year select and ultimate table of rates	10-year select and ultimate table of rates	(105,842)	-0.41%	0.00%
Disability Rates	Age based rates	Slightly higher age based rates	17,641	0.07%	-0.10%
DROP/Share Plan Interest Crediting Rate	No pre-funding of gains/losses	Pre-funding of gains/losses	201,604	0.77%	-0.60%
Mortality Rates	Tables used in most recent FRS report	Tables used in most recent FRS report	0	0.00%	0.00%
Supplemental Pension Distribution	No pre-funding of gains/losses	Pre-funding of gains/losses	370,448	1.42%	-1.00%
Actuarial Value of Assets	4-Year Smoothing	5-Year Smoothing	(514,090)	-1.97%	1.50%
All Recommended Assumptions Shown Above	Described above	Described above	206,645	0.79%	0.60%
Return Assumption	7% net of investment expenses	6.75% net of investment expenses	1,046,036	4.01%	-1.90%
All Recommended Assumptions Including Return Assumption	Described above	Described above	1,252,922	4.81%	-1.20%

Rates of Salary Increase
Observed rates of salary increase during the experience investigation period were higher than expected based on the current salary increase assumption. This is partially due to high inflation during the study period which averaged 2.9% per year compared to our current assumption of 2.5%.

In setting the proposed salary increase assumption we accounted for the below items.

- The actual salary experience during the study period.
- A portion of the actual salary experience observed was due to the 2.9% inflation which is not expected to continue. We propose no change in our long-term inflation assumption which is 2.5%.

Based on the above information, we propose changing the assumed rates of salary increase from a flat 5% to a table of rates based on a member's service.

Salary Scale		
Years of Service	Current Rates	Proposed Rates
1 - 4	5.00%	8.50%
5 - 9	5.00%	7.25%
10 - 14	5.00%	6.00%
15 - 19	5.00%	4.50%
20+	5.00%	3.50%

Rates of Retirement
The Normal Retirement Date is the earlier of age 55 with 10 years of service, age 50 with 20 years of service or 25 years of service regardless of age and the Early Retirement Date is age 50 with 10 years of service. The early retirement reduction is 3% for each year before the member's normal retirement date the benefit starts.

Currently, the early retirement rate is 5% for each year the member is eligible for early retirement and not eligible for normal retirement. We recommend lowering this to 3% as there were no members that retired under the early retirement provisions during the nine-year study period. Specifically, there were 52 exposure to early retirement during the study period and none of them actually retired early.

The observed number of retirements (including DROP entries) during the experience investigation period was generally higher than expected.

The current and proposed normal retirement rates are shown in the following tables.

Normal Retirement - Under 50/20 or 55/10 Condition		
Age	Current Rates	Proposed Rates
50 - 51	42.4%	45.0%
52 - 54	39.5%	33.0%
55 - 56	51.4%	33.0%
57 +	56.7%	100.0%

Normal Retirement - 25 and Out Condition		
Years of Service	Current Rates	Proposed Rates
25	45.1%	90.0%
26 +	35.0%	100.0%

Rates of Employment Separation
The Plan currently has a 10-year vesting requirement. The observed rates of employment separations during the experience investigation period were generally in line with the current assumption. We proposed a slight modification to the withdrawal rates as shown in the tables below.

The current and proposed separation (withdrawal) rates are shown in the following table.

Withdrawal Rates Employees with Less Than 10 Years of Service		
Years of Service	Current Rates	Proposed Rates
0	12.0%	15.00%
1	9.0%	6.00%
2	7.0%	5.00%
3	5.0%	4.00%
4	4.5%	3.75%
5	3.5%	3.50%
6	2.5%	3.00%
7	1.5%	2.00%
8	1.0%	1.75%
9	0.5%	1.50%

Withdrawal Rates Employees with 10 or More Years of Service		
Age	Current Rates	Proposed Rates
30 - 34	1.0%	2.00%
35 - 39	1.0%	1.50%
40 - 44	1.0%	1.25%
45 - 49	1.0%	1.00%

Rates of Disability
The actual number of disabilities was slightly higher than the number of expected disabilities. The current and proposed disability rates are shown in the following table.

Disability		
Age	Current Rates	Proposed Rates
0 - 24	0.15%	0.10%
25 - 29	0.16%	0.15%
30 - 34	0.23%	0.25%
35 - 39	0.34%	0.45%
40 - 44	0.50%	0.65%
45 - 49	0.77%	0.80%
50 - 54	1.19%	1.00%
55 - 59	2.10%	1.50%
60+	3.20%	2.50%

DROP / Share Plan Interest Crediting Rate
Some DROP and Share Plan account balances are credited with a fixed 8.25% interest crediting rate and some account balances are credited with a 4% or 8% interest crediting rate depending on the cumulative investment return since October 1, 2012. Actuarial losses (gains) will be generated when these balances increase by more (less) than the actual return which we are currently assuming is 7% per year.

We recommend prefunding these actuarial gains and losses to the extent that we expect them to occur. Actuarial losses are expected to occur on the account balances that receive an 8.25% interest crediting rate since we are assuming they will only be earning 7% in the Plan. Below is the development of our recommended load for the DROP and Share Plan account balances that are credited with an 8.25% interest credit rate each year.

Account Balances Earning the 8.25% Interest Crediting Rate	DROP	Share Plan
Estimated Account Balances as of September 30, 2023 receiving the 8.25% fixed interest crediting rate	62,062,130	10,807,408
Projected Account Balance at 8.25% to age 70 (assumed average distribution age)	86,519,157	16,534,193
Account Balance discounted backat 7% to September 30, 2023	64,786,503	11,446,114
Total Load as of October 1, 2023	***2,724,373***	***638,706***

There are also account balances that receive an 8% interest crediting rate if the cumulative return investment return since October 1, 2012 is greater than 8% and a 4% interest crediting rate if the cumulative investment return since October 1, 2012 is less than 8%. Below is an analysis of the recommendation regarding prefunding gains and losses for members with the 4% / 8% interest crediting rate.

Account Balances with 4% or 8% DROP Interest Crediting Rate	
Cumulative return October 1, 2012 to September 30, 2022	149.4%
Cumulative 8% return October 1, 2012 to September 30, 2022	133.2%
Investment Return for FYE 2023	8.52%
Cumulative return October 1, 2012 to September 30, 2023	162.1%
Cumulative 8% return October 1, 2012 to September 30, 2023	143.9%

As shown in the table above, the actual cumulative plan return as of September 30, 2023 exceeds the cumulative return based on an 8% per year return by 18.2% (162.1% minus 143.9%). If the plan assets perform as assumed (i.e. a return of 7% per year), it would take 14 more years for the cumulative return based on an 8% per year return to exceed the actual cumulative return. At this point the interest crediting rate would decrease to 4% per year.

Based on this there would be actuarial losses in each of the next 14 years as the plan assets earn 7% per year and the DROP / Share Plan account balances are credited with 8% per year. After this point, there would be actuarial gains as the plan assets earn 7% per year and the DROP / Share Plan account balances are credited with 4% per year. Based on this analysis we feel that the net impact of these gains and losses will be mostly offsetting and, for this reason, we do not recommend loading these account balances in an effort to pre-fund actuarial gains and losses. We do recommend analyzing this position each year to determine if a load is warranted.

Rates of Mortality
The mortality assumption used in the Plan's October 1, 2023 Actuarial Valuation was mandated under Florida Statutes Chapter 112.63(1)(f) to be the mortality assumption used by the Florida Retirement System (FRS) for special risk members from either of the two most recently published valuation reports of FRS. Accordingly, the assumptions used in the Plan's October 1, 2023 Actuarial Valuation were the same rates as used by the Florida Retirement System (FRS) in their July 1, 2023 Actuarial Valuation Reports for special risk members.

Rate of Investment Return
The selection of the actuarial assumed rate of return is a major decision. It has been a controversial topic for many pension boards and outside observers at times.

It is important that the Board be able to defend the investment return assumption that they adopt. In our opinion, which is supported by the Actuarial Standards of Practice (ASOP), we believe the assumption adopted is best supported if it is based on projections from the experts in the field (i.e. the eleven national investment consultants in our study). The evidence supporting an investment return assumption should not be "nobody really knows what future returns will be" or "we did not want to change our current assumption".

The following is taken from ASOP No. 27 regarding the use of historical returns in the setting of the investment return assumption.

- The discount rate used in the measurement of a pension obligation is a forward-looking assumption. While the actuary may use some historical results in establishing expectations regarding the future, the discount rate reflects an expectation of events to come, not events that have already occurred.
- The actuary should consider the possibility that some historical economic data may not be appropriate for use in developing assumptions for future periods due to changes in the underlying environment.
- The actuary should develop a reasonable economic assumption based on the actuary's estimate of future experience, the actuary's observation of the estimates inherent in market data, or a combination thereof.
- The investment return assumption reflects the anticipated returns on the plan's current and, if appropriate for the measurement, future assets.

We do not recommend basing the investment return solely on the historical returns of the Plan for a number of reasons. Using only the historical returns to set the investment return assumption is not recommended because the assumption will likely change based on the number of years in the look-back period, and the assumption will not reflect future anticipated changes in the economic environment. It is also important to note that consideration is given to the historical returns of each asset class in the investment consultants' forward-looking forecasts.

Furthermore, as the size of a fund increases the investments may shift into less volatile, lower return investments. Since the expected return is based on how the fund is invested, the historical fund returns will be less indicative of the future as the asset allocation changes.

HOW TO DETERMINE THE ACTUARIAL ASSUMED RATE OF RETURN
The assumed net long-term expected rate of return is the Plan fiduciaries' best estimate of the future compound investment return of the fund. A building block approach should be used, in which the expected real returns (net of inflation) for each asset class in which the Plan is invested are estimated and multiplied by the asset allocation percentage of that asset class.

Please continue.....

West Palm Beach Police Pension Fund Asset Allocation

The Plan's target asset allocation detailed in the most recent Investment Policy follows:

Asset Class	Target
Domestic Equity Securities	40.0%
International Equity Securities	14.0%
Total Equity	**54.0%**
Domestic Fixed Income (Bonds)	17.0%
International Fixed Income (Bonds)	5.0%
Total Fixed Income	**22.0%**
Private Equity	6.0%
Hedge Funds	4.0%
Real Estate	14.0%
Total Real Estate & Alternatives	**24.0%**
Grand Total	**100.0%**

Recommendation

It should be noted that forward-looking capital market assumptions have varied significantly over the last few years due to significant volatility in the financial markets. The expected returns provided by the 11 investment consultants were as of January 1, 2023, which is right after a very poor investment year in 2022 for most asset classes (i.e. the S&P 500 decreased by over 19% in 2022).

Because of the volatility in the capital market forecasts, we recommend against over-reliance on this year's projections and a somewhat conservative approach with regard to setting the investment return assumption. As many financial markets have recovered from the levels seen at the beginning of 2023 (i.e., the S&P 500 has increased by about 35% since January 2023), the forward-looking expectations as of today for these 11 investment consultants is likely lower than the amounts shown in this report.

We recognize that the capital market assumptions of each investment consultant surveyed differ from the average rate amongst the 11 consultants and that this analysis is not an exact science. We believe the current investment return assumption of 7.00% is inside a range of reasonableness. That being said, to account for changes in expectations since January 1, 2023 (the date used by the IC's in this study) the Board may want to consider lowering the assumption to 6.75%.

Our study shows the financial impact of lowering the net return assumption to 6.75%. Before the Board sets an investment return assumption, we recommend getting input from your current investment consultant.

Supplemental Pension Distribution

Supplemental Pension Distributions (SPD) derived from investment earnings above certain thresholds are often referred to as "gain-sharing" benefits. This term "gain-sharing" derives from plan provisions that "share" higher-than-usual investment gains with members rather than using them, as is typically done, to help pay (indirectly) for the employer's required contribution. But there is a cost to that "sharing."

The Plan's retirees are likely to receive future SPD benefits with some regularity. This likelihood comes from the workings of the formula for determination of the funds available for distributions coupled with a recent resolution interpreting investment gains to be determined on a market value basis.

In general, SPD payments are made when the plan investment return for the year exceeds 7% provided there is a cumulative gain position from the time the provision was added to the Plan on October 1, 1991. As of October 1, 2023, the Plan is in a cumulative loss position of $88.1 million.

Currently, we do not reflect the payment of SPD's in our funding calculations until they occur. In any particular year, if a SPD payment is not made there is no gain or loss (i.e. this is what we are funding towards) and in any year the SPD payment is made there is an actuarial loss (i.e. we were not funding towards this). Under the current methodology, there will only be years with actuarial losses due to the SPD payments.

We recommend pre-funding the SPD payments by including a load to account for the probability and amount of future expected payments. We have done this by analyzing the present value of expected future SPD payments based on a stochastic analysis which includes 1,000 trials of potential returns for the Plan.

Our recommended load to account for expected future SPD payments is approximately $6.2 million of liability which equates to the present value of the expected stream of SPD payments for eligible pensioners. If this recommendation is adopted, the Plan will generate actuarial gains in years there is no payment made and potential losses (smaller than if no pre-funding is adopted) in years the payment is made.

Our study shows the financial impact of prefunding the SPD. We recommend analyzing this load each year and adjusting as the cumulative gain / loss position changes.

Actuarial Value of Assets
The Actuarial Value of Assets phases in the difference between the expected actuarial value and actual market value of assets at the rate of 25% per year (i.e., 4-year smoothing). During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

To assist in dampening volatility in the funding requirements, the method used to determine the Actuarial Valuation of Assets could be changed to phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year (i.e., 5-year smoothing). The Actuarial Value of Assets would be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. This is a very common method used by public pension plans in Florida.

Our study shows the first-year impact of changing the smoothing period used to determine the Actuarial Value of Assets from 4 years to 5 years.

Other Assumptions and Methods
We do not recommend any change to the funding method or inflation assumption being used to determine the funding requirements. Below is a list of these items along with a description of each.

- Individual Entry-Age Normal Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date are determined using an Individual Entry-Age Actuarial Cost Method having the following characteristics:

(i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
(ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce/(increase) the Unfunded Actuarial Accrued Liability.

- Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) are amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.
- Inflation is assumed to be 2.50% per year. We would classify this as a reasonable assumption based on the average forecasted CPI of the 11 national investment consultants shown in the investment return assumption section of our experience study report, as well as the range of forecasted CPI among the investment consultants.

At the conclusion of the presentation Mr. Amrose responded to questions posed by the Board members. In consensus the Board agreed with all the findings (see the chart below), with exception to the return assumption change. The Board cited Mr. Amrose's report which stated, "the current investment return assumption of 7.00% is inside a range of reasonableness".[4]

Actuarial Assumption or Method	Current Assumption or Method	Proposed Assumption or Method	Change in Required Contribution		Change in Funded Ratio
			Dollar Amount	% of Covered Payroll	
Salary Increase Rates	Flat 5% per year	Rates based on service	(25,200)	-0.10%	0.80%
Retirement Rates	Rates based on first eligibility	Separate table of rates based on retirement condition	171,364	0.66%	-0.30%
Separation Rates	10-year select and ultimate table of rates	10-year select and ultimate table of rates	(105,842)	-0.41%	0.00%
Disability Rates	Age based rates	Slightly higher age based rates	17,641	0.07%	-0.10%
DROP/Share Plan Interest Crediting Rate	No pre-funding of gains/losses	Pre-funding of gains/losses	201,604	0.77%	-0.60%
Mortality Rates	Tables used in most recent FRS report	Tables used in most recent FRS report	0	0.00%	0.00%
Supplemental Pension Distribution	No pre-funding of gains/losses	Pre-funding of gains/losses	370,448	1.42%	-1.00%
Actuarial Value of Assets	4-Year Smoothing	5-Year Smoothing	(514,090)	-1.97%	1.50%
All Recommended Assumptions Shown Above	Described above	Described above	206,645	0.79%	0.60%

Mrs. Fragakis made a motion to accept the findings from the experience study for the items cited in the chart above. Further to restate the 2023 Valuation, based on those assumption changes. Mr. Sean Williams seconded the motion. All Trustees voted yes, and the motion was passed 3-0.

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[4] 1,046,036.00 savings to the city as a result of not approving the change to the assumption return.

Based on the foregoing action approved, Mrs. Fragakis made a motion to accept the 2023 Actuarial Valuation Report, which was seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 3-0.

The Board then discussed the expected rate of return of the Plan[5]. Motion by Mr. Sean Williams to approve the use of an expected rate of return of 7.00% net of investment expenses. This was seconded by Mrs. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

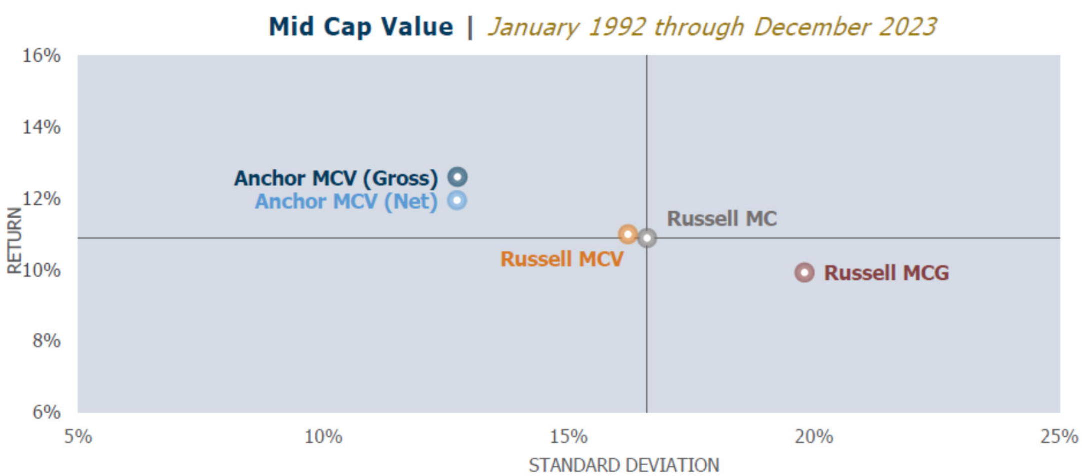
In a spirit of transparency, the entire report may be viewed at:
http://www.wpbppf.com/modules/stateDocs/reports.asp

INVESTMENT REPORT - Anchor Capital
Mr. William Rice[6] presented the fourth quarter report for the mid-cap value portfolio. Before doing so, the representative thanked the Board for being a longtime investor (over 20 years) with Anchor Capital[7].

The portfolio had an account balance of $24,913,912.85 as of December 31, 2023.

			Annualized		
	QTD	**YTD**	**3 Year**	**5 Year**	**Since Inception**
West Palm Beach Police Pension Fund (net of fees)	10.08%	9.28%	5.33%	9.64%	9.87%
Russell Midcap Value	12.11%	12.71%	8.36%	11.16%	10.08%

The report presented also detailed how Anchor balances risk and return. The chart exhibits greater return with less risk.



INVESTMENT CONSULTANT - AndCo Consulting
A flash report for February 29, 2024, prepared by Mr. Vavrica revealed the fiscal year return valued at 8.4%.

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[5] Short term, medium term and long term.
[6] Chief Executive Officer, who attained a B.S., Georgetown University. M.B.A., Tuck School of Business at Dartmouth. Bill joined Anchor in 2005 as a Financial Analyst. Before joining Anchor, Bill was a Financial Analyst at J.P. Morgan.
[7] The Plan annual return since May 31, 2003 was valued at 10.02% on a gross basis.

ATTORNEY'S REPORT

Mrs. Jensen provided a brief disability status update.

Mrs. Jensen presented the required documentation for execution in the Xponential Matter.

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. Sean Williams made the motion to approve, which was seconded by Mrs. Fragakis. All Trustees voted yes, and the motion was passed 3-0.

OPEN DISCUSSION

A round robin session ensued among the Board related to educational events attended and/or upcoming.

ADJOURNMENT

Being there was no other business; the meeting was adjourned by motion at 10:18 AM

Next meeting is scheduled for April 14, 2023, at 8:30 AM.

Troy Marchese, Board Secretary