

BOYNTON BEACH POLICE OFFICERS' PENSION FUND MINUTES

August 09, 2022

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 Chairman Jason Llopis on August 09th 2022 at 10:32 AM. This meeting was held at the Boynton Beach Police Department 2100 High Ridge Road, Boynton Beach, Florida.

TRUSTEES PRESENT:

Mr. Jason Llopis -Chairman; Mr. Brian McDeavitt-Trustee; Mr. Michael Kelley-Trustee.

TRUSTEES ABSENT:

Mr. Russel Faine-Secretary; Trustee Mr. Daniel Dugger- Trustee

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

OTHERS PRESENT:

Mr. Louis Penque – Plan Administrator

Ms. Bonni Jensen, Board Attorney – Klausner, Kaufman, Jensen & Levinson

Ms. Richelle Levy, Special Attorney representing the Board – Lorium Law.

Mr. Darrin Hogsed – Russell Investments

Mr. Mitchel Brennan – Burgess Chambers & Associates

Mr. Ernest Migndi – Citizen

Mr. Ralph King – PBA Attorney

PUBLIC DISCUSSION:

None

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the May 10th, 2022, City of Boynton Beach Police Officers' Pension Fund meeting minutes. Trustee McDeavitt made a motion to approve the minutes, which was seconded by Trustee Kelley. All Trustees voted yes, and the motion was passed 3-0.

WARRANTS:

The Board reviewed warrants 568 through 587. After review and consideration, Trustee McDeavitt made a motion to approve as presented, which was seconded by Trustee Kelley. All Trustees voted yes, and the motion was passed 3-0.

SPECIAL ATTORNEY REPORT:

Ms. Richelle Levy gave a briefing on the pension forfeiture issue for members Michael Brown and Phillip Antico. Ms. Levy attended the Federal re-sentencing hearing during the last week of March 2022. The findings in her brief advised the Board the convictions of both members did not rise to the level required to proceed with the forfeiture of the members' pensions as described in FSS 112.3173. After some discussion, a motion was made by Trustee McDeavitt to not forfeit the Police Pension payable to member Michael Brown, placing the member in a vested deferred status. This motion was seconded by Trustee Kelley. All Trustees voted yes, and the motion was passed 3-0. A second a motion was made by Trustee McDeavitt to not forfeit the Police Pension payable to member Phillip Antico, placing the member in a vested deferred status. This motion was seconded by Trustee Kelley. All Trustees voted yes, and the motion was passed 3-0.

After the motions were completed, Trustee Kelley thank both Attorney Jensen and Attorney Levy for their due diligence and professionalism in this matter.

Plan Administrator Mr. Penque advised he calculated the pension estimated benefits for members Brown and Antico. The calculations were sent to the actuary for final approval. Mr. Penque believes that Mr. Brown would had been eligible to begin collecting his pension benefit on 09/01/2019 which is when he became 50 years of age and would have had 15 years of service had he not retired. Attorney Jensen advised she will research the matter and advise Mr. Penque of Mr. Brown's eligibility. The Board did approve retroactive pay for Mr. Brown if his eligibility date is prior to this meeting. This will be determined by Attorney Jensen and Actuary review by Mr. Pete Strong

INVESTMENT REPORT:

Mr. Darrin Hogsed made the presentation to the Board on behalf of Russell Investments with a review of Q-3 for FY 21-22. He began the report by thanking Attorney Jensen for her cooperation establishing the new PRIVATE CREDIT FUND. There was a tremendous amount of correspondence required to establish this fund.

This has been a difficult quarter with inflation and recession being the major contributing factors for the second consecutive quarter with a downward turn. Mr. Hogsed reviewed over the funds' performance which YTD was (-14.4%). He also showed a comparison to a simplified 65/35 portfolio which would have a (-16.9%) had our portfolio been allocated in a 65/35 portfolio. See chart below for details. The best performer in the portfolio was Private Real Estate. Although Private Real Estate is unperforming the index, it is being monitored and some correction will be forthcoming.

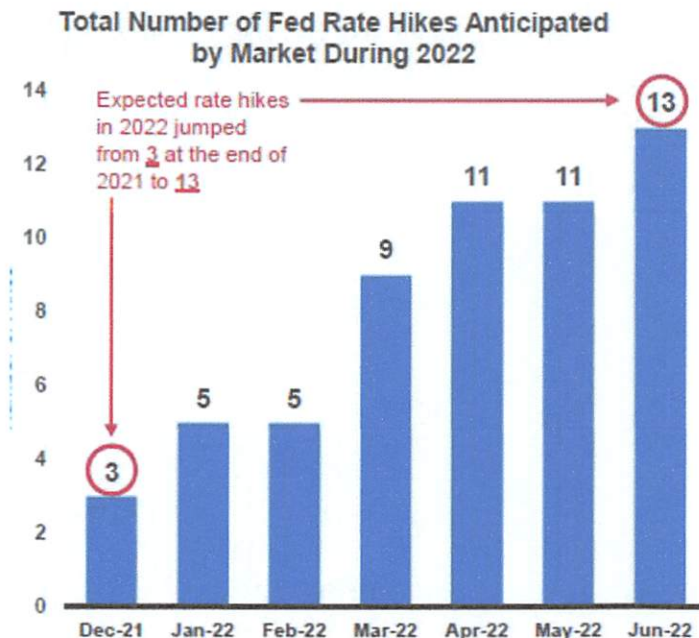
Benefits of diversification

Performance comparison to simplified 65/35 portfolio

	<u>3/31/2022</u>	<u>6/30/2022</u>	<u>6/30/2022</u>
	<u>QRT Return</u>	<u>QRT Return</u>	<u>YTD Return</u>
Global Equities (MSCI AC World Index)	-5.5%	-15.8%	-20.4%
Core Fixed Income (Bloomberg U.S Agg Bond Index)	-5.9%	-4.7%	-10.4%
65/35 Mix	-5.6%	-11.9%	-16.9%
Pension Plan Total Return	-4.2%	-10.6%	-14.4%
Benchmark	-3.9%	-10.6%	-14.0%
Commodities	25.6%	-5.7%	18.4%
Infrastructure	7.3%	-7.7%	-0.9%
Defensive US Equity	-3.4%	-13.1%	-16.1%
Private Real Estate	4.3%	4.3%	10.6%

Mr. Hogsed spoke on the anticipation of the Federal Reserve being more aggressive with interest rate hikes in a move to slow the inflation rate.

- > At the start of 2022 markets were expecting just 3 rate increases from the Federal Reserve during the year
- > Since then, expectations have been adjusted given on-going focus on inflation from the Federal Reserve
- > A significant rise in rates since the start of the year may suggest further increases may be limited



Mr. Hogsd informed the Board that 3 Fund Advisors were terminated from the Multi-Asset Fund for poor performance and that 4 new Fund Advisors have been hired to oversee this portion of the portfolio:

Hired advisors

- > **Intermede Investment Partners Limited**
 - > **Rationale:** Intermede's Global Equity strategy is a growth-at-a-reasonable-price (GARP) strategy that focuses on stock selection and emphasizes attractively valued positions in high growth companies. The addition of Intermede will balance current Value and Growth exposures
- > **Sanders Capital, LLC**
 - > **Rationale:** Sanders' Global Equity product is a deep value strategy that invests in stocks believed to trade at a significant discount to their intrinsic value. The strategy applies a price-to-cash-flow approach, which focuses on distributable cash flows rather than price-to-book or price-to-earnings.
- > **Wellington Management Company LLP**
 - > **Rationale:** Wellington's Global Growth Equity strategy seeks to add value by investing in growth companies with tangible revenue and earnings growth, as well as improving fundamentals. The strategy is relatively concentrated and typically invests in large and mid-capitalization companies.
- > **Jacobs Levy Equity Management**
 - > **Rationale:** Jacobs Levy's Large Cap 130/30 strategy is a quantitative product that focuses on intensive modeling and exploring complex interrelationships between various market forces. Russell Investments' confidence in the strategy is based on the combination of thought leadership, rigorous testing, statistical knowledge, and level of economic intuition

Terminated advisors

- > Atlantic Investment Management, Inc.
- > Easterly Investment Partners LLC
- > Mount Lucas Management LP

Mr. Hogsted concluded his presentation on the Private Credit Fund. \$6,500.00 was positioned in the Multi-Manager Bond Fund awaiting Capital Call for investing. On July 29th \$352,242 was transferred to the Private Credit Account.

INVESTMENT MONITOR REPORT:

Mr. Mitchel Brennan made the presentation to the Board on behalf of Burgess Chambers & Associates. He began the report with a market overview which focused on Investment Summary

The following performance of the fund was presented for the quarter:

For the quarter, the Fund was down -10.4% gross (or -10.5% net; -\$14.2 million), similar to the Policy Benchmark (-10.7%) and ranking in the 60th percentile. It was a difficult quarter; bonds lost 5.6% in value.

For the one-year period, the Fund experienced a market-based loss of \$12.8 million or -9.5% gross (-10.0% net), similar to the Policy Benchmark (-9.4%) and ranked in the top 44th percentile. The best performing asset was Russell Real Estate Equity (+26.0%).

For the three and five-year periods, the Fund earned +3.9% and +5.0% net, respectively.

Mr. Brennan reviewed over the current Asset Allocation and advised there may be a rebalancing to the Russell 1000 Index Fund depending on the inflation report that will come out later this week:

	Market Value	QTD ROR - Rank	FYTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Total Fund	120,580,750	-10.4 (60)	-9.7 (45)	-9.5 (44)	4.6 (80)	5.7 (72)
Policy Benchmark		-10.7	-9.7	-9.4	5.9	6.7
Russell 1000 Index Fund - SR I	18,158,636	-16.7	-13.2	-13.0	N/A	N/A
Russell Large Cap Defensive Equity (CF)	16,882,319	-13.1	-6.8	-6.9	9.8	10.6
Russell 1000 Index		-16.7	-13.2	-13.0	10.2	11.0
Russell Multi-Asset Core (CF)	40,505,845	-13.3	-12.1	-12.4	3.9	5.2
Multi-Asset Core Composite Index		-12.6	-10.8	-11.1	6.0	6.7
Russell Multi-Manager Bond (CF)	28,587,452	-5.6 (89)	-12.3 (97)	-12.1 (97)	-0.7 (68)	1.1 (77)
Fixed Income Benchmark		-4.7	-10.3	-10.3	-0.9	0.9
Russell Real Estate Equity (CF)	9,315,468	4.8	19.6	26.0	11.7	10.1
Real Estate Benchmark		4.8	21.5	29.5	12.7	10.7
Russell Private Credit Proxy Account	6,530,791	N/A	N/A	N/A	N/A	N/A
Bimbg. U.S. Aggregate Index		-4.7	-10.3	-10.3	-0.9	0.9
Russell ST Inv Cash Sweep (CF)	600,239	0.0	0.2	0.2	0.7	1.7
ICE BofAML 3 Month U.S. T-Bill		0.1	0.2	0.2	0.6	1.1

There were no recommendations to make any changes to the portfolio at this time .

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 reviewed over some memos that were presented to the Board.

- 1) IRS Mileage rate for 2022

PLAN ADMINISTRATOR REPORT:

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

The FY 2022-2023 Administrative Expense Budget was presented to the Board. After some discussion. Trustee McDeavitt made a motion to approve the Budget, which was seconded by Trustee Kelley. All Trustees voted yes, and the motion was passed 3-0.

Mr. Penque then reviewed over the June 1st double payment and resolution to the situation. The bank was not able to recall two of the 141 payments. Member George Immler and Member Ken Jones will have their December Special Pay adjusted in order to recoup the June 1st overpayment.

Fiduciary Liability Insurance renewed.

Retirement this quarter: Ron Ryan 7/1/2022

DROP Member this quarter: Craig Hanning 7/31/2022 Jeff Williams 8/31/2022

Pension Contribution Refund: Mike Gregory

State letters sent for Assumption rate (6.9%), Investment Policy Statement, Ordinance Change.

Presented updated Asset Allocation

F-1 Filing completed

Annual report approval letter received from the state

Advised the Board of the death of member Alex Kucer 6/9/2022

Cyber Insurance renewal fee of \$3,953.25 was presented to the board for approval. After some discussion Trustee McDevitt made a motion to approve the Cyber Insurance renewal, which was seconded by Trustee Kelley. All Trustees voted yes, and the motion was passed 3-0.

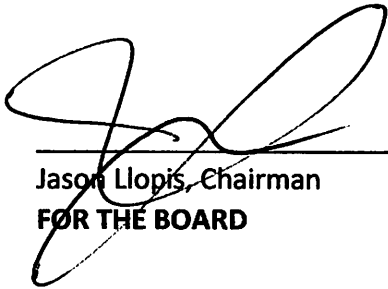
NEW/UNFINISHED BUSINESS:

None

ADJOURN:

The meeting was adjourned at 11:47 AM.

Next Regular Scheduled Meeting: November 08, 2022, at 10:30 AM.



Jason Llopis, Chairman
FOR THE BOARD