

**BOYNTON BEACH POLICE OFFICERS' PENSION FUND
MINUTES**

February 11, 2020

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 Administrator Louis Penque on February 11th at 10:37 PM at 2240 North Federal Highway, Boynton Beach, Florida. The first order of business was to amend the agenda to hold an election to replace the board Chairman and Secretary.

ELECTION OF TRUSEE BOARD POSITIONS:

The first position up for election was Secretary. A motion was made by Mr. Daniel Dugger-Trustee to nominate Trustee Russell Faine to Secretary. This motion was seconded by Trustee Russell Faine. All Trustees voted yes, and the motion was passed 5-0.

The second position up for election was Chairman. A motion was made by Mr. Daniel Dugger-Trustee to nominate Trustee Jason Llopis for Chairman. This motion was seconded by Trustee Russell Faine. All Trustees voted yes, and the motion was passed 5-0.

TRUSTEES PRESENT:

Mr. Jason Llopis -Chairman; Mr. Russell Faine -Secretary; Mr. Brian McDeavitt-Trustee; Mr. Daniel Dugger- Trustee; Mr. Michael Kelley-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 Ms. Amy Sinnott – Plan Administrator; Mr. Frank Wan – Burgess Chambers & Associates; Ms. MJ Serene – Russell Investments; Richard Cristini, CPA and Jeanine Brittinger, CPA – Davidson, Jamieson & Cristini, PL.

PUBLIC DISCUSSION:

Toby Athol addressed the board and thank them for the opportunity to be able to serve as the Chairman.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the November 12th, 2019, City of Boynton Beach Police Officers' Pension Fund meeting minutes. Trustee McDevitt made a motion to approve the November 12th, 2019 meeting minutes which was seconded by Trustee Dugger. All Trustees voted yes, and the motion was passed 5-0.

WARRANTS:

The Board reviewed warrants 349 through 373. After review and consideration, Trustee Faine made a motion to approve as presented, which was seconded by Trustee McDevitt. All Trustees voted yes, and the motion was passed 5-0.

AUDITOR'S REPORT:

Ms. Bittinger reviewed the FY2018 and FY2019 financial statements for the Board. She and Mr. Cristini acknowledged the administrator for his responsiveness during the audit process. She explained that although the same staff conducted the previous audit, the firm is the actual auditor and that is why the report refers to the previous auditor. The opinions rendered in the auditor report are the highest they are allowed to give for any plan they review. Ms. Bittinger further advised the plan's rate of return is the highest among the 30 plans they examine.

The Auditors noted the Plan Fiduciary Net Position as a percentage of total pension liability (70.51%) is comparable with most large plans. They reviewed the Administrative and Investment Expenses for the fiscal year. The investment fees as a percentage of plan net position did fall from .70% to .65% and plan Administrative Expenses rose from .16% to .17%. The total, .82% is still 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 2018-2019.

http://bbpdp.org/docs_state/FinancialStatements/2018%20Financial%20Statement.pdf#zoom=100

Trustee McDevitt made a motion accept the report and sign the acknowledgement of cooperation. It was seconded by Trustee Faine. All trustees voted yes, and the motion was passed 5-0.

INVESTMENT REPORT:

Ms. MJ Serene made the presentation to the Board on behalf of Russell Investments. Ms. Serene reminded the Board of the Russell Investments 2020 Institutional Summit in Seattle, Washington will be held May 3-5, 2020. Ms. Serene took time out to explain the role of Russell Investments

for the benefit of the new Trustee at Attorney Jensen’s request. Frank Wan of Burgess Chambers also assisted in the explanation and of how the higher cost as compared to other structured plans should result in higher yields net of fees because the structure allows for quicker reactions based on the direction of the Pension Board.

While the fund remains defensively positioned, the base position no longer forecasts a recession in the next 12 months. While a risk remains of a pull back, the watch points are (1) failure of trade talks, (2) CEO confidence falling, and (3) labor issues. Trade relations continue to be concern, but the phase one agreement with China is a positive sign. The portfolio managers remain comfortable with the fund’s current defensive posture. The fund continues to meet statutory requirements for US investments.

Market Value Reconciliation

City of Boynton Beach Police Retirement Fund

As of December 31, 2019

Boynton Beach Police Officers Retirement Trust Investment Account - QUTW

	One Month	Three Months	Year to Date	FYTD 09/30
Beginning Market Value (\$)	114,440,694	107,023,136	99,698,110	107,023,136
Inflows (\$)	110,086	5,907,482	6,812,635	5,907,482
Outflows (\$)	-970,824	-2,517,926	-9,176,813	-2,517,926
Net Inflows / Outflows (\$)	-860,738	3,389,555	-2,364,178	3,389,555
Appreciation / Depreciation (\$)	2,117,478	5,284,430	17,489,178	5,284,430
Income Earned (\$)	2,426	2,738	876,750	2,738
Net Market Gain/Loss (\$)	2,119,904	5,287,168	18,385,928	5,287,168
Ending Market Value (\$)	115,609,859	115,609,859	115,609,859	115,609,859

INVESTMENT MONITOR REPORT:

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

- For the quarter, the Fund was up 4.8% gross (or +4.6% net; \$5.3 million), behind the Policy Benchmark (+5.4%). The best performing asset category was the Russell Large Cap Defensive equity fund (+8.2%).
- For the one-year, the Fund experienced a market-based gain of \$17.5 million or +17.9%

gross (+17.1% net), behind the Policy Benchmark (+20.1%). The best performing asset category was the Russell Large Cap Defensive equity fund (+27.9%).

- For the three and five-year periods, the Fund earned +8.8% and +7.1% net, respectively.

Mr. Wan agreed with the defensive positioning of the fund considering the current market conditions. He highlighted two areas Burgess Chambers is watching and advised if returns don't maintain or improve their performance as compared to the indexes, they will challenge Russell to make some changes. These areas are the Large Cap Equity Fund and the Multi Asset Fund.

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:

Attorney Bonni Jensen provided updates to the Board on the following cases:

Albala: He has resigned has not requested a refund of contributions. If no request is made, the Board will need to evaluate whether forfeiture of benefits applies. Chairman Llopis will forward Internal Affairs summary documents to Attorney Jensen.

Antico and Brown: Both have unresolved cases and neither have requested refunds of their contributions. Once the cases are resolved, if contribution refunds are not requested, the Board will need to evaluate the applicability of forfeiture.

Hoffman: Hoffman's attorney has requested additional depositions. After discussion, Trustee McDeavitt made a motion to set a hearing for the May 2020 meeting. Trustee Faine seconded the motion and it was approved unanimously.

Attorney Jensen reviewed several memoranda included in the meeting packet:

Law firm's conference dates of May 27-29, 2020 being held in Fort Lauderdale. Attorney Jensen will provide Board members with an agenda for the conference when it becomes available.

Remote online notarization: Effective January 1, 2020, Florida law changed to allow this process. As a result, all plan documents requiring notarization need to be amended. Administrator Penque will have the electronic forms amended. At this time, Administrator Penque will not provide this service to the board as the storage requirements provided for in the statute would create a burden to the Board for retention of video and increase in the bond requirements by the notary. Attorney Jensen does not believe the State has implemented the software to verify credentials at this time.

There are two pending bills in Tallahassee that might impact the Board. The first is initially limited to firefighters and expands the ability to collect 175 monies outside the city limits when one unit of government is the sole provider of services for another. Board members advised Boynton Beach Police Department does not have such agreements with neighboring jurisdictions (Hypoluxo, Ocean Ridge and Briny Breezes) as it relates to law enforcement services.

The second pending bill relates to the fiduciary responsibility of (Pension) Board members and requires certain training. Attorney Jensen supplied several potential options for training should the bill become law.

Attorney Jensen also reviewed the Secure Act and IRS limits of 2020 and their impact on the Pension Board and retirees. The age for Required Mandatory Distribution has been raised to 72. This applies to contributions not refunded, DROP distributions and Share Accounts (for pensions with them). This further impacts the beneficiaries of a participant who dies with money in their DROP Account. For non-spouse beneficiaries, the benefit cannot be annuitized for a period exceeding ten years.

Attorney Jensen drafted plan language incorporating the recently passed ordinance regarding the DROP changes for anyone hired after 10/1/2019 into the Summary Plan Documents to assist Plan Administrators in correctly determining applicability in the future. She provided the language to the Board for review and answered questions posed by the Board. Attorney Jensen further clarified the requirements for nonparticipant beneficiaries and trusts to remove funds from the plan.

Attorney Jensen advised the \$30,000 from 185 monies has been extended through 2021 and that employee pension contributions are rising .5% each year for FY19-20, FY20-21 and FY21-22. She also clarified language regarding the additional 1% contribution for supplemental benefit.

Attorney Jensen also provided a memo informing the Board of the Updated IRS mileage rate for 2020.

PLAN ADMINISTRATOR REPORT:

Mr. Penque reported the following updates since the last Board meeting:

Richard McNevin retiring with his first retirement check to be dated March 1, 2020. The Board will approve this retirement at the next scheduled meeting.

No members entered the DROP.

Three participants died. Lee Thompson and John Hollihan both elected 100% joint survivor benefits. Both spouses have been contacted and are receiving their benefits. Michel Kirrman died on November 20, 2019, but Administrator Penque was not notified

until January 2020. The resulting overpayment of \$4,159.32 was verified with Attorney Jensen and the Board. Administrator Penque will contact Mrs. Kirrman and request repayment. It was determined that the December supplemental payment was earned while the participant was still living and is not subject to repayment.

Administrator Penque went over the error that caused two checks to be sent for the December payment. The initial payments reflected the correct withholding amount, however, it was deducted from the net payment amount rather than the gross. Upon discovery, checks equal to the withheld amounts were distributed. At his request, participant Chapman was provided with the calculations to verify proper distribution.

Saltmarsh auditors have requested view only access to Russell Investments and State Street to facilitate the auditing process. Administrator Penque requested direction from the Board. Ms. Serene advised they do have an Auditor's View Only profile that is commonly used for this purpose. Trustee McDeavitt made a motion to approve this request and it was seconded by Trustee Duggar. The motion passed unanimously.

Administrator Penque advised the alimony payment issue involving Steve and Bonni Graham has finally been resolved with no further action required by the Plan.

NEW/UNFINISHED BUSINESS:

None

ADJOURN:

The meeting was adjourned at 1:31 PM.

Next Regular Scheduled Meeting: May 12, 2020 at 10:30 AM.



Jason Llopis, Chairman

FOR THE BOARD