

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

**Minutes**

**February 23, 2024  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on February 23, 2024<sup>1</sup>, 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; Dana Fragakis, Board Trustee & Sean Williams, Board Trustee.

Also present: Dr. Bryan T. Reuther; Chuck Landers, Saltmarsh, Cleaveland & Gund; Brendon Vavrica<sup>2</sup>, AndCo 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**

After providing his input which was noted, Mr. Frost asked if there were any additional changes required to the minutes of January 12, 2024. Mr. Marchese made the motion to approve the minutes, which was seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 4-0.

**EDUCATION SESSION - PTSD**

Dr. Bryan T. Reuther provided a 90-minute detailed overview of PTSD Claims, Testing and Diagnosis. The Board of Trustees thanked Dr. Reuther for the educational information.

The Board felt it would be prudent to have Dr. Reuther review the upcoming IME reports to ensure the industry standards were followed. Mr. Marchese placed the foregoing in the form of a motion, which was seconded by Mrs. Fragakis. All Trustees voted yes, and the motion was passed 4-0.

**PRESENTATION OF FINANCIAL STATEMENTS**

Mr. Chuck Landers cited that his firm have audited the accompanying financial statements of the West Palm Beach Police Pension Fund (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2023 and 2022, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Mr. Chuck Landers advised that in their opinion, the accompanying financial statements present fairly, in all material respects, information regarding the fiduciary net position of the Plan as of September 30, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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<sup>1</sup> Rescheduled from February 09, 2024.

<sup>2</sup> Attended Remotely.

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**Basis for Opinion:** We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements:** Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan’s ability to continue as a going concern for one year after the date that the financial statements are issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan’s transactions that are presented and disclosed in the financial statements are in conformity with the plan’s provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

**Auditor’s Responsibility:** Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, no such opinion is expressed.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### STATEMENTS OF FIDUCIARY NET POSITION SEPTEMBER 30, 2023 AND 2022

	2023	2022
<b>Assets:</b>		
Cash	\$ 1,552,955	\$ 1,498,151
Receivables:		
DROP loans	1,264,623	1,101,091
Interest and dividends	192,832	219,132
Broker-dealers	79,509	2,320,885
Employer contribution receivable	-	983,566
Total receivables	<u>1,536,964</u>	<u>4,624,674</u>
Investments:		
U.S. Government obligations	6,528,052	18,484,528
U.S. Government agency obligations	14,015,573	8,891,148
Corporate bonds	1,774,310	4,920,337
Domestic stocks	86,468,195	78,423,445
Domestic equity investment funds	178,036,916	144,441,086
International equity investment funds	61,424,426	50,098,804
Fixed income investment funds	18,705,842	16,304,897
Real estate investment funds	61,586,267	86,144,009
Temporary investment funds	8,210,500	11,136,000
Total investments	<u>436,750,081</u>	<u>418,844,254</u>
Prepaid expenses	<u>8,418</u>	<u>1,430,259</u>
<b>Total Assets</b>	<u>439,848,418</u>	<u>426,397,338</u>
Liabilities:		
Accounts payable	452,850	234,181
Accounts payable, broker-dealers	<u>126,543</u>	<u>870,514</u>
<b>Total Liabilities</b>	<u>579,393</u>	<u>1,104,695</u>
<b>Net Position Restricted for Pensions</b>	<u>\$ 439,269,025</u>	<u>\$ 425,292,643</u>

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**STATEMENTS OF FIDUCIARY NET POSITION SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Additions:</b>		
<b>Contributions:</b>		
Employer	\$ 5,657,198	\$ 5,354,106
Participants	2,806,195	2,871,212
Buy back	367,713	174,140
DROP	354,149	51,192
415 Rollover	324,409	336,645
<b>Total contributions</b>	<u>9,509,664</u>	<u>8,787,295</u>
<b>Intergovernmental revenue:</b>		
Chapter 185 state excise tax rebate	1,985,387	1,814,266
<b>Total intergovernmental revenue</b>	<u>1,985,387</u>	<u>1,814,266</u>
<b>Investment income (loss) :</b>		
Net appreciation (depreciation) in fair value of investments	29,097,067	(57,015,914)
Interest	1,648,001	1,168,545
Dividends	3,957,536	7,645,756
Class action revenue	55,118	25,988
Other	-	6,072
<b>Total investment income (loss)</b>	<u>34,757,722</u>	<u>(48,169,553)</u>
Less investment expenses	1,595,060	1,299,356
<b>Net investment income (loss)</b>	<u>33,162,662</u>	<u>(49,468,909)</u>
<b>Total additions (deductions), net</b>	<u>44,657,713</u>	<u>(38,867,348)</u>
<b>Deductions:</b>		
<b>Benefits:</b>		
Age and service	13,839,722	13,140,008
Disability	1,128,828	1,103,520
Share accounts	2,039,683	2,379,806
Supplemental	8,730,894	-
DROP accounts	4,456,991	3,867,725
Refunds of contributions	78,566	233,429
Administrative expenses	406,647	454,123
<b>Total deductions</b>	<u>30,681,331</u>	<u>21,178,611</u>
<b>Net Increase (Decrease) in Net Position</b>	13,976,382	(60,045,959)
<b>Net Position Restricted for Pensions:</b>		
Beginning of year	425,292,643	485,338,602
End of year	<u>\$ 439,269,025</u>	<u>\$ 425,292,643</u>

Please continue.....

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Mr. Landers cited how reasonable the administrative expenses were and applauded the Board's efforts.

After review and discussion, Mrs. Jensen cited an acceptance and approval would be in order. Mr. Sean Williams made a motion to accept and approve the audit. The motion was seconded by Mr. Sean Williams. All Trustees voted yes, and the motion was passed 4-0.

Mr. Sean Williams also made a motion to approve the management letter for execution once reviewed and approved by Mrs. Jensen. Mr. Marchese seconded that motion as well. All Trustees voted yes, and the motion was passed 4-0.

The Board thanked Mr. Landers for his assistance and that of his staff.

In a spirit of transparency, the entire report may be viewed at:

<http://www.wpbppf.com/modules/stateDocs/reports.asp>

### **ATTORNEY'S REPORT**

Mrs. Jensen cited she was contacted by a representative from Robbins Geller Rudman & Dowd about the following:

Robbins Geller Rudman & Dowd has been investigating and will soon be filing a securities class action against Xponential Fitness, Inc, a purveyor of fitness franchises based in Irvine, California. The City of West Palm Beach Police Pension Fund suffered \$145,244.60 in loss on its purchases of Xponential stock during the Class Period under investigation (July 26, 2021 – December 7, 2023).

Xponential claims to be the largest global franchisor of boutique fitness studios, with brand names such as Club Pilates, CycleBar, Pure Barre, and YogaSix under its corporate umbrella. On June 26, 2023, a short-biased analyst firm published an explosive exposé on Xponential titled, "Abusive Franchisor That Is A House of Cards." The detailed report claimed to be derived from over 16,000 pages of regulatory filings, a multitude of witness interviews and other information. The report claimed that Xponential had misled investors about its store closures and the overall financial health of its franchisee base. For example, according to the report more than 50% of the company's studios never make a positive financial return and 8 out of 10 Xponential brands were losing money every month – directly contrary to the claims of Xponential management that "as we continue to open more studios... our profitability increases." The report further revealed that Xponential's founder and CEO Anthony Geisler has a long history of spearheading questionable enterprises and was even featured in a 2001 ABC documentary about penny stock fraudsters called "Beyond the Boiler Room." On this news, the price of Xponential stock fell more than 37% to close at \$15.72 per share on June 27, 2023.

Although Xponential attempted to deny the allegations, on December 8, 2023, Bloomberg published a damning report titled "Club Pilates, Pure Barre Owners Say Xponential Left Them Bankrupt," that largely corroborated the report. Bloomberg interviewed former business partners, employees, and franchisees who revealed that Xponential misled many of them into a "financial nightmare." The report stated that CEO Geisler "has a track record of combative management, deploying growth-at-all-costs tactics and unleashing aggressive reprisals against anyone who gets in his way." These unscrupulous tactics caused "many of the company's franchisees [to] have either declared bankruptcy or los[e] their retirement savings." On this news, the price of Xponential stock fell 15% to close at less than \$9 per share on December 11, 2023.

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With the price of Xponential stock artificially inflated during the Class Period, CEO Giesler sold nearly \$47 million worth of Xponential stock at prices as high as \$33.49 per share, while Xponential's Chairman Mark Grabowski sold nearly \$220 million worth of Xponential stock. The Company also conducted three registered public offerings of Xponential stock in which the Company and its insiders (including Giesler and Grabowski) dumped well over \$300 million worth of Xponential shares at artificially inflated prices. Notably, Xponential shares currently trade at less than half the price at which the last of these offerings was conducted just 10 months ago and one third the price at which Geisler dumped some of his own Xponential shares on unsuspecting investors.

Given the nature of the wrongdoing and of the Pension Fund's loss, Robbins Geller Rudman & Dowd recommended that the Pension Fund consider making a motion for lead plaintiff once the case is on file. As fiduciaries to the Plan, Mrs. Jensen felt the action would be warranted.

The Board learned that their participation would expand the class dates, in the hope of recovering the Plan's losses and holding the firm responsible for the alleged wrongdoing. After review and discussion, Mr. Marchese made a motion to engage Robbins Geller Rudman & Dowd in this matter, to seek co-lead plaintiff status and expansion of the class loss period. Mr. Sean Williams seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

### **INVESTMENT CONSULTANT - AndCo Consulting**

Mr. Vavrica's presentation was tabled due to the lack of time.

However, in a spirit of transparency, the entire investment report may be viewed at:  
[http://www.wpbppf.com/docs/investments/WPBPPF\\_Report\\_2023\\_Q4.pdf#zoom=100](http://www.wpbppf.com/docs/investments/WPBPPF_Report_2023_Q4.pdf#zoom=100)

### **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. Sean Williams. All Trustees voted yes, and the motion was passed 4-0.

### **OPEN DISCUSSION**

No Open Discussion.

### **ADJOURNMENT**

Being there was no other business; the meeting was adjourned by motion at 11:26 AM

Next meeting is scheduled for March 08, 2024 at 8:30 AM.



Troy Marchese, Board Secretary