

BOYNTON BEACH POLICE OFFICER'S PENSION FUND

MINUTES

August 14, 2018

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 on behalf of the Board by the Plan Administrator, Robert Dorn on August 14, 2018 at 10:00 A.M. at 2100 North Florida Mango Road, West Palm Beach, Florida.

TRUSTEES PRESENT:

Mr. Toby Athol – Chairman; Mr. Russell Faine – Trustee & Mr. Daniel Dugger – Trustee.

ABSENT:

Mr. Jason Llopis – Secretary & Mr. Brian McDeavitt.

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

OTHERS PRESENT:

Ms. Bonni Jensen, Board Attorney – Klausner, Kaufman, Jensen & Levinson; Mr. Robert Dorn – Plan Administrator – Precision Pension Administration; Mr. Frank Wan – Burgess Chambers & Associates; & Mr. Steven Flynn – Russell Investments.

PUBLIC DISCUSSION:

No Public comments presented.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the May 8, 2018 City of Boynton Beach Police Officers' Pension Fund meeting minutes. Ms. Jensen suggested some change to the minutes. The Board accepted the changes. Trustee Faine made a Motion to approve the May 8, 2018 meeting minutes as amended. Trustee Dugger seconded the Motion. The Motion passed 3-0.

WARRANTS

The Board reviewed Warrants 182 through 206. The Board discussed the Warrants. Trustee Faine made a Motion to approve Warrants 182 through 206. Trustee Dugger seconded the Motion. The Motion passed 3-0. The following are the Warrants that were approved.

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WARRANT 182

This Warrant is for Klausner, Kaufman, Jensen & Levinson for legal services rendered to the Pension Fund through April 30, 2018. The invoice number is 21596. The amount of this Warrant is \$4,516.00.

WARRANT 183

This Warrant is to Frank Danysh for a DROP disbursement from his DROP account. The amount of this Warrant is \$100,000.00.

WARRANT 184

This Warrant is to Suntrust Bank for credit card expenses related to Pension Fund business. The amount of this Warrant is \$883.26.

WARRANT 185

This Warrant is to Toby Athol for a DROP disbursement from his DROP account. The amount of this Warrant is \$7,000.00.

WARRANT 186

This Warrant is to Oakwater Technologies, Inc for IT services rendered to the Pension Fund for the 185 Supplemental special payments to the retirees. The invoice number is 1399. The amount of this Warrant is \$375.00.

WARRANT 187

This Warrant is to Paul Valerio for a DROP disbursement from his DROP account. The amount of this Warrant is \$25,000.00.

WARRANT 188

This Warrant is to Suntrust Bank for credit card expenses related to Pension Fund business. The amount of this Warrant is \$1,748.69.

WARRANT 189

This Warrant is for Precision Pension Administration for colored copy charges from 05/2017 to 05/2018. The invoice number is BBPD 2018-06-001. The amount of this Warrant is \$260.10.

WARRANT 190

This Warrant is to Frank Danysh for a DROP disbursement from his DROP account. The amount of this Warrant is \$70,000.00.

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WARRANT 191

This Warrant is for Klausner, Kaufman, Jensen & Levinson for legal services rendered to the Pension Fund through May 31, 2018. The invoice number is 21751. The amount of this Warrant is \$2,156.00.

WARRANT 192

This Warrant is to Burgess Chambers & Associates for performance monitoring services rendered to the Pension Fund through June 30, 2018. The invoice number is 18-185. The amount of this Warrant is \$6,250.00

WARRANT 193

This Warrant is to Gabriel, Roeder, Smith & Company for actuarial services rendered to the Pension Fund through April 30, 2018. The invoice number is 438508. The amount of this Warrant is \$7,264.00.

WARRANT 194

This Warrant is to Suntrust Bank for credit card expenses related to Pension Fund business. The amount of this Warrant is \$650.00.

WARRANT 195

This Warrant is to Gabriel, Roeder, Smith & Company for actuarial services rendered to the Pension Fund through June 30, 2018. The invoice number is 439744. The amount of this Warrant is \$700.00.

WARRANT 196

This Warrant is for Klausner, Kaufman, Jensen & Levinson for legal services rendered to the Pension Fund through June 30, 2018. The invoice number is 21918. The amount of this Warrant is \$1,033.50.

WARRANT 197

This Warrant is to Trustee McDevitt for reimbursement of expenses from a pension conference held by the FPPTA from 6/24/2018 to 6/27/2018. All necessary travel expenses forms are attached to this Warrant. The amount of this Warrant is \$272.35.

WARRANT 198

This Warrant is to Mr. Eric Lampe for a refund of his pension contributions, 1% contributions and his rollover of sick and vacation funds. Mr. Lampe submitted all necessary forms for this refund. The amount of this Warrant is \$11,936.16.

WARRANT 199

This Warrant is for Russell Investments for investment services rendered to the Pension Fund. The invoice number is 20180630-204-A. The amount of this Warrant is \$166,852.08.

WARRANT 200

This Warrant is to Suntrust Bank for credit card expenses related to Pension Fund business. The amount of this Warrant is \$1,589.03.

WARRANT 201

This Warrant is to Mr. Barry Ward for a refund of his pension contributions, 1% contributions and his rollover of sick and vacation funds. Mr. Ward submitted all necessary forms for this refund. The amount of this Warrant is \$23,384.03.

WARRANT 202

This Warrant is for Robert Dorn for reimbursement of office supplies related to Pension Fund Business. The receipts are attached to this Warrant. The amount of this Warrant is \$110.28.

WARRANT 203

This Warrant is for Klausner, Kaufman, Jensen & Levinson for legal services rendered to the Pension Fund through July 31, 2018. The invoice number is 22082. The amount of this Warrant is \$2,570.50.

WARRANT 204

This Warrant is to Trustee Faine for reimbursement of expenses from a pension conference held by the FPPTA from 6/24/2018 to 6/27/2018. All necessary travel expenses forms are attached to this Warrant. The amount of this Warrant is \$213.85.

WARRANT 205

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

WARRANT 206

This Warrant is for Raymond Thomas for a re-occurring monthly benefit payment starting on September 1, 2018 and will continue until stopped by the Plan Administrator or Board of Trustees. Mr. Thomas has submitted all necessary retirement forms. This Warrant is for \$5,840.00.

NEW/UNFINISHED BUSINESS:

Mr. Dorn advised that Trustee Scott Caudell resigned from the Board on June 30, 2018. Mr. Dorn advised that he notified the City manager as well as the City Clerk regarding the resignation. Mr. Caudell was appointed by the City Council. Mr. Caudell submitted his State Disclosure Form 8B when he resigned. Mr. Dorn advised that he sent the form to Supervisor of Elections for Palm Beach for recording. On July 17, 2018, the City of Boynton Beach City Council appointed Daniel Dugger as one of their two appointed positions on the Police Pension Board. Trustee Dugger's will fulfill the remaining term

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of Mr. Cauldell which will be from July 17, 2018 until December 2018, at which time the City Council can approve his term for renewal.

Ms. Jensen presented to the Board a resumes of the law firm of Rice, Pugatch, Robinson, Storfer & Cohen, PLLC and of Attorney Richelle Levy. Ms. Jensen recommended to the Board the hiring of Attorney Richelle Levy for the advocate attorney in the Ms. Amy Hoffman benefit case. The Board discussed the issue. Trustee Faine made a Motion to hire Attorney Levy and for the Chairman to execute all necessary documents for the hiring. Trustee Dugger seconded the Motion. Motion passed 3-0.

INVESTMENT REPORT:

Mr. Steven Flynn made the presentation to the Board on behalf of Russell Investments.

Mr. Flynn gave an overview of the capital markets through June 30, 2018. Mr. Flynn explained that the market's volatility has moved the S&P Index up 1% for 20 different days and down 1% for 16 days during the first half of 2018 which already matched or surpassed the large movements in 4 of the last 5 calendar years. Mr. Flynn advised that managing for increased volatility can help navigate the market's wild swings.

Mr. Flynn gave an overview of the complexity in an interconnected world when tariffs and trade barriers occur. The potential benefits to tariffs are (1) foster specific industries, (2) protect national security interests, (3) help domestic producers and jobs, (4) source of government revenue and (5) address international trade distortions. The potential risks of tariffs are (1) slow down economic growth, (2) raise prices and stimulate inflation, (3) hurt consumers, (4) job loss in downstream industries and (5) harm domestic exporters. When tariffs do happen, there are always unintended consequences.

Mr. Flynn advised that they expect to have 3-4 Fed rate hikes in 2018. The valuations of stocks were very expensive in the second quarter. The recession risks are elevated in late 2019 and 2020. The Asia-Pacific markets' expectations are positive earnings with attractive valuations. The Euro markets had strong fundamentals and attractive valuations but neutral growth.

Mr. Flynn advised that the portfolio's market value on 6/30/2018 was \$99,709,675. The fiscal year to date gross return was 4.36% and the net return was 3.78%. Mr. Flynn advised that part of the investment return not meeting or beating the benchmark is mainly because of the underweight in U.S. equity and overweight in the developed European markets caused for them not obtaining expectations.

MONITOR REPORT:

Mr. Frank Wan made the presentation to the Board on behalf of Burgess Chambers & Associates.

Mr. Wan advised that the talk of the bond market bubble should be a warning but the empirical data behind past bubbles should be reviewed before making drastic decision changes. The following empirical data is that between 1926 and 2018, there has been only five time periods when intermediate bonds lost more than 5%. Furthermore, the average recovery period (breakeven) during these five periods was five months. Interest rates are likely to be higher five years from now. Due to the unpredictable nature of the yield curve changes, investors are unable to consistently time the redemption and repurchase of fixed income securities, especially when factoring transaction costs. The statutory objectives for monetary policy are” (1) maximum employment, (2) stable prices and (3) moderate long-term interest rates. Given that the GDP is growing at 2.2% and core CPI is increasing at 2.1%, the FOMC is not expected to increase rates rapidly, and the “bubble” is not expected to burst in the near future.

For the quarter, the Fund earned 1.3% gross (1.1% net) which was in line with the Benchmark (1.3%). The best performing asset category was the Russell Large Cap Defensive Equity (2.7% return). For the one-year period, the Fund earned 7.3% gross (6.5% net) which is below the benchmark return of 7.6%.

The beginning market value of the Pension Fund was \$100,374,251. The total fund return was 1.1%. The ending market value of the Pension Fund was \$99,709,675. The following are the returns of the Pension Fund and benchmarks:

	Quarter	FYTD	3-Year	5-Year
Total Fund:	1.1%	3.8%	6.9%	7.8%
Benchmark:	1.3%	4.2%	6.8%	7.5%
Russell Large Cap Defense Equity:	2.5%	8.4%	11.0%	N/A
Benchmark:	2.9%	8.5%	11.4%	12.4%
Russell Multi-Asset Core:	1.5%	4.6%	7.7%	8.6%
Benchmark:	1.9%	5.0%	7.0%	8.2%
Russell Multi-Manager Bond:	-0.7%	-1.7%	1.9%	2.4%
Benchmark:	-0.2%	-1.2%	1.7%	2.3%
Russell Real Estate Equity:	1.6%	5.4%	7.7%	9.8%
Benchmark:	2.1%	6.6%	9.6%	11.1%
Russell ST Inv Cash Sweep Account:	.1%	.7%	1.1%	.01%
Benchmark:	.5%	1.1%	.07%	.04%

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Mr. Wan reviewed with the Board the fee structure with Russell Investments along with the active versus passive investment managers. Mr. Wan recommended no rebalancing of the portfolio and no investment guidelines changes.

ATTORNEY REPORT:

Ms. Jensen made a presentation to the Board for Klausner, Kaufman, Jensen & Levinson.

Ms. Jensen advised that she has some discussions with the City's HR Director regarding an issue on whether the Police Chief can have an option of joining the Police Pension Fund or join the General Employees Fund. After reviewing the City Ordinance, Ms. Jensen advised that in this Police Pension Fund, the police chief does not have an option and must be part of the Police Pension Fund. Ms. Jensen advised that under State Statute, it allows Police Pension Funds to have an ordinance which allows for police chiefs to have a one-time option to either join or not join the Police Pension Plan. Ms. Jensen advised that the Union and City must agree to add this option benefit for the police chief to amend the Pension Fund.

Ms. Jensen advised that Mr. Dorn sent her a Trust document making the Trust the contingent beneficiary to the member's pension benefits. Ms. Jensen advised that the Pension Plan does not allow this to occur and should not accept these Trusts. Ms. Jensen advised that Trusts historically has not allowed Trusts to be primary or contingent beneficiaries because of fiduciary reason(s) and expanding the role of the Pension Funds and for various other reasons. The Board agreed to not accept any Trust agreements for either primary or contingent beneficiaries until a State Law or City Ordinance on this change the current ordinances and procedures in place.

Ms. Jensen advised that ex-officers Antico and Brown criminal cases are still on appeal. Ms. Jensen advised that no action should be taken by the Board until the Appeal process is over. Mr. Dorn advised that he requested the Department's Internal Affairs reports on Mr. Antico and Mr. Brown. Mr. Dorn advised that he spoke to the Assistant Chief and an Internal Affairs Investigator who advised that they haven't done a full investigation into this matter because the FBI is still reviewing the situation. The FBI's case has not been closed out. Mr. Dorn advised that the Department sent a brief overview report, but they agreed to send over their investigation once it is completed. Chairman Athol and Trustee Faine inquired to Ms. Jensen in how the federal criminal charges affect the state forfeiture laws. Ms. Jensen advised that under section 6 of the State Forfeiture Law, the Trustees first look at the state laws that compare to the federal charges and ensure that the federal crimes committed would be considered a state felony. The Board agreed to take no action at this time and this matter will be reviewed at each meeting until the appeals process is completed.

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Ms. Jensen advised that Mr. Dorn inquired whether members can rollover funds to their DROP account. Ms. Jensen researched this matter. Ms. Jensen advised that rollovers are allowed when the member is classified as an active member. If a member is in the DROP, the member would be considered retired. Ms. Jensen advised that an active member can rollover the funds when the member is entering the DROP which would allow a limited time-period for the rollover to occur. Ms. Jensen advised that the only exception to this is when the City rolls over sick and vacation time to a members' DROP account when the member enters the DROP and then leaves the DROP.

Ms. Jensen updated the Board on the tax issues for the sick and vacation rollovers into the Pension Plan. Ms. Jensen advised that there are no changes in allowing members who are considered vested terminated to receive their rollover funds before they are allow to start collecting their monthly benefit payment. Chairman Athol inquired on whether we can give the members interest on their funds or what is the Pension Plan going to do with their funds for several years until the member can receive the rollover funds. Ms. Jensen advised that she believes that the member should have some type of interest, but it is up to the Board to decide whether the member received the investment return rate of the Pension Fund or a fixed rate like the members in the DROP receive. The Board agreed to discuss this issue at the next meeting. Currently, Ms. Jensen advised that the key issue to remember is for cash not to "leak" out of the Pension Fund, it's an all or nothing situation in disbursements according to the IRS. Ms. Jensen advised that she is still waiting on some answers to some of the issues the tax advisor has not yet answered at this point.

ACTUARY REPORT:

Mr. Dorn advised that the actuary completed an Actuarial Impact Statement regarding the City of Boynton Beach recent Pension Ordinance change. The Board will review and discuss at the next meeting.

PLAN ADMINISTRATOR REPORT:

Mr. Dorn advised that State Street conducted death checks and no results were revealed since the last meeting.

Mr. Dorn advised that there was two refund of pension contributions, rollover of sick and vacation accounts and 1% contributions since the last Board meeting. Mr. Lampe and Mr. Ward were the ex-members who received the refunds. (See also Warrant 185 & 201) The Board acknowledged this.

Mr. Dorn advised that Officer Marie Travis submitted all necessary DROP forms. Mr. Dorn advised that Ms. Travis entered the DROP on June 1, 2018. The Board acknowledged this.

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Mr. Dorn advised that Officer Naulty-Wills paid \$10,142.46 to complete her Buy-Back purchase. The Board acknowledged this.

Officer Haas submitted all necessary forms to make a Buy-Back purchase. Officer Haas paid a lump-sum payment of \$16,519.00 to complete his Buy-Back purchase. Mr. Dorn advised that the payment date for the Buy-Back purchase was 7/1/2018 but there was fault on behalf of Mr. Haas and the Pension Fund, the funds were received and deposited after the actuarial date of 7/1/2018. The Board agreed to waive any additional costs or interest on this purchase. The Board acknowledged this.

Mr. Dorn advised that two retirees were overpaid during their first couple of months in retirement and they are Mr. Wilmer Rodriquez and Mr. Jeffrey Katz. Mr. Dorn advised that both members will be taking monthly benefit reduction payment to pay back the Pension Fund, The Board agreed to the method of recovering the funds and of not charging any interest on the repayment.

Mr. Dorn advised that PPA's computer person has been working with the actuary (Pete Strong) to test the on-line benefit calculator. The actuary has approved the on-line calculator. The benefit calculator is on the pension web site and the members can use this program at any time. The next phrase of this project is to have the active member(s) access to their highest payroll years data on the members section. The IT person is working on this. Mr. Dorn advised that he will keep the Board updated on this issue.

Mr. Dorn advised that all of Trustees' State Financial Disclosure forms have been completed, recorded and posted by the Palm Beach Supervisor of Elections except for Trustee Dugger. Mr. Dorn advised that Trustee Dugger's Financial Disclosure form was recently sent for recording and posting. Mr. Dorn advised that Trustee Dugger also completed the Palm Beach County Ethics training. Mr. Dorn advised that he submitted the form to the City Clerk's Office.

Mr. Dorn advised that Lorinda Broberg's DROP statement was incorrect. Mr. Dorn advised that when PPA took over as the Plan Administrators, we obtain the DROP account balances and most of the recorded DROP Statements from the previous administrator. PPA had the DROP statement starting balance of \$20,439.70 which was not correct, and the balance should have been \$5,607.24. A letter was sent to Ms. Broberg of this clerical error which was fixed and posted. Ms. Broberg is still an active DROP member.

Mr. Dorn advised that the State of Florida posted the Police Officers' 2017 Premium Tax Distribution Calculations. The report indicates that Boynton Beach Police Officers' Pension Fund will receive \$825,507.29 near October 1, 2018.

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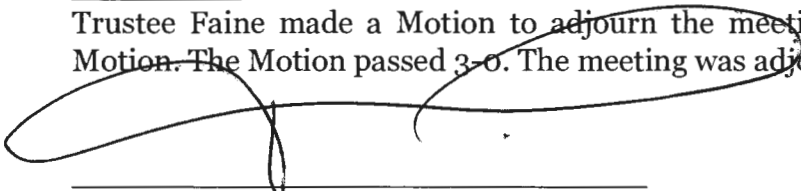
Mr. Dorn advised that he started working with the auditors for the upcoming audit. Mr. Dorn advised that he received all of the retirees' 2018 Confirmation of Benefits forms (also known as Alive & Well forms).

OPEN DISCUSSION:

No items for open discussion.

ADJOURN:

Trustee Faine made a Motion to adjourn the meeting. Trustee Dugger seconded the Motion. The Motion passed 3-0. The meeting was adjourned at 12:10 P.M.



Toby Athol, Chairman

FOR THE BOARD