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

Minutes

May 10, 2024
8:30 AM

CALL THE MEETING TO ORDER

Mr. Frost called to order the West Palm Beach Police Pension Fund Meeting on May 10, 2024, 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.

Also present: Joe Caliguiri & Mike Cervi - Champlain Investment Partners; Brendon Vavrica, Mariner Institutional; Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; and Dave Williams, Plan Administrator & Michael Williams, Assistant to the Plan Administrator.

PUBLIC COMMENTS

Mrs. Jensen cited "The Paper Trail: 500 Years of Prints from the Jonathan "Jack" Frost Collection". Current Special Exhibition at the Norton[1]. Mr. Frost was congratulated for this event.

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 April 12, 2024. Mr. Marchese made the motion to approve the minutes, which was seconded by Mr. S. Williams. All Trustees voted yes, and the motion was passed 3-0.

ATTORNEY'S REPORT

Perry Lafrance Update: The formal hearing for Mr. Lafrance is expected to be on June 14th, 2024. Mr. Frost requested a printed file to review.

Ronald McGinley Update: Mrs. Jensen advised additional information was received from the police department concerning his operation of his assigned police vehicle and sent to the IME for consideration as requested at the April 12, 2024 meeting.

IRS 1099-R Reporting: Mrs. Jensen advised that on March 15, 2024 the Internal Revenue Service (IRS) provided notice to the 2023 instructions for Forms 1099-R to clarify disability annuity payments to first responders and other taxpayers. The notice will be provided within the Final Order from the Board of Trustees for future disability recipients.

INVESTMENT REPORT – Champlain Investment Partners

The representatives cited the following. The Champlain Mid Cap strategy's return for the 3-month period ending March 31, 2024, was ahead the 8.60% return for the Russell Midcap and slightly behind the 9.95% return for the S&P MidCap 400.

The strong absolute and relative returns against the Russell Midcap benchmark this quarter were encouraging, as was the breadth of performance, with healthy absolute returns for each of the five major sectors below. Performance compared to the S&P

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[1] https://www.norton.org/exhibitions/current-exhibitions

benchmark was more in-line given the largest constituent of that benchmark, Super Micro Computer, was up 276% for the period.

While the market focuses on when and by how much the Federal Reserve is going to cut interest rates, we continue to execute our investment process. We've high-graded the portfolio over the last two years and continue to show less patience with fundamentally challenged situations. We also remain diligent about paring back position sizes when holdings trade close to our Fair Value estimates.

This strategy's industrial holdings underperformed the same sectors in the Russell Midcap and S&P MidCap 400 this quarter as stock selection and our process-exclusion of the most cyclical businesses offset the perennial overweight of the machinery and electrical equipment industries.

Rockwell Automation and Toro were the two primary detractors from performance, though they were down only mid-single digits. Rockwell's first quarter results missed expectations as customer behavior and order patterns begin shifting back to a more standard "book-and-ship" cadence as compared to the "ship-from-backlog" pace the company has executed on since the pandemic. This results in shipments moving out to the latter half of the year. While management kept full-year guidance intact, this created doubt for investors that Rockwell would be able to meet that guidance. The negative stock reaction gave us the opportunity to increase the position after meaningfully reducing it in early 2023. Toro continues to face elevated field inventory, specifically for zero-turn mowers, which is overshadowing strength in golf and underground construction equipment. Toro's brand(s), scale, execution, and capital deployment are cornerstones to our investment thesis, which are arguably stronger today than when we initiated the position four years ago, which, along with valuation, led us to add modestly to the position. We trimmed AMETEK, IDEX, and Nordson this quarter due to a combination of valuation and position size.

A key element of our process for selecting high-quality industrials is assessing management's acumen for acquiring and integrating attractive franchises. Since we have seen several large acquisitions over the past few years, we wanted to highlight a few. AMETEK acquired Paragon Medical, a leading manufacturer of highly engineered medical components and instruments which should benefit from an aging population, more minimally invasive surgeries, and the trend toward outsourced manufacturing. Fortive acquired Elektro-Automatik, a leading provider of advanced electronic test and measurement solutions focused on the high-power industries such as data centers, energy storage, e-mobility, grid modernization, and hydrogen power and will benefit from the "electrification of everything" trend. Nordson acquired ARAG, a market-leading provider of dispensing technologies in the precision agriculture market which will benefit from the push for better crop yields and less waste of expensive fertilizers and chemicals.

These acquisitions highlight that the industrials we own cannot be characterized by a single, or even several industries. Though relative underperformance this quarter and the past three years from these well-diversified compounders has been somewhat frustrating, our approach has been to own these through-the-cycle, without taking cyclical or market timing risk.

FINANCIALS
This strategy's financial holdings outperformed those of both benchmarks this quarter due to positive stock selection within insurance and financial services.

This was an encouraging quarter for numerous portfolio holdings. Insurance was a key source of relative outperformance led by Ryan Specialty and Kinsale Capital, both of which we added to early in the quarter. Organic growth at Ryan continues to outpace expectations as they benefit from persistent policy flow into the excess and surplus markets. Additionally, management is guiding to strong margin expansion, gave encouraging commentary around acquisition opportunities, and initiated a quarterly dividend. At Kinsale, execution remains strong as growth reaccelerated and favorable loss costs set the company apart from peers who are struggling with casualty reserve additions. In financial services, restaurant-focused payments and software provider Toast reported a meaningful improvement in profitability and guided to strong margins going forward, in addition to announcing a $250 million share repurchase program and committing to lower stock compensation expenses. Finally, after over 15 years as shareholders, we exited the position in Northern Trust this quarter. Though we have long admired Northern's high-touch and often generational relationships in wealth management, profitability has been frustratingly volatile given thin margins in credit, competition in asset servicing, and disappointing execution around expense management over the years. We rebalanced a portion of the capital to Cullen/Frost Bankers at an attractive discount to our estimate of Fair Value but remain underweight banks due to limited opportunities.

INFORMATION TECHNOLOGY
Our technology holdings outperformed the Russell Midcap due to stock selection but lagged the S&P MidCap 400. Pure Storage led relative performance for the overall strategy as the company's Evergreen subscription business and growing product portfolio continue to deepen customer relationships and improve Pure's competitive advantage. Nutanix also delivered notable outperformance, attributable to strong renewals and several large wins with the Nutanix Cloud Platform. We remain positive on the secular tailwinds toward hybrid cloud architecture and management's continued refinement of the go-to- market strategy.

We initiated a position in Confluent, the leading managed service of open-source Kafka. Kafka is a distributed event streaming process that collects, stores, and processes real-time data from various sources. Confluent is positioned as a critical data infrastructure layer, connecting increasingly complex systems, applications, and infrastructure, and enabling real-time communication and data streaming across the digital footprint.

Shares of Palo Alto Networks traded off after reporting mixed second quarter results, which management attributed partly to spending fatigue, a key reason they also announced a go-to-market change. Though these results and comments have been met with some skepticism, Palo Alto remains a leading cybersecurity franchise. We trimmed this position prior to earnings near our estimate of Fair Value.

The enthusiasm around artificial intelligence (AI) has been high since the introduction of ChatGPT. However, the methods for productive adoption and effective monetization of AI remain unrefined. As investors, we see AI as a highly specialized and demanding form of high-performance computing. It is through this lens that we hope to understand the infrastructure investments, already well underway, that will be required by AI workloads. Though we trimmed several technology holdings, we remain exposed to companies benefiting from these tailwinds, such as Pure Storage, Nutanix, Synopsys, and ANSYS . We remain cautious about companies overly exposed to commodity hardware and whose fundamental performance has lagged stock appreciation. While AI may usher in a significant and permanent shift in technology spending priorities, we are cognizant of the nascent stage of this evolution and remain committed to discipline around valuation.

HEALTH CARE
This strategy's health care holdings performed in-line with the Russell Midcap while underperforming the S&P MidCap 400. In both cases, stock selection in equipment and supplies was positive while our persistent overweight the industry detracted from relative performance. Health care technology, namely our holding in Veeva Systems, outperformed.

We initiated two new positions this quarter: Penumbra and Agilent Technologies. Penumbra, a long-time small cap holding, is a global medical device company specializing in catheter-based removal of blood clots and adjacent markets. The company's new Computer Assisted Vascular Thrombectomy (CAVT) products could revolutionize how a clot is removed from the vasculature by using computer algorithms that will reduce blood loss and remove the entire clot faster. The company continued to invest in this new technology during the pandemic and has recently shown significant operating leverage and a return to positive free cash flow. Agilent Technologies is a global leader in the life sciences, diagnostics and applied chemicals markets providing instruments, software, services, and consumables for lab workflows. The company's consumable revenues mix is approximately 60%, which drives attractive margins and free cash flow. We added to Exact Sciences, while trimming Repligen, Idexx Labs, and others near our Fair Value estimates.

The recent uptick in biotechnology acquisitions by larger pharmaceutical companies and venture capital, IPO, and private equity funding bode well for life science tools and services holdings as the health of these biotech companies' balance sheets provide years of cash available for research, clinical, and manufacturing spending. The normalization of bioprocessing inventory, that was accumulated during the pandemic, will begin to ease later this year, returning many life science tools companies to more historical growth rates.

CONSUMER
This strategy's consumer holdings slightly outperformed the Russell Midcap, though underperformed when compared to the
S&P MidCap 400.

In 2023, consumer performance struggled as Advance Auto Parts and Leslie's meaningfully underperformed. We were pleased to see Advance Auto deliver a 40% return this quarter. It is early in the journey to improve profitability and growth, yet new management has acted decisively to create a simpler business, including divesting non-core assets, new cost savings programs, and a sharper focus on retail fundamentals. We were not surprised to see an activist take a stake in the company and are encouraged that a settlement was quickly reached, resulting in the appointing of three new, qualified directors to the Board. While shares of Leslie's have bounced off the lows from 2023, and the business appears to be well-prepared for a normal pool season, it will likely take a few quarters of consistent results to truly disprove the critics. Lastly, shares of Tractor Supply were up over 20% in the quarter as the company's initial 2024 guidance could prove conservative given last year's tough start to the Spring season and the benefit from ongoing sales initiatives including adding garden centers in ~20% of the stores. We added to this holding early in the quarter and then trimmed as shares approached our estimate of Fair Value.

Planet Fitness' underperformance has been driven by soft membership trends in January, compounded by an ongoing CEO search process. We are eager for the company to conclude the search with several dynamic situations including updates to franchise agreements, potential price increases, and a pending CFO retirement. These issues have overshadowed encouraging long-term updates including entering Spain and an increase for the potential domestic store count.

In staples, Freshpet demonstrated the power of its improved operations by delivering meaningful margin gains on top of robust revenue growth. Underperformance at Brown Forman has been fueled by investor fears that the whiskey category will continue to slow. We added to the position as we believe the issues are a result of continued market normalization after several unusual years. We also added to McCormick and J.M. Smucker at attractive discounts.

Performance (%) Ending March 31, 2024

	Gross Return	Net Return	Russell Midcap
Quarter to Date	9.93	9.70	8.60
Year to Date	9.93	9.70	8.60
1 Year	21.10	20.07	22.35
3 Year - Annualized	4.85	3.96	6.06
Inception to Date - Annualized	10.92	9.98	10.44
Inception to Date - Cumulative	63.49	57.03	60.14

Note: Performance Inception Date 07.06.19

INVESTMENT CONSULTANT – Mariner Consulting

As of March 31, 2024, prepared by Mr. Vavrica showed the fiscal year return valued at 10.75[2]%.

Asset Allocation & Performance
Total Fund Composite (Gross)
As of March 31, 2024

Asset Allocation & Performance

	Allocation		Performance(%)									
	Market Value $	%	QTR	FYTD	1 YR	3 YR	5 YR	7 YR	10 YR	15 YR	Inception	Inception Date
Total Fund Composite	480,656,605	100.0	4.62 (51)	10.75 (79)	11.23 (80)	4.80 (42)	8.40 (35)	8.24 (33)	7.60 (27)	9.88 (34)	6.84 (15)	10/01/2007
Total Fund Policy Index			4.30 (59)	12.66 (59)	12.31 (66)	3.97 (62)	7.86 (55)	7.81 (49)	7.48 (33)	10.28 (10)	6.83 (15)	
All Public Plans-Total Fund Median			4.68	13.20	13.36	4.42	7.96	7.79	7.15	9.41	6.33	

Mr. Vavrica reported that he received notice from Garcia Hamilton that without advance notice, Mrs. Janna Hamilton retired from the firm. Mr. Vavrica cited her departure would have no impact on the investments of the assets. The Board voiced their displeasure collectively about the communications by the firm, given Mr. Garcia's run for political office and now the departure of this long-term principal of the firm. Mr. Firm asked Mr. Vavrica to prepare a firm comparison report for the Board to review.

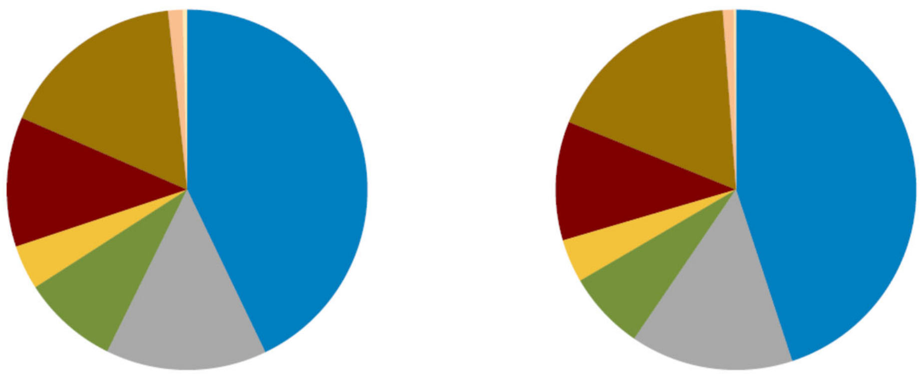
Mr. Vavrica also announced that he learned about the departure of the client service reps from Entrust. Mr. Vavrica echoed their departure would have no impact on the investments of the assets.

Please continue to next page............

[2] Gross Basis.

Asset Allocation Summary as of March 31, 2024, compared to December 31, 2023:

Asset Allocation By Segment as of December 31, 2023 : $465,685,021	Asset Allocation By Segment as of March 31, 2024 : $480,656,605



Allocation			Allocation		
Segments	**Market Value**	**Allocation**	**Segments**	**Market Value**	**Allocation**
Domestic Equity	199,665,938	42.9	Domestic Equity	216,115,388	45.0
International Equity	67,113,100	14.4	International Equity	70,009,362	14.6
Domestic Fixed Income	40,071,939	8.6	Domestic Fixed Income	33,893,890	7.1
Emerging Fixed Income	18,536,030	4.0	Emerging Fixed Income	18,613,643	3.9
Real Estate	54,291,315	11.7	Real Estate	51,355,431	10.7
Private Equity	78,019,867	16.8	Private Equity	84,949,173	17.7
Cash Equivalent	6,061,398	1.3	Cash Equivalent	4,720,096	1.0
Global Other	1,925,433	0.4	Global Other	999,622	0.2

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. S. Williams. All Trustees voted yes, and the motion was passed 3-0.

OPEN DISCUSSION
Mr. Fost spoke about an upcoming Opal Educational Event he will be attending.

ADJOURNMENT
Being there was no other business; the meeting was adjourned by motion at 10:05 AM

Next meeting is scheduled for June 14, 2024, at 8:30 AM.

Troy Marchese, Board Secretary