

BOYNTON BEACH POLICE OFFICER'S PENSION FUND

MINUTES

February 12, 2019

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 February 12th at 10:30 AM at 2100 North Florida Mango Road, West Palm Beach.

TRUSTEES PRESENT: Mr. Toby Athol-Chairman; Mr. Jason Llopis-Secretary; and Mr. Brian McDeavitt-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 and Amy Sinnott – Plan Administrator; Mr. Mitchell Brennan – Burgess Chambers & Associates; Ms. MJ Serene – Russell Investments; Richard Cristini, CPA and Jeanine Brittinger, CPA – Davidson, Jamieson & Cristini, PL.

PUBLIC DISCUSSION:

No public comments presented.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the November 13th, 2018, City of Boynton Beach Police Officers' Pension Fund meeting minutes. Mr. Llopis made a motion to approve the November 13th, 2018 meeting minutes which was seconded by Mr. McDeavitt. All Trustees voted yes, and the motion was passed 3-0.

WARRANTS:

The Board reviewed warrants 233 through 262. After review and consideration, Mr. Llopis made a motion to approve as presented, which was seconded by Mr. McDeavitt. All Trustees voted yes, and the motion was passed 3-0.

AUDITOR'S REPORT:

Ms. Bittinger reviewed the FY2017 and FY2018 financial statements for the Board. She and Mr. Cristini thanked the administrator for his responsiveness during the audit process. They noted that although 2018 was a good year it was not as good as previous years. There was a

significant decrease in net position largely due to a lower increase in net appreciation of assets in 2018 as compared to 2017. There was an increase in contributions from the City and more buy backs by members in 2018 than in the prior year.

They provided details on the appreciation (realized and unrealized) of assets and noted the Fund's net position at the end of FY2018 was a good sign of strength (the spread between the current market value and the cost of assets increased from FY2017).

The Auditors noted the Plan Fiduciary Net Position as a percentage of total pension liability (70.26%) is comparable with most large plans. They reviewed the Administrative and Investment Expenses for the fiscal year. Although the investment fees as a percentage of plan net position did rise from .67% to .70%, the percentages are much lower than the 1% considered excellent.

For purposes of transparency please visit the following link to view the entire Financial Statements Report for Fiscal Years 2017-2018.

<http://bbpdp.org/modules/stateDocs/index.asp>

INVESTMENT REPORT:

Ms. MJ Serene made the presentation to the Board on behalf of Russell Investments. She did advise Steve Flynn will be attending the next two meetings on her behalf.

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

- 1 Fed rate hike likely in 2019, but not before June.
- The volatility of 2018 was in line with 25-year average but felt more volatile in comparison to the lack of volatility of 2017.
- US Equities were less expensive in late 2018 and managers have learned in to capitalize on this opportunity while maintaining the Plan's defensive position.
- Recession risks elevated in late 2020 and based on historical data maintaining the plan's defensive position is advisable. (reviewed supporting data on diversification)
- Expected slower economic growth (2% GDP).
- US-China relations causing risk along with slowing growth of China's economy.

Ms. Serene advised that the portfolio's market value on 12/31/2018 was \$99,698,110.00. For the quarter ending December 31, 2018, the return was valued at -5.95%¹ vs. -5.92% for the Russell Custom Benchmark and -7.30% for the Consultant Benchmark. The three- and five-year returns were valued at 5.77% & 5.35% respectively, compared to the benchmark returns of 6.07% &

5.47%. Since inception² the return was valued at 6.57% vs. 6.17% for the Russell Custom Benchmark.

INVESTMENT MONITOR REPORT:

Mr. Mitchell Brennan made the presentation to the Board on behalf of Burgess Chambers & Associates.

- For the quarter, the fund was down 5.8% gross (or -6% net; \$6.2 million) ahead of the benchmark (-7%) and ranked in the top 14th percentile. The best performing asset category was the Russell Multi Manager Bond Fund (+1.7%).
- For the 1 year, the fund experienced a market-based loss of \$2.5 million or -2.2% gross (-3.0% net), ahead of the Policy Benchmark (-3.7%). The best performing asset category was the Russell Real Estate Fund (+7).
- For the three-year period, the Fund earned \$16.6 million or +6.5% (+5.7% net), ahead of the Policy Benchmark (+5.9%) and ranked in the 23rd percentile.
- For the five-year period, the Fund ranked in the top 6th percentile and earned \$24.9 million or +6.1% (+5.3% net), ahead of the Policy Benchmark (+5.0%)

A further review of the Total Fund performance as of 12/31/2018 showed a 100% Up Market Capture and 70-80% Down Market Capture, ahead of the Policy Benchmark over the previous three- and five-year terms.

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)

ATTORNEY REPORT:

Mrs. Jensen advised on the receipt of an opinion regarding the accumulated leave amounts of employees separating service who are not entering retirement. As a result, only employees who are eligible to collect retirement at the time of separation are able and required to have their accumulated leave amounts deposited into their DROP account. Employees separating service prior to eligibility for retirement will have the accumulated leave paid to them directly by the City.

Mrs. Jensen reviewed HB 265.

Mrs. Jensen reviewed changes to Florida Public Records law in 2018.

Mrs. Jensen reviewed F.S.S. 709.2120 and the requirements of the Fund to respond to the submission of Power of Attorney's that do not meet the statutory requirements in a timely fashion.

Mrs. Jensen reviewed the Data in the Division of Retirement's Annual Report.

ACTUARY REPORT:

No Report provided to the Board.

PLAN ADMINISTRATOR REPORT:

Mr. Penque requested a restatement of the Summary Plan Documents to clarify membership vesting and survivor spouse eligibility to leave retirement accounts invested with the Fund.

The Aspenleiter overpayment matter was discussed. Mr. Penque was directed by the Board to have the actuary review the overpayment and to send the member notification of the overpayment.

Mr. Penque advised the Board of the Ranzie overpayment and advised it was due to a beneficiary change. Mr. Ranzie will complete his repayment 12/1/2019.

Mr. Penque provided the Board with the calculations for the 185 disbursements scheduled 6/1/2019 and the special supplemental payment scheduled for 12/1/2019.

Mr. Penque advised he received dates from Amy Hoffman's attorney which left little availability through March and April. The next meeting date will be provided to her attorney as open for her matter.


NEW/UNFINISHED BUSINESS:

No new of unfinished business.

ADJOURN:

Trustee McDeavitt made a Motion to adjourn the meeting. Trustee Llopis seconded the Motion. The Motion passed 3-0. The meeting was adjourned at 12:22 PM.

Next Regular Scheduled Meeting: May 21, 2019 at 1:00 PM.



Toby Athol, Chairman

FOR THE BOARD