

BOYNTON BEACH POLICE OFFICERS' PENSION FUND

MINUTES

August 13, 2019

10:00 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 May 21st at 1:00 PM at 2100 North Florida Mango Road, West Palm Beach.

TRUSTEES PRESENT: Mr. Toby Athol-Chairman; Mr. Jason Llopis-Secretary; Mr. Brian McDeavitt-Trustee; Mr. Daniel Dugger- Trustee. Trustee Russell Faine was absent from the meeting.

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 Ms. Amy Sinnott – Plan Administrator; Mr. Mitchel Brennan – Burgess Chambers & Associates; Mr. Steve Flynn – Russell Investments; Jeanine Bittinger & Richard Cristini - Saltmarsh, Cleaveland & Gund, P.A.

PUBLIC DISCUSSION:

No public comments presented.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the June 20th, 2019, City of Boynton Beach Police Officers' Pension Fund meeting minutes. Trustee McDeavitt made a motion to approve the June 20th, 2019 meeting minutes which was seconded by Trustee Dugger. All Trustees voted yes, and the motion was passed 4-0.

WARRANTS:

The Board reviewed warrants 308 through 320. After review and consideration, Trustee Llopis made a motion to approve as presented, which was seconded by Trustee McDeavitt. All Trustees voted yes, and the motion was passed 4-0.

Auditors REPORT:

Auditors Jeanine Bittinger & Richard Cristini came in to make a presentation announcing the auditing portion of their firm is merging with Saltmarsh, Cleaveland & Gund, P.A. out of Tampa Florida. The group presented the Board with a revised Professional Service Agreement effective August 13th, 2019 and to expire on September 30th, 2020. The fees will remain the same as stated in the current three-year agreement and there will be no changes in service or personnel.

After discussion, a motion was made to approve the Revised Professional Service Agreement effective August 13th, 2019 and to expire on September 30th, 2020. The motion to approve the agreement was made by Trustee Llopis, which was seconded by Trustee McDeavitt. All Trustees voted yes, and the motion was passed 4-0.

After approval, the revised agreement was signed by Chairman Athol. There was also an Authorization to Release/Exchange Confidential information form that was presented and signed by Chairman Athol and Secretary Llopis.

INVESTMENT REPORT:

Mr. Steve Flynn made the presentation to the Board on behalf of Russell Investments. While the fund is up 11.3% from the first of the year, the earnings are deficient to the benchmark as a result of the fund's more conservative positioning. When looking at the big picture, the Monetary (Fed) policy and the "Trade War" are driving the markets. The volatility in the market, which is expressed in the Volatility Index (VIX) which is derived from the S&P option trading volume and spread, is resulting in uncertainty. The GDP has leveled off, corporate spending on capital expenditures is down and CEO confidence is down. Although there has been discussion, there is no rational scenario that would move the portfolio managers to change the fund's positioning away from the current defensive posture. Additional quarter point rate reductions are expected before the end of 2019. The fund remains 84% invested in US companies meeting statutory requirements. This is the tenth year of a bull market (thought to be late in the cycle) and it remains their fiduciary responsibility to cushion the downside history says is approaching.

/ Russell Investments' 2019 global outlook

Mixed messages

	UNITED STATES	EUROZONE	ASIA-PACIFIC
KEY EXPECTATIONS	<ul style="list-style-type: none"> > 2% GDP growth with downside risk > S&P 500 earnings per share growth of 3% > Recession risk barbelled, later this year if trade tensions escalate further or 2021+ on a trade resolution 	<ul style="list-style-type: none"> > 1.3% GDP growth > Several one-off events depressed growth, but business cycle should stabilize in next few months if trade uncertainty diminishes > ECB to ease policy later this year > Risks include: Italy recession, automobile tariffs, Brexit 	<ul style="list-style-type: none"> > Still-healthy GDP growth in China of 6% > Chinese stimulus is tailwind > Maintaining preference for emerging Asia over developed, underpinned by growth and Chinese stimulus
	<p>Small underweight: Valuations remain expensive</p>	<p>Small overweight: Fair-valued</p>	<p>Small overweight: Fair to attractive valuations</p>

- > Global central banks have turned dovish, China stimulus is stronger than expected.
- > Trade-war tensions are a big wildcard.

INVESTMENT MONITOR REPORT:

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

- For the quarter, the Fund was up 2.8% gross (or +2.6% net; \$2.9 million), behind the Policy Benchmark (+3.4%). The best performing asset category was the Russell Multi-Manager Bond fund (+3.4%).
- For the one-year, the Fund experienced a market-based gain of \$7.6 million or +7.8% gross (+7.0% net), trailing the Policy Benchmark (+8.0%). These results ranked in the top 12th percentile. The best performing asset category was the Russell Large Cap Defensive Equity fund (+10.7%).
- For the three and five-year periods, the Fund earned +7.8% and +6.4% net, respectively.

The Fund is in the top 12% of Public Pension Funds. It produces higher rewards with less volatility when looking at both the last three and five years as compared to other public pension funds. Real estate investments represent 6.5% of the Fund's allocation. Discussion took place regarding the strength of industrial properties, partially driven by Amazon's push to decrease shipping times and the challenges facing traditional retail shopping malls, noting grocery anchored properties are currently faring better.

Mr. Brennan agreed with the defensive positioning of the fund in light of the current market conditions. He showed the Fund is consistently capturing more of the gains than losses in the market.

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 presented the trustees with a Cyber Insurance Application providing one million dollars of coverage for an annual cost of \$1,908.62. The insurance will be provided by two companies;

- 1) North American Capacity Insurance Company @ 51%
- 2) Peleus Insurance Company @ 49%

Mrs. Jensen conducted a review of both companies and North America received a A+ rating while Peleus received an A rating.

After discussion among Board members, and review over the policy, Trustee Duggar made a motion to move forward with the application process to secure the Cyber Insurance Policy provided by Coalition Insurance Solutions as presented, which was seconded by Trustee McDeavitt. All Trustees voted yes, and the motion was passed 4-0.

The Board also instructed Pension Administrator Penque to contact the insurance broker to clarify coverage issues. Pension Administrator Penque was also instructed to have the Information Technologies Service Provider from Oakwater Technologies attend the next meeting in November and provide a presentation on the cyber protections his company is providing.

Mrs. Jensen also provided a revised change to the Pension Board governing the acceptance of a trust as a designated beneficiary for DROP accounts. After discussion among the Board the new policy change is going to be tabled pending the results of the current collective bargaining agreement between the city and the PBA.

Mrs. Jensen notified the board that the 2018 chapter 185 monies numbers have been announced. This year's amount is \$861,862.20.

PLAN ADMINISTRATOR REPORT:

Mr. Penque reported that since the last meeting one vested deferred member began collecting their pension. One member applied for a DROP loan. Two members entered the DROP program. four members filed for a DROP distribution.

Mr. Penque presented the FY 2019-2020 Administrative Budget. After the presentation of the budget the report was approved by the Board. The motion for approval was made by Trustee Llopis and it was seconded by Trustee McDevitt. All trustees voted yes, and the motion was passed 4-0.

Mr. Penque advised the Board that members have contacted him with concern over the beneficiary and home address being posted on the member website bbpdp.org under the members section in the password protected area. To resolve the issue all the beneficiary's and addresses were removed from the website.

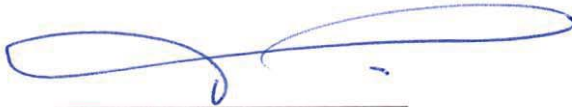
NEW/UNFINISHED BUSINESS:

No Report

ADJOURN:

The meeting was adjourned at 12:06 PM.

Next Regular Scheduled Meeting: November 12, 2019 at 10:00 AM.



Toby Athol, Chairman
FOR THE BOARD