

BOYNTON BEACH POLICE OFFICER'S PENSION FUND

MINUTES

November 13, 2018

10:30 AM

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 Mr. Athol on November 13, 2018 at 10:32 AM at 2100 North Florida Mango Road, West Palm Beach, Florida.

TRUSTEES PRESENT:

Mr. Toby Athol – Chairman; Mr. Jason Llopis – Secretary; Mr. Brian McDeavitt - Trustee; Mr. Russell Faine – Trustee & Mr. Daniel Dugger – Trustee.

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. Louis Penque & David Williams – Plan Administrator; Mr. Frank Wan – Burgess Chambers & Associates; Ms. MJ Serene – Russell Investments; Mr. Saul Chevelon, Citizen Observer.

PUBLIC DISCUSSION:

No Public comments presented.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the September 12, 2018, 2018 City of Boynton Beach Police Officers' Pension Fund meeting minutes. Mr. Dugger made a motion to approve the September 12, 2018 meeting minutes, which was seconded by Mr. McDeavitt. All Trustees voted yes, and the motion was passed 5-0.

WARRANTS

The Board reviewed Warrants 218 through 232. After review and consideration, Mr. Llopis made a motion to approve as presented, which was seconded by Mr. Faine. All Trustees voted yes, and the motion was passed 5-0.

NEW/UNFINISHED BUSINESS:

Tax Attorney Review: Mrs. Jensen advised she has been in communication and expects a formal response shortly.

INVESTMENT REPORT:

Ms. MJ Serene made the presentation to the Board on behalf of Russell Investments.

Ms. Serene gave an overview of the capital markets through September 30, 2018.

- 1 more Fed rate hike likely in 2018.
- 2.7% GDP growth.
- Valuations appear expensive and earnings expectations overly optimistic.
- Recession risks elevated in late 2019 to 2020.

Ms. Serene advised that the portfolio's market value on 9/30/2018 was \$101,897,895.00. For the quarter ending September 30, 2018, the return was valued at 2.74%¹ vs. 3.58% for the Russell Benchmark. For the fiscal year ending September 30, 2018, the return was valued at 6.61% vs. 7.92% for the Russell Benchmark. The three- and five-year returns were valued at 9.02% & 7.69% respectively, compared to the benchmark returns of 9.40% & 7.78%. Since inception² the return was valued at 6.27% vs. 6.67% for the Russell Benchmark.

FEES: As a result of a prior Board inquiry, Ms. Serene indicated she had a proposal to reduce the current fee for the RITC Large Cap Defense Equity Fund. Ms. Serene advised the current fee is .66% and the new rate as of October 1, 2018 is being reduced by 8 basis points to .58%. Formal amendments will follow for Board and legal review.

Total assets invested in actively-managed Russell Investments funds	\$25 M - \$35M	\$35 M - \$75 M	\$75 M - \$125 M	\$125+ M
Russell Investments Trust Company Commingled Employee Benefit Funds Trust	Annual Fee (%)			
RITC Large Cap Defensive Equity Fund	0.63%	0.60%	0.58%	0.56%
RITC Multi-Manager Bond Fund	0.54%	0.51%	0.49%	0.47%
RITC Short-Term Investment Fund *	0.24%	0.23%	0.22%	0.21%
RITC Real Estate Equity Fund	1.50%	1.47%	1.45%	1.43%
RITC Multi-Asset Core Fund	0.97%	0.94%	0.92%	0.90%
Russell Investments Institutional Funds, LLC				
RIIFL Absolute Return Fixed Income Fund	1.04%	1.01%	0.99%	0.97%

Ms. Serene reflected that passive investing would be another avenue to reduce fees, but given the volatile market, she would not recommend.

¹ Net Basis

² Inception Date – 07/01/2002

INVESTMENT MONITOR REPORT:

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

Investment Summary: The U.S. stock market ignored global trade concerns during the third quarter. The S&P 500 index earned 7.7% for the quarter. Wall Street analysts believed that central banks would remain accommodative and growth and inflation would remain subdued. Therefore, longer-dated treasuries remained range bound despite another hike in short-term rates.

- For the quarter, the Fund earned +2.9% gross (or +2.7% net; \$2.9 million), slightly trailing the Policy Benchmark (+3.2%) and ranked in the 58th percentile. The best performing asset category was the Russell Large Cap Defensive Equity (+7.2%).
- For the fiscal-year, the Fund earned \$7.1 million or +7.4% gross (+6.6% net), similar to the Policy Benchmark (+7.6%). The best performing asset category was the Russell Large-Cap Defensive Fund (+16.8%).
- For the three-year period, the Fund earned \$25.2 million or +9.8% (+9.0% net), ahead of the Policy Benchmark (+9.6%) and ranked in the 57th percentile.
- For the five-year period, the Fund ranked in the top 24th percentile and earned \$34.9 million or +8.5% (+7.7% net), ahead of the Policy Benchmark (+7.3%).
- The Fund's 2017 state insurance premium of \$825,507.29 was deposited on September 21, 2018. Approximately 20% of the contribution was allocated to the Multi Asset Core investment and 80% to the Multi Manager Bond investment.
- The Fund received the 2018 Employer contribution of \$5,809,713 was received and allocated as follows: \$2,427,311.09 to the Multi Asset Core Fund, \$1,810,885.96 to the Multi Manager Bond Fund and \$1,571,515.95 to the Large Cap Defensive Equity Fund.
- Asset Allocations were reported as follows:

		MV (\$)	Current	Target	Difference
Global Equities	\$	60,543,613	59.4%	55.0%	4.4%
Fixed Income	\$	30,145,815	29.6%	32.0%	-2.4%
Global REIT	\$	1,516,191	1.49%	2.0%	-0.5%
Global Listed Infrastructure	\$	1,224,302	1.20%	2.0%	-0.8%
Commodities	\$	1,288,491	1.26%	2.0%	-0.7%
Private Real estate	\$	6,740,412	6.61%	5.0%	1.6%
Cash	\$	439,071	0.4%	2.0%	-1.6%
Total		101,897,895	100.0%	100.0%	0.0%

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- **Net Investment Performance:**

	Market Value	QTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Total Fund	101,897,895	2.7	6.6	9.0	7.7
Policy Benchmark		3.2	7.6	9.6	7.3
Russell Large Cap Defensive Equity (CF)	26,237,000	7.0	16.0	15.0	12.7
Russell 1000 Defensive Index		8.7	17.9	16.0	13.4
Russell 1000 Index		7.4	17.8	17.1	13.7
Russell Multi-Asset Core (CF)	39,308,141	2.4	7.1	11.1	8.1
Multi-Asset Core Composite Index		3.2	8.3	11.1	7.6
Russell Multi-Manager Bond (CF)	29,173,271	-0.4	-2.1	1.4	2.2
Fixed Income Benchmark		0.0	-1.2	1.3	2.2
Russell Real Estate Equity (CF)	6,740,412	1.9	7.3	7.4	9.6
Real Estate Benchmark		2.1	8.8	9.1	10.8
Russell ST Inv Cash Sweep (CF)	439,071	0.1	0.8	0.5	0.1
ICE BofAML 3 Month U.S. T-Bill		0.5	1.6	0.8	0.5

For purposes of transparency please visit the following link to view the entire investment report.

[http://bbpdp.org/docs/investments/2018-09-30%20Boynton%20Beach%20Police%20\(Quarterly%20Report\).pdf#zoom=100](http://bbpdp.org/docs/investments/2018-09-30%20Boynton%20Beach%20Police%20(Quarterly%20Report).pdf#zoom=100)

Mr. Wan reported a recession like 2008 is unlikely due to the safeguards implemented. Further, Mr. Wan also does not promote indexing at this juncture.

ATTORNEY REPORT:

Mrs. Jensen advised that ex-officers Antico and Brown criminal cases are still on appeal. Mrs. Jensen advised that no action should be taken by the Board until the Appeal process is over. Matter Tabled for future consideration.

Mrs. Jensen advised the Board an appeal was filed by Ms. Hoffman and the process for a formal hearing is underway by Richelle Levy, Special Counsel.

Special Tax Notice: Mrs. Jensen informed the Board that a revised special tax notice was prepared and presented to the plan administrator to use.

Records Management Liaison Officer (RMLO): Mrs. Jensen advised that the State of Florida requires that each Agency name a RMLO. By resolution Mrs. Jensen advised that the plan administrator would be the appropriate party to name. Motion to adopt the resolution by Mr. McDeavitt, which the motion was seconded by Mr. Llopis. All Trustees voted yes, and the motion was passed 5-0.

ACTUARY REPORT:

No Report provided to the Board.

PLAN ADMINISTRATOR REPORT:

Mr. Williams thanked the Board and Mrs. Jensen for their on-going support during the transition as a result of the passing of Mr. Dorn.

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Mr. Williams introduced Mr. Louis Penque, who was engaged by him to administer the Plan. Mr. Penque will be the point of contact going forward for members. Mr. Penque outlined his background and experience. The Board thanked Mr. Williams and Mr. Penque for their efforts during the transition.

DROP: Member Michael Kelley entered the DROP 10-01-2018. His final AFC & option selection is pending.

Refund: Outlined via warrant# 224 - Victor Pires.

Audit Update: Fieldwork was undertaken the week of November 5, 2018.

1% Lump Sum Update: Mr. Williams presented the final 1% report that the Actuary, Mr. Pete Strong reviewed and certified. After review and discussion, a motion was made by Mr. Llopis to accept and approve the certified report as presented. That motion was seconded by Mr. Faine. All Trustees voted yes, and the motion was passed 5-0.

Required 534 Disclosure: Mr. Williams stated the foregoing annual report has been posted to the website and may be viewed at the following link:

http://bbpdp.org/docs_state/sb534Investment/SB%20534%20Investment%20Report%202018.pdf#zoom=100

Trustee Election Results: Mr. Williams advised that the Board of Trustees administered a pension election from November 1, 2018 at 9:00 AM thru November 9, 2018 at 9:00 AM. The election was for one open active member seat. The results were tallied in an open and transparent process, with the results as follows:

TRUSTEE CANDIDATE	VOTES RECEIVED
Brad Leitner	10
Jason Llopis	30

The candidate receiving the highest votes was Mr. Jason Llopis. As such, he won the election and will retain his position on the Board for a four-year term. For informational purposes, there were 148 members eligible to vote. Six ballots were disqualified for not following voting instructions. Two ballots were returned due to outdated address. Formal notice was provided to the city clerk as well.

It was noted the City Trustee positions were also up for reappointment. Affected members were advised for contact the proper authority to apply for consideration.

OPEN DISCUSSION:

No formal discussion ensued.

Next Regular Scheduled Meeting: February 12, 2019 at 10:30 AM.

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ADJOURN:

Trustee Faine made a Motion to adjourn the meeting. Trustee Dugger seconded the Motion. The Motion passed 5-0. The meeting was adjourned at 12:01 PM.



Toby Athol, Chairman

FOR THE BOARD