

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
MINUTES OF QUARTERLY MEETING HELD

JANUARY 2, 2025

1. Dave Merrill called a Quarterly Meeting of the Board to order at 1:31 PM in the Training Room at Fire Station 5. Those persons present included:

TRUSTEES

Dave Merrill, Chair
Brian Walker, Secretary
Elizabeth Fugler
Jeff Stefaniak

OTHERS

Bonni Jensen, Board Counsel (Klausner, Kaufman, Jensen & Levinson)
Scott Baur & Sarah Vandergon, Administrator (Resource Centers)
Anthony Xuereb & Stephen Atkins, Investment Manager (Polen Capital)
Brendon Vavrica, Investment Consultant (Mariner)
Rick Roberts, Member

2. **APPROVAL OF MINUTES**

The Trustees reviewed the draft minutes the November 7, 2024 regular board meeting. Bonni Jensen noted a change to the minutes regarding the Special Act for CBA.

- **Brian Walker made a motion to approve the minutes as amended for regular meeting on December 5, 2024. The motion received a second from Elizabeth Fugler, approved 4-0 by the Trustees.**

3. **REPORTS**

Investment Manager: Polen Capital (Anthony Xuereb & Stephen Atkins)

Anthony Xuereb began the meeting by thanking the Board for their time and introducing himself and Stephen Atkins. He provided an overview of the firm's organization, noting that there had been no significant changes. He mentioned that the investment team had recently added two research analysts to enhance the team's capabilities.

Mr. Xuereb reported that Polen Capital currently manages \$63 billion in assets under management. As of September 30, 2024, the firm manages \$47.4 million for the West Palm Beach Firefighters Pension Fund. He reviewed the portfolio's performance, stating that the fund has gained 13.24% since its inception in 2018, compared to the benchmark's return of 17.4%. However, for the 2024 calendar year, the portfolio performed better, delivering an 18% return, gross of fees. On average, Polen Capital has delivered a 15% annual return since its inception in 1989.

Stephen Atkins focused on the performance of the portfolio for 2024, explaining that while the portfolio had a strong year, it has generally underperformed the Russell 1000 Growth (R1000 Growth) benchmark. He noted that the benchmark has become more concentrated, with the top five holdings now comprising around 45% of the index's value. This shift in concentration has led to significant gains for the benchmark in companies that Polen Capital does not own. Despite this, Polen remains committed to its long-standing investment strategy, which focuses on delivering consistent returns over time with less risk.

Mr. Atkins also discussed the current composition of the portfolio, highlighting that it is overweight in healthcare compared to the R1000 index. He emphasized that the companies in the portfolio are expected to deliver an average earnings growth rate of 20% annually. This focus on growth is central to the firm's investment philosophy, which prioritizes long-term stability and returns.

Elizabeth Fulger asked for more information regarding the rationale for certain holdings in the portfolio, particularly in comparison to the benchmark. In response, Mr. Atkins explained that Polen Capital does own Amazon due to its diversified mix of growing businesses and improving margins. However, Polen has chosen not to hold Nvidia, as they had underestimated the revenue surge driven by artificial intelligence. Given Nvidia's rapid growth, Mr. Atkins noted that for Nvidia to maintain its performance, its revenues would need to double over the next five years, which creates more uncertainty in terms of future returns. Polen's strategy typically involves a five-year holding period, and with Nvidia's growth trajectory in question, it did not align with the firm's investment criteria.

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The current earnings growth expectation for the portfolio is 17.6%, which is more than double the growth rate of the benchmark. Polen expressed a generally positive outlook on the new administration's impact on the market, although they acknowledged that the effects of new policies may be challenging to predict in the short term.

In conclusion, Polen Capital reiterated its commitment to managing the portfolio with a focus on long-term growth and consistent performance, despite short-term market fluctuations and the concentration of the benchmark. The firm will continue to follow its historical approach, which emphasizes less risk and steady returns.

Investment Manager: Mariner (Brendan Vavrica)

Brendan Vavrica reviewed the preliminary December 31, 2024, quarterly results, noting that the quarter to date cash flow is higher than typical due to reallocation of funds. December has been quite negative, which is bringing the 2024 Quarter 4 down. Russell 1000 Growth was best performing so far for the quarter; however, it was still negative. The asset rebalances did help some, as the Plan has less overweight than previously to equities. Mr. Vavrica also reviewed long-term market results with and without the best and worst market days. He addressed the private credit allocation with the Board. The Trustees considered the timing and the target allocation and did not sense urgency to accelerate the process. Mr. Vavrica will also introduce some private equity options.

Attorney: Klausner, Kaufman, Jensen & Levinson (Bonni Jensen)

Bonnie Jensen updated the Board on the elimination of the Social Security Windfall Elimination Provision, President Biden is expected to sign into legislation on January 6, 2025. The bill may have some retroactive impact to 2024. The change benefits everyone affected.

Administrator: Resource Centers (Scott Baur)

Scott Baur presented the Board with the FPPTA Board renewal.

4. PLAN FINANCIAL REPORTS

The Board received and reviewed the interim financial statement through November 30, 2024. The Trustees then reviewed the warrant for payment of plan expenses.

- Brian Walker made a motion to approve the Warrants dated January 2, 2025, for payment of invoices. The motion received a second from Elizabeth Fulger, approved by the Trustees 4-0.

5. BENEFIT APPROVALS

The Board reviewed the benefits for approval. There was a typo on a Share Distribution benefit approval that has been amended.

- Jeff Stefaniak made a motion to approve the benefits. The motion received a second from Elizabeth Fugler, approved by the Trustees 4-0.

6. OTHER BUSINESS

The Board had no other business for consideration.

7. ADDITIONAL REPORTS

The Trustees received additional investment manager reports.

8. PUBLIC COMMENTS

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No members of the public had any further comment.

9. **ADJOURNMENT**

There being no further business and the Board having previously scheduled the next regular meeting for Thursday, February 6, 2025 @ 1:30 PM, Dave Merrill adjourned the meeting at 2:42 PM.

Brian Walker, Secretary