

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

**Minutes**

**September 08, 2023  
8:30 AM**

**CALL THE MEETING TO ORDER**

Mr. Frost called to order the West Palm Beach Police Pension Fund Workshop Meeting on September 08, 2023, at 8:33 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 and Joe Ahern, Board Trustee.

Also present: Joesph White – Saxena White; Dustin Campbell, Active Member; Gilbert Garcia<sup>1</sup>, Janna Hamilton & Benjamin Monkiewicz – Garcia Hamilton & Associates; 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**

August 11, 2023 - Matter Tabled.

**ATTORNEY'S REPORT**

Leslie's Inc. Matter - Mr. Joesph White of Saxena White came before the Board regarding a security litigation claim for Leslie's Inc. (the pool company). Mr. White indicated that undisclosed to investors, throughout the Class Period, Leslie's customers were purchasing more pool chemicals than necessary, at significantly inflated prices, to stockpile the chemicals in case of a chlorine shortage. Rather than disclose that its impressive sales growth was based on artificial demand and panic buying, the Company claimed its growth initiatives were responsible for the impressive financial results and produced "healthy ongoing consumer demand" that was "durable" and "showed no signs of slowing."

Among other tactics, the Company stoked the interest of pool operators and owners in stockpiling supply with a letter campaign to a significant portion of its customer base that began in the Company's first fiscal quarter of 2022, which corresponds to the late calendar year 2021. This correspondence explained the Company could not "guarantee product availability," and encouraged customers to purchase chemicals while the Company still had supplies.

Investors learned the truth on July 13, 2023, when Leslie's pre-released preliminary results for the third quarter of 2023. Specifically, Leslie's revealed that sales in the third quarter of 2023 had declined by a staggering 12%, the Company's earnings per share for the quarter was 42% below analyst estimates. Additionally, after reaffirming its fiscal 2023 guidance during the previous two quarters, the Company abruptly slashed its outlook by a massive 60% for the remainder of the year. The Company then admitted "that customers entered the pool season with a greater than normal amount of chemical leftover from last year," resulting in reduced purchasing. The Company also announced that its Chief Financial Officer Steven Weddell would be stepping down from his post effective August 7, 2023.

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<sup>1</sup> Attended Remotely.

## West Palm Beach Police Pension Fund – Minutes

September 08, 2023

Page 2 of 3

On this news, the price of Leslie's stock fell more than 29%, from a closing price of \$9.52 per share on July 13, 2023, to a closing price of \$6.70 per share on July 14, 2023, and continued to fall another 18% the next trading day to close at \$5.46 per share on July 17, 2023. Analysts reported being "surprised by everything" in the pre-release, including "the magnitude of the comp store sales decline" and the "degree of excess inventory that customers are carrying."

"Our independent investigation conducted by our in-house team that includes former FBI agents has determined that the Company's stores were overflowing with inventory during the Class Period. According to a former Leslie's Allocations and Planning Analyst, by March 2022, the inventory buildups were "out of control," to the point customers did not have enough room to walk around stores and the inventory was becoming a fire hazard. The inventory buildup reached a point that stores were forced to put inventory outside during the day and then bring it back inside after stores closed."

Mr. White advised that WPB Police suffered a material loss of \$390,954 on its purchases of Leslie's stock during our proposed Class Period<sup>2</sup>. The Fund began to purchase Leslie's shares in March 2021 and acquired the majority of its position in Leslie's prior to October 2021 and the onset of the letter campaign described above.

Mr. White believes the merits of an action asserting securities laws violations are strong. We will vigorously prosecute the Class Period proposed, the length of which is necessary to fully protect WPB Police's interests and maximize the Fund's ability to recover for its losses on its investments in Leslie's stock. Accordingly, Mr. White recommends WPB Police Pension Fund authorize Saxena White to file a complaint on its behalf, and thereafter a motion for appointment as lead plaintiff once a deadline for motions is set by the court. Mr. White closed by stating that he appreciates the opportunity to advise WPB Police on this matter and opened the matter to answer any questions.

Mr. Frost and Mr. Ahern sought input from Mrs. Jensen who felt the case was viable based on circumstances. Mr. Frost, having the authority to engage Saxena White, reflected it was his fiduciary duty to proceed accordingly and executed all required documents subsequent to this meeting retaining Saxena White in this matter.

City Ordinance: Mrs. Jensen advised that a city ordinance was recently passed by the City of West Palm Beach with regard to attending meetings remotely. Mrs. Jensen stated that there must be a quorum present in the meeting location for another member to participate.

Final Order - Krystal Brammeier: Mrs. Jensen stated that the final order for Krystal Brammeier was completed and executed accordingly by Mr. Frost.

### **ADMINISTRATOR'S REPORT**

Due to the lack of a quorum, no formal report was presented.

### **INVESTMENT PRESENTATION**

**Garcia Hamilton & Associates (GHA):** Mr. Gilbert Garcia, Mrs. Janna Hamilton & Mr. Benjamin Monkiewicz of Garcia Hamilton & Associates presented the June 30, 2023 portfolio review.

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<sup>2</sup> February 5, 2021 through July 13, 2023.

**West Palm Beach Police Pension Fund – Minutes**

**September 08, 2023**

**Page 3 of 3**

Mr. Garcia began by detailing his effort to become the Mayor of the City of Houston. Mr. Garcia noted that his firm has always been prepared for his succession in the case of his death. If elected Mayor, he would still maintain his position within GHA. Any and all questions were answered by Mr. Garcia.

Mr. Monkiewicz spoke about this nation’s money supply, inflation, the housing market, economic indicators, spreads and mortgage-backed securities. The portfolio characteristics were also reviewed.

**TIME WEIGHTED RETURN**

	Quarter	Fiscal 09-30-22 YTD	One Year	Annualized Last 2 Years	Annualized Last 3 Years	Annualized Last 5 Years	Annualized Last 10 Years	Annualized Inception 01-31-04 To Date
Gross of Fees	-1.07	4.35	-0.13	-2.82	-2.00	1.16	2.03	3.69
Net of Fees	-1.13	4.20	-0.34	-3.02	-2.20	0.96	1.83	3.49
*Custom Index	-0.75	3.37	-0.60	-4.33	-2.89	0.83	1.33	2.69
Bloomberg US Int. Aggregate	-0.75	3.37	-0.60	-4.33	-2.89	0.83	1.33	N/A

**AndCo Consulting:** Mr. Vavrica provided a preliminary flash report through August 31, 2023, valuing the return at 11.6%.

Mr. Vavrica also provided a DEI report on the investment managers for informational purposes only.

Mr. Vavrica said the Board should stay the course of the investment policy for the incoming Chapter Funds from the State of Florida. By consensus only Mr. Ahern and Frost agreed.

**OPEN DISCUSSION**

No discussion ensued.

**ADJOURNMENT**

Being there was no other business; the workshop meeting was adjourned at 9:43 AM.

Next meeting is scheduled for October 13, 2023, at 8:30 AM.



Troy Marchese, Board Secretary