

**THE CITY OF WEST PALM BEACH RESTATED EMPLOYEES
DEFINED BENEFIT RETIREMENT SYSTEM**

**MINUTES OF MEETING HELD
August 28, 2024**

1. CALL TO ORDER

A regular meeting of the Board of Trustees was called to order at 1:30pm by Chairman Leon Pinder in the HR Training Room, 3rd Floor of City Hall.

Trustees present were:

Leon Pinder, Chairman
Sylvia Gregory, Secretary
Stephen Hunter, Trustee
Bridget Souffrant, Trustee

Also present were:

Albert Lovingood, Administrator – Resource Centers
Nancy Urcheck, Attorney – City of West Palm Beach
Brenden Vavrica, Investment Consultant – Mariner
Kurt Terrien, Investment Manager – Clarkston Capital
Doug Borths and Adam Savett, Attorneys – Wolf Popper

2. PUBLIC COMMENTS

There were no public comments.

3. REPORTS

A. CLARKSTON CAPITAL – QUARTERLY PERFORMANCE REPORT (PRESENTED BY KURT TERRIEN)

Kurt Terrien started his presentation by providing the Board of Trustees with an overview of Clarkston Capital. Last year, the Fund was one of the top performers; however, this year, the Fund is one of the worst. Mr. Terrien then reviewed the Fund's investment philosophies in detail, noting that the Fund had increased investment in companies such as Clarivate PLC, Leslie's, Inc., Envista Holdings, and Cable One while initiating a new position in Lamb Weston. Notable trims were made in Willis Towers Watson, LPL Financial, US Foods, and others. These adjustments reflect a balanced approach aimed at maximizing portfolio performance, with an emphasis on businesses demonstrating intrinsic value growth over a market cycle. The Fund's cash position rose from 7.5% to 11.2%, indicating a tactical shift to maintain liquidity for future opportunities. Mr. Terrien concluded his presentation by reviewing the 20-year history of the S&P 500 Index Return Decomposition in detail along with answering various questions that the Trustees and Investment Monitor had.

B. WOLF POPPER SECURITIES LITIGATION PRESENTATION (PRESENTED BY DOUG BORTHS & ADAM SAVETT)

Dough Borths and Addam Savett came before the Board of Trustees to present the Wolf Popper Securities Litigation Presentation and reported the following: Wolf Popper is an expert law firm in securities litigation, portfolio monitoring, and legal support sector for institutional investors, including pension funds. The value of portfolio

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monitoring was reviewed in detail with the Board, with Mr. Borths noting that their firm identifies potential class action opportunities, detects corporate fraud or mismanagement, and ensures timely claims filing. This service aids fiduciaries in protecting their funds by pursuing litigation, when necessary, often at no out-of-pocket cost to clients, as Wolf Popper operates on a contingency fee basis and covers litigation-related expenses.

Mr. Borths reviewed Wolf Popper's robust litigation practice and success record and having recovered over \$1 billion for its clients since 2010. Wolf Popper's legal services span securities, mergers and acquisitions, healthcare, and consumer litigation, with a strong focus on impactful cases. Their approach combines financial expertise, extensive legal resources, and strategic partnerships with domestic and international firms, enabling them to manage high-profile and complex cases effectively. Their portfolio monitoring reports provide insights into monthly settlements and legal developments, ensuring clients capitalize on recovery opportunities. Mr. Borths concluded his presentation by informing the Board that with over 75 years of experience, Wolf Popper continues to deliver innovative legal solutions tailored to the needs of institutional investors.

A motion was made by Stephen Hunter to hire Wolf Popper as a Securities Litigation Firm for the Plan. The motion received a second by Bridget Souffrant and was approved 4-0.

C. MARINER (PRESENTED BY: BRENDON VAVRICA)

1. QUARTERLY PERFORMANCE REPORT DATED JUNE 30, 2024

Brenden Vavrica started his presentation by reviewing the market environment with the Board of Trustees and reported the following: Growth stocks continued to dominate, with the Russell 1000 Growth Index leading with an 8.3% return, while the Russell 2000 Value Index lagged with a -3.6% return. Large-cap stocks performed better overall, with the Russell 1000 Index returning 3.2%, highlighting a market preference for larger, more established companies amid economic uncertainties. Over the trailing one-year period, the Russell 1000 Growth Index achieved an impressive 33.5% return, primarily driven by the performance of the "Magnificent 7" stocks, which contributed more than 70% of the index's performance. This disparity between growth and value, as well as between large-cap and small-cap stocks, underscores the market's continued favoring of sectors and stocks with high growth potential during this period.

For the quarter ending June 30, 2024, the Plan earned a net -0.33%, compared to the benchmark rate of 1.82%. For Fiscal-Year-To-Date, the net returns were 14.44%, compared to the benchmark rate of 17.15%. The One-Year net return was 10.29%, compared to the benchmark rate of 13.39%. The Five-Year net returns were 7.39%, compared to the benchmark rate of 8.23%, and since inception, the Plan has earned a net return of 8.04%, beating the benchmark rate of 7.66%. The Investment Managers were then reviewed in detail with Mr. Vavrica noting that Clarkston Capital's performance was a shock. The Plan's Asset Allocation Compliance was reviewed in detail with the Board, noting that as of today, the Plan is at its targets per the Summary Plan Description. Mr. Vavrica

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and the Board of Trustees had a detailed conversation on the effects the Federal Reserve cutting rate will have on the markets in the short and long term.

Mr. Vavrica then made a recommendation to the Board that three months' worth of Pension Payments and Accounts Payable be raised now so that the Plan can benefit from investment returns and minimize exposure to short-term dips when Mr. Lovingood requests funding. Mr. Vavrica reviewed the investment sectors where he would want to pull the funding from, and Mr. Lovingood confirmed that the typical monthly funding request is \$250,000.00.

A motion was made by Stephen Hunter based on the recommendation of the Investment Monitor to sell \$25,000.00 of TransAmerica International Equity R6, \$75,000.00 of Pear Tree Polaris, \$100,000.00 of the PIMCO Diversified Income Fund, take \$200,000.00 from Garcia Hamilton, take \$300,000.00 from Argent Capital, and take \$100,000.00 from Dana Investments, and keep those funds in the Plan's R&D Account to cover anticipated Pension Payments and Account Payable. The motion received a second by Bridget Souffrant and was approved 4-0.

2. SMID CAP REVIEW DATED AUGUST 28, 2024

Mr. Vavrica then presented the Board of Trustees with the SMID Cap Review presentation and reported the following: This report evaluates small and mid-cap investment options as of June 30, 2024, highlighting alternative strategies to Clarkston Partners' SMID Cap portfolio. The primary benchmark, Russell 2500 Index, emphasizes diversification across industries with a focus on companies between \$100 million and \$20 billion in market capitalization. Mr. Vavrica reviewed the performance metrics for the Clarkston portfolio and alternative strategies of Ancora/Thelen Small-Mid Cap, Eaton Vance Atlanta Capital SMID-Cap, and Reinhart Genesis PMV. This review included the characteristics of each Fund that included market capitalization, sector allocations, and historical returns. Clarkston Partners' SMID Cap portfolio shows concentration in mid-sized companies, with over 57% in the top ten holdings, reflecting a more concentrated strategy. By contrast, other evaluated portfolios display varying levels of diversification, with Ancora/Thelen allocating 34.15% to its top holdings and Eaton Vance showing greater focus on larger, growth-oriented companies.

Risk and reward metrics for the portfolios were reviewed and Mr. Vavrica indicated the trade-offs between standard deviation, beta, and excess returns over the Russell 2500 Index. Ancora/Thelen shows relatively higher returns with moderate risk, while Eaton Vance balances consistent returns and lower tracking error. Meanwhile, Reinhart Genesis PMV reflects a value-leaning strategy with slower growth potential but a steady risk profile. The evaluation concludes with recommendations for aligning the chosen strategy with the Retirement System's overall goals, emphasizing sector diversification and risk-adjusted performance.

The Board thanked Mr. Vavrica for the presentation on the Clarkston Capital potential alternatives and Mr. Vavrica stated that the Plan does not need to make a decision at this time.

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D. ATTORNEY REPORT (PRESENTED BY NANCY URCHECK)

1. DRAFT ORDINANCE CHANGE – ALLOW RETIREES TO CHANGE JOINT ANNUITANT - UPDATE

Ms. Urcheck provided the Board of Trustees with the final draft version of the ordinance change to allow retirees to change their joint annuitant after retirement. Ms. Urcheck reviewed the draft with the Board of Trustees in detail and to ensure that no modifications are needed. Ms. Urcheck concluded her review by providing the Board with a review of the following steps that would need to take place for the change to potentially be approved.

E. ADMINISTRATIVE REPORT (PRESENTED BY: ALBERT LOVINGOOD)

1. Form 1 Annual Filing

Mr. Lovingood reminded the Board of Trustees that the Annual Form 1 filing deadline was July 1, 2024; however, due to the change in having the Forms filed via the State of Florida Commission on Ethics Website, that deadline was extended. Mr. Lovingood noted that if anyone has not filed yet, they will need to do so before September 1, 2024, or they can face a daily fine from the State of Florida.

2. 2025 Board Meeting Schedule

Mr. Lovingood presented the Board of Trustees with the 2025 Quarterly Board Meeting Schedule for review. Mr. Lovingood noted that the schedule mirrors the Plan's historical meeting schedule and does not expect there to be any conflicts with the annual conferences that the Board of Trustees attends on an annual basis.

3. Trustee Credit Cards

Mr. Lovingood presented the Board of Trustees with Chairman, Leon Pinder's inquiry into the Board having a Credit Card to use for Trustee Conferences and Schools. The inquiry into the matter is a result of several conferences only allowing the registration to be paid via Credit Card in addition to Mr. Lovingood reviewing the recent hotel payment issue that occurred with the Lowes Hotel in Atlanta, Georgia. The Plan can have a credit card account under the City's Credit Card Program umbrella where the Plan would have full control over the cards and payment of the card balance.

The Board of Trustees discussed the idea of having a credit card in detail with Bridget Souffrant recommending that the Chair and Secretary should be the ones that are issued a card and recommended that the issuing of the cards be limited to active city employees, as they have already signed and reviewed the City's Credit Card Policy.

A motion was made by Stephen Hunter for the Board of Trustees to have Credit Cards issued only to the Chair and Secretary with each Card having a total credit line of \$10,000.00, and the monthly purchase limit set at \$10,000.00. The motion received a second by Bridget Souffrant and was approved 4-0.

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4. Trustee Conferences and Schools

Mr. Lovingood informed the Board of Trustees that Wells Fargo has provided his office with the Positive Pay File format sample and that his Payment Group is in the process of updating their systems to meet the formatting requirement.

4. PLAN FINANCIALS

The financial statements through July 31, 2024, were included in the meeting packets for review along with the Disbursements dated August 28, 2024.

A motion was made by Stephen Hunter to approve the Disbursements dated August 28, 2024, as presented. The motion received a second by Bridget Souffrant and was approved 4-0.

5. BENEFIT APPROVALS

The Board of Trustees reviewed the Benefit Approvals Dated August 28, 2024.

A motion was made by Bridget Souffrant to approve the Benefit Approvals dated August 28, 2024, as presented. The motion received a second by Stephen Hunter and was approved 4-0.

6. MINUTES

The Minutes from the May 15, 2024, Quarterly Board Meeting were reviewed by the Trustees.

A motion was made by Stephen Hunter to approve the Quarterly Board Meeting Minutes dated May 15, 2024, as presented. The motion received a second by Bridget Souffrant and was approved 4-0.

7. OLD BUSINESS

A. Ordinance Change – Allow Retirees to Change Joint Annuitant Update

City Attorney, Nancy Urcheck informed the Board of Trustees that the Ordinance Change to allow Retirees to Change their Joint Annuitant onetime after retirement has passed the First Reading. Mrs. Urcheck informed the Board that the Second Reading will occur on Tuesday, September 3, 2024.

B. Open Trustee Seat

The open Trustee Seat was discussed by the Board of Trustees with a focus on who at the City is the point of contact and what the requirements are for anyone who is interested in filling this vacancy.

8. NEW BUSINESS

There was no new business to discuss at this meeting.

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9. ADDITIONAL REPORTS

The following reports were provided to the Board of Trustees electronically: Argent Capital 06-30-2024 Performance Overview, American Realty 05-23-2024 Private Placement Memorandum, American Realty 06-26-2024 Quarterly Redemption Letter, American Realty 07-19-2024 Quarterly Distribution, GH&A Firm Update Letter Dated 05-24-2024, and Dana Investment 06-30-2024 Quarterly Performance Report.

10. PUBLIC COMMENTS

There were no members of the public present, and no public comments were submitted to the Plan via email.

11. NEXT MEETING – Wednesday, November 20, 2024, AT 1:30PM

12. ADJOURN

There being no further business to discuss, Stephen Hunter made a motion to Adjourn the Board Meeting at 3:32pm. The motion received a second by Leon Pinder and was approved 4-0.

Sylvia Gregory