



## *CITY OF BOYNTON BEACH POLICE OFFICERS' PENSION FUND*



### **Minutes**

**November 14, 2017  
10:00 A.M.**

The regular meeting of the Board of Trustees of the City of Boynton Beach Police Officers' Pension Fund was called to order at 10:00 A.M. on behalf of the Board of Trustees by the Plan Administrator, Mr. Robert Dorn on November 14, 2017, at 2100 North Florida Mango Road, West Palm Beach, Florida.

#### **TRUSTEES PRESENT:**

Mr. Toby Athol – Chairman; Mr. Russell Faine – Trustee; & Mr. Brian McDeavitt – Trustee.

#### **ABSENT:**

Mr. Jason Llopis – Secretary & Mr. Scott Caudell- Trustee

#### **OTHERS PRESENT:**

Ms. Bonni Jensen, Board Attorney - Klausner, Kaufman, Jensen & Levinson; Mr. Bob Dorn, Plan Administrator- Precision Pension Administration, Inc.; Ms. Mary Jean Serene – Russell Investments; Mr. Frank Wan – Fund's Monitor- Burgess, Chambers & Associates;

It should be noted that there was a quorum for the Board to have an official meeting.

#### **PUBLIC DISCUSSION:**

No public comments were presented.

#### **CONSENT AGENDA:**

#### **APPROVAL OF THE MINUTES:**

The Board reviewed the August 8, 2017 meeting minutes. Trustee Caudell made a Motion to approve the May 9, 2017 meeting minutes. Trustee McDeavitt seconded the Motion. The Motion passed 3-0.

#### **APPROVAL OF WARRANTS:**

##### **WARRANT 120**

This Warrant is for ac DROP rollover for Retiree Peter Passalaqua in the amount of \$300,000 from his DROP account.

##### **WARRANT 121**

This Warrant is for Klausner, Kaufman, Jensen & Levinson for legal services rendered through 8/30/2017. The invoice number is 20498. The amount of this Warrant is for \$1,740.00

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**WARRANT 122**

This Warrant is for Burgess Chambers & Associates, Inc for investment performance monitoring services rendered through 9/30/2017. The invoice number is 17-275. The amount of this Warrant is for \$6,250.00.

**WARRANT 123**

This Warrant is for Trustee Russell Faine for reimbursement for funds spent for a pension conference. The amount of this Warrant is for \$679.00.

**WARRANT 124**

This Warrant is for Suntrust bank for expenses related to the Fund business. The amount of this Warrant is for \$500.

**WARRANT 125**

This Warrant is for Retiree Scott Caudell for a DROP disbursement from his DROP account. The amount of this Warrant is for \$25,000.00

**WARRANT 126**

This Warrant is for Klausner, Kaufman, Jensen & Levinson for legal services rendered through 9/30/2017. The invoice number is 20596. The amount of this Warrant is for \$424.00

**WARRANT 127**

This Warrant is for Retiree Frank Briganti for a DROP disbursement from his DROP account. The amount of this Warrant is for \$30,000.00

**WARRANT 128**

This Warrant is for Retiree Steven Wessendorf for a re-occurring monthly benefit payment of \$6,960.73 starting on October 1, 2017.

**WARRANT 129**

This Warrant is for Gabriel, Roeder, Smith & Company for actuarial services rendered from 7/1/01/2017 to 09/30/2017. The invoice number is 433378

**WARRANT 130**

This Warrant is for Davidson, Jamieson & Cristini, P.I for audit services. The amount of this Warrant is for \$7,500 and the invoice number is R7740.

**WARRANT 131**

This Warrant is for Retiree Daniel Griswold for a DROP disbursement from his DROP account. The amount of this Warrant is for \$20,000.00

**WARRANT 132**

This Warrant is for Trustee Russell Faine for reimbursement for funds spent for a pension conference. The amount of this Warrant is for \$857.25

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**WARRANT 133**

This Warrant is for Jonathan Benkoski for a refund of his pension contributions in the amount of \$2,780.15.

**WARRANT 134**

This Warrant is for reimbursement to ex-member Brandon Astaphan for reimbursement of pension contributions. The amount of this Warrant is for \$1,568.54.

**WARRANT 135**

This Warrant is for Retiree Steven Schoenfeld for a DROP disbursement from his DROP account. The amount of this Warrant is for \$8,750.00

**WARRANT 136**

This Warrant is for Robert Dorn for reimbursement for fees paid for the Fund to the Public Pension Coordinating Council's 2017 application process. The amount of this Warrant is \$100.00.

**WARRANT 137**

This Warrant is to Russell Investments for banking services rendered through 9/30/2017. The invoice number is 1709074706-9996. The amount of this Warrant is \$970.13.

**WARRANT 138**

This Warrant is for Suntrust bank for expenses related to the Fund business. The amount of this Warrant is for \$249.86.

**WARRANT 139**

This Warrant is for Klausner, Kaufman, Jensen & Levinson for legal services rendered through 10/31/2017. The invoice number is 20734. The amount of this Warrant is for \$26.50.

**WARRANT 140**

This Warrant is to Wendy Unger for a DROP Loan disbursement in the amount of \$50,000 from his DROP account.

**WARRANT 141**

This Warrant is for Retiree Thomas Wallace for a DROP disbursement from his DROP account. The amount of this Warrant is for \$30,000.00.

**WARRANT 142**

This Warrant is for FPPTA renewal of membership fees for the Pension Fund. The Amount of this Warrant is \$650.00.

**WARRANT 143**

This Warrant is for renewal of FPPTA CCPT certificate for Trustee Jason Llopis in the amount of \$30.00.

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**NEW/UNFINISHED BUSINESS:**

No New and/or Unfinished Business

**ACTUARY REPORT:**

Mr. Pete Strong spoke to the Board via telephone regarding a fund assumption review. Mr. Strong spoke about lowering the assumption rate now and in the future. The change in assumption will increase the cost in the short term but pays in the long run for the Fund. Mr. Strong advised that the Board had a study done last year (May/2017) and he would like to present another study at the next meeting to show the impact if the Board would lower the assumption rate this year and years in the future. The Board agreed to have this study done by Mr. Strong.

**INVESTMENT REPORT:**

Ms. Serene made the presentation for Russell Investments to the Board. The period covered for this presentation ended on 09/30/ 2017.

Ms. Serene gave a brief overview of the 2017 capital markets for the Board. The U.S. Equity was up on strong earnings and higher than expected GDP. The developed non-U.S. stock markets continued upward march in the 3Q on anticipated strong earnings growth potential and solid economic data. Emerging markets are also up on improving economic growth. The U.S. bonds are moving upwards on continued supportive corporate fundamentals and positive economic data. The Global real estate markets are up across all regions except for the Middle East and Africa. The Commodities were up with double digit gains in the energy sector with the exception of natural gas which was down -4.1%. The U.S. equity market rally is the second longest and third strongest since 1936. Russell Investments believe the Fed will raise interest 3-4 times next year.

Ms. Serene reviewed each of the major investment funds with the Board. The Fund ended the period with a market value of \$95,020,618 and as of 11/13/17, the Fund's value was close to hundred million.

**MONITOR REPORT:**

Mr. Frank Wan gave the report for Burgess Chambers & Associates, Inc. The beginning market value of the portfolio was at \$93,294,862. There were negative \$861,812 in contributions and a positive \$2,587,567 in investment gains during the quarter. The ending market value of the portfolio as of 09/30/2017 was \$95,020,618.

For the quarter, the Fund experienced an investment gain of 2.8% gross and the Policy benchmark return was 3.2%. For the fiscal year period, the Fund earned \$9.6 million or +11.1% gross (+10.2% net). For the three-year period, the Fund earned 20.1 million or 8.1% (7.3% net) and ranked in the top 8th percentile compared to other similar type pension plans. These results were well ahead of the Policy Benchmark (6.6%). For the five-year period, the Fund ranked in the top 34<sup>th</sup> percentile and earned \$34.5 million or 9.1% gross (8.2% net), also ahead of the Policy Benchmark (7.9%).

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The following are the investment returns compared to the benchmarks:

	Quarter	1-Year	3-Year
Total Fund	2.8	11.1	8.1
Policy Benchmark	3.2	10.9	6.6
Russell Large Cap Defensive Equity	3.6%	16.1%	10.8%
Russell 1000 Index Bench Mark	3.9%	15.0%	10.2%
Russell Multi-Asset Core	4.0%	16.2%	9.0%
Benchmark-Multi-Asset Core Composite Index	4.0%	16.2%	7.1%
Russell Multi-Manger Bond	0.8%	0.5%	3.5%
Fixed Income Benchmark	0.8%	0.1%	2.7%
Russell Real Estate Equity	1.8%	8.3%	11.1%
Real Estate Benchmark	1.9%	7.8%	11.0%

Mr. Wan advised that asset allocation is good and no rebalances at this time. Mr. Wan advised that the Fund is receiving good returns for the risk that they are taking in the market. Mr. Wan gave an overview of the risk vs return for the various funds to the Board. Mr. Wan advised that he had no suggestions for any changes to the Fund at this time.

**ATTORNEY'S REPORT:**

Ms. Jensen gave the presentation to the Board for Klausner, Kaufman, Jensen and Levinson.

Ms. Jensen presented to the Board a memo her firm drafted outlining the Federal, State and local Death Benefits for officers fallen in the line of duty. Some of the major points were that PSOB gives a benefit of \$350,000, Section 112.19 of Florida Statutes outlines the State's benefits to fallen officers. Workers Compensation benefits under section 440.16 of Florida Statutes and Section 18-109(d) of the City of Boynton Beach City Code.

Ms. Jensen spoke about a PERC (Florida Public Employee Relations Commission) decision for an unfair labor practice arising out of a violation of the Florida's financial urgency statute, Section 447.4095. This was in line after the Supreme Court decided the Headley v. City of Miami, 215 So.3d 1 (Fla.2017) case. The PERC decision outlines the remedy for the unlawful failure to follow the financial urgency procedures in confirming that the remedy should be to return the parties to the way things were before the unlawful act(s) by the City.

Mr. Dorn advised that the City is giving members the option when they leave employment for the sick and vacation to be paid directly to them or rolled over to the Pension Fund. Ms. Jensen spoke about this issue in great detail to the Board advising that her firm has receive tax advise that if there are any rollovers of sick and vacation, it has to be done the same way all the time. The procedure has to be all the funds (Sick & Vacation) for everyone are rollover over or everyone gets their time paid directly to them. For tax purposes for the Fund, the member can't have the option. The Board

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discussed this issue and directed Ms. Jensen to contact the Union and City to decide how they would like to proceed on this issue.

Ms. Jensen advised that there are some pending ordinances that the Board has discussed about in previous meeting (reemployment after retirement, death benefit for a non-spouse beneficiary, etc...) to bring to the City for Pension Fund changes. Ms. Jensen advised that she will also speak to the City regarding these issues.

**PLAN ADMINISTRATOR'S REPORT:**

Mr. Dorn advised that he completed and submitted an application to the Public Pension Coordinating Council (PPCC) for the Pension Fund. The Pension Fund has been are recipients of the Public Pension Coordinating Council (PPCC) Award. PPCC is a coalition of three national associations that represent public retirement systems and administrators; NASRA, the National Council on Teacher Retirement (NCTR) and National Conference on Public Employee Retirement Systems (NCPERS). Together, these associations represent more than 500 of the largest pension plans in the United States serving most of the nations 16 million employees of state and local government.

The PPCC established the Public Pension Standards to reflect required expectations for public retirement system management, administration, and funding. The Standards service as a benchmark by which to measure public defined benefit plans. All public retirement systems and the state and local governments that sponsor them are encouraged to meet the standards. Recognition Award for Funding & Recognition Award for Administration was received.

Mr. Dorn advised that death checks were completed and no new members were on the State Street review.

Mr. Dorn advised that he is working with the Auditors and Actuary for the Audit report. Mr. Dorn advised that Mr. Scott Caudell and Mr. Steven Wessendorf retired in September/2017. Both members were in the DROP and their monthly benefits amounts have already been approved by the Board. Mr. Dorn advised that both members received their first benefit payment on October 1, 2017.

Mr. Dorn advised that Mr. Schoenfeld, Mr. Passalagua, Mr. Caudell, Mr. Briganti and Mr. Griswold had DROP disbursements during the last quarter which have been outlined in the aforementioned Warrants.

Mr. Dorn advised the Board that Retiree Wendy Unger submitted all the necessary forms for a DROP Loan in the amount of \$50,000. The Board reviewed the documents and approved the DROP Loan.

Mr. Dorn advised that Mr. Benkoski elected to have his pension contributions refunded to him. This has been approved by the Board in the aforementioned Warrants.

Mr. Dorn advised that the 1% Supplemental payment for eligible retiree members will be disbursed sometime before December 10, 2018.

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The Board recently held a pension election for the open position previous held by Trustee Joseph DeGiulio. The ballots were tallied on November 10, 2017 and Mr. Brian McDeavitt won the election. Mr. McDeavitt received 41 votes, Mr. Ray DeLosrios received 22 votes and Mr. Michael Kelly received 10 votes. Notification was given to the City Clerk's Office of the results. Ms. Jensen spoke to Mr. McDeavitt about completing his Form 1 disclosure form and the County's Ethics training for his new position. Mr. McDeavitt advised that he would complete both.

Mr. Dorn advised that the 5<sup>th</sup> member position is up for renewal for December 1, 2017. This position is selected by the Board. Two members have applied for this position and they are Mr. Russell Faine (currently in this position) and Mr. Paul Deale. Ms. Jensen advised the Board to wait on this selection for the February meeting so there would be a full Board in attendance for this selection. The Board agreed to this. Mr. Faine would continue in this position at the current time.

Mr. Dorn request on behalf of the Auditors to the Board change its February meeting to February 7, 2017 to 1:30 P.M. The Board agreed to the change.

Mr. Dorn suggest to the Board to have a plaque made for former Trustee DeGiulio. The Board agreed to this. Trustee Athol also suggested that the Board give former chairman Gary Chapman an award for all of his hard work and professionalism he did while in office. The Board also agreed to this. Mr. Dorn advised that he would work with Trustee Athol to obtain these items.

**OPEN DISCUSSION**

No topics were discussed for Open Discussion.

**ADJOURN:**

Trustee McDeavitt made a Motion to adjourn the meeting. Trustee Faine seconded the Motion. The Motion passed 3-0. The meeting was adjourned at 12:03 P.M.



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Mr. Toby Athol, Chairman

***FOR THE BOARD***