

West Palm Beach Police Pension Fund

2100 North Florida Mango Road

West Palm Beach, Florida 33409

Minutes

May 12, 2023

8:30 AM

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on May 12, 2023 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; Joseph Ahern, Board Trustee and Sean Williams, Board Trustee.

Also present: Joseph Caligiuri¹ & Michael Cervi² – Champlain Investment Partners; Brendon Vavrica, AndCo Consulting; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator.

APPROVAL OF THE MINUTES

After noting his comments, Mr. Frost asked if there were any additional changes required to the minutes of April 14, 2023. Mr. Marchese made the motion to approve the minutes as noted, which was seconded by Mr. Ahern. All Trustees voted yes, and the motion was passed 4-0.

INVESTMENT REPORT

Champlain Investment Partners – Mid Cap Equity

Mr. Joseph Caligiuri & Michael Cervi of Champlain Investment Partners presented a portfolio review. After a brief firm review, the representatives outlined the firm's current position(s).

- Bias for relatively higher gross margins and cash flow returns, moderate debt, and resilient growth remains intact.
- Repositioned bank holdings to reduce exposure to bond portfolio losses and deposit flight risk. Remain well exposed to insurance, insurance brokerage, and selective fintech opportunities.
- Technology exposure remains overweight software with a preference for cloud-architected platforms designed to support modern workloads at scale.
- Overweight health care equipment & supplies with a focus on companies with products that improve outcomes, including quality of life, and/or lower overall costs.

¹ <https://cipvt.com/team/joseph-m-caligiuri-cfa/>

² <https://cipvt.com/team/michael-a-cervi/>

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- Favor problem-solving and innovative industrials that demonstrate efficient capital allocation with less cyclical end markets.
- Reluctant to expose capital to the energy sector where cashflow cannot be reliably forecasted. The investment process also shuns energy-intensive, capital-intensive, and labor-intensive industries that will likely suffer more should an inflationary environment persist.

Risks and Rewards were also noted as follows:

Seen as rewards -

- Problem-solving and innovative industrials generate meaningful non-GDP-related revenue and profit growth as they listen to the voice of their strategic customers.
- Demographics still bode well for health care demand while improved technology and materials enable meaningful medical device and life science innovation.
- Leading cloud-architected software platforms remain well-positioned to help enterprises manage modern workloads at scale, with more predictable pricing and attractive returns.
- Our weighted average discounts to estimates of Fair Value suggest compelling long-term return potential.

Seen as risks –

- Geo-political tensions and growing societal discord.
- Additional unintended consequences related to new trade, tax, fiscal, and monetary policies.
- Historically large wealth and income disparities in the U.S. and other countries.
- Cyber threats and A.I.

Portfolio Returns through March 31, 2023 -

	Returns(%)		
	Gross Return	Net Return	Russell Midcap
Quarter-to-Date	5.68	5.45	4.06
Year-to-Date	5.68	5.45	4.06
Fiscal Year-to-Date	13.58	13.10	13.61
1-Year	-12.10	-12.84	-8.78
3-Year – Annualized	17.08	16.08	19.20
Inception-to-Date – Annualized	8.36	7.44	7.46
Inception-to-Date – Cumulative	35.01	30.78	30.89

Note: Performance Inception Date 07.06.18

Mr. Frost reminded the representatives about the Board's interest in firm's employment diversity progress. Formal filing to follow.

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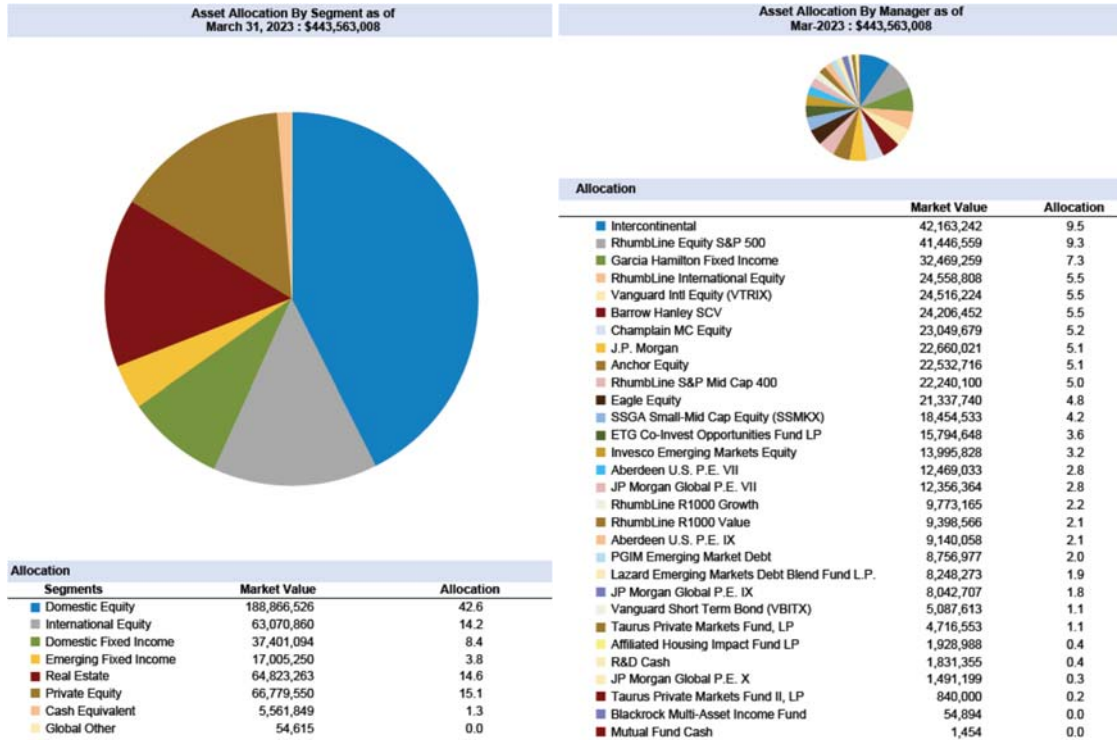
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ANDCO – INVESTMENT CONSULTANT

As of March 31, 2023, the total assets were valued at \$443,563,008.00 which is an increase from \$434,921,102.00 as of December 31, 2022. For the quarter, the total fund returned 3.28% vs. -3.68% compared to the target index. For the fiscal year, the total fund returned 8.06% vs. 9.80% compared to the target index. On a one, three and five-year basis, the Plan returned -3.60, 12.55% & 7.20% respectively.

Asset Allocation by Sector & Manager was provided -



ATTORNEY’S REPORT

Mrs. Jensen reminded members to complete their Form 1 forms.

Mrs. Jensen cited House Bill 3 and the potential for additional reporting requirements to the State of Florida. Further details will follow as warranted.

Mrs. Jensen informed the Board that Mr. LaFrance filed an appeal, via his legal representative, Mr. Rick King. Mrs. Jensen recommended Mrs. Richelle Levy, as special counsel, to represent the Board in this matter. After review and discussion, Mr. Ahern made the motion to engage Mrs. Richelle Levy as the special counsel in the LaFrance Matter. Motion seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

Mrs. Jensen advised that the 13th check policy was being crafted. Once a draft is prepared, she will bring it before the Board for consideration.

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APPROVAL OF DISTRIBUTIONS

New Warrants were presented for review and execution. Warrants approved at the last meeting were presented to the Board in spreadsheet format by Mr. Williams. A formal administrative report was also provided for consideration. After Mr. Williams detailed the report, Mr. Ahern made the motion to approve all items, which was seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 4-0.

ADMINISTRATOR’S REPORT

Mr. Williams advised that the Compilation Report for March 31, 2023, is underway by Saltmarsh.

OPEN DISCUSSION

The Tour of the Grand was postponed due to conflicts.

Mr. Frost initiated an educational round robin.

ADJOURNMENT

Being there was no other business, the meeting was adjourned by motion at 10:10 AM. Next meeting is scheduled for June 09, 2023 at 8:30 AM.



Troy Marchese, Board Secretary