

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

**February 14, 2023**

**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 February 14<sup>th</sup>, 2023 at 10:32 AM. This meeting was held at Boynton Beach City Hall Commission Chambers 100 East Ocean Avenue, Boynton Beach, Florida.

**TRUSTEES PRESENT:**

Mr. Jason Llopis -Chairman; Mr. Brian McDeavitt-Trustee; Mr. Russell Faine-Trustee.

**TRUSTEES ABSENT:**

None

**OTHERS PRESENT:**

Mr. Louis Penque – Plan Administrator

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

Mr. Darrin Hogsed – Russell Investments

Mr. Frank Wan – Burgess Chambers & Associates

Mr. Matthew Zeller – Member

Ms. Rachel Moccia – Member

**PENSION BORD TRUSTEES APPOINTMENT:**

Administrator Penque advised the Board Trustees Daniel Dugger and Mike Kelley have both resigned from their positions as City Commission Trustee appointees.

On January 3<sup>rd</sup>, 2023, Trustee Russell Faine was appointed by the City Commission to fill one of the positions as a city resident City Commission appointee, thus vacating his current position as the Board appointed Trustee.

At this time, Trustee McDeavitt made a motion to appoint Matthew Zeller to the Board appointed Trustee position. This motion was seconded by Trustee Faine. All Trustees voted to approve, and the motion was passed 3-0.

At this time, Attorney Jensen advised Trustee Zeller may sit on the Board, but his appointment will have to be approved by the City Commission prior to being allowed to vote on any agenda items. Chairman Llopis instructed Administrator Penque to assist Trustee Zeller in completing his Financial Disclosure report.

**PUBLIC COMMENT:**

Attendee Rachel Moccia spoke at public comment. Moccia gave a brief introduction and expressed interest in fulfilling the remaining Trustee position that must be appointed by the City Commission.

**CONSENT AGENDA:**

**APPROVAL OF THE MINUTES:**

The Board reviewed the August 09<sup>th</sup>, 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 Faine. All Trustees voted yes, and the motion was passed 3-0.

**APPROVAL OF MINUTES:**

The Board reviewed the November 08<sup>th</sup>, 2022, City of Boynton Beach Police Officers' Pension Fund workshop meeting minutes. Trustee McDeavitt made a motion to approve the minutes, which was seconded by Trustee Faine. All Trustees voted yes, and the motion was passed 3-0.

**WARRANTS:**

The Board reviewed warrants 588 through 654. After review and consideration, Trustee McDeavitt made a motion to approve as presented, which was seconded by Trustee Faine. All Trustees voted yes, and the motion was passed 3-0.

**ACTUARY REPORT:**

Administrator Penque presented the Board with a revised Service Agreement from Gabriel, Roeder, Smith & Company. This agreement disclosed the fees that would be charged for completing the annual report for the Pension Board. There was limited

discussion and Trustee McDeavitt made a motion to approve as presented, which was seconded by Trustee Faine. All Trustees voted yes, and the motion was passed 3-0.

Administrator Penque presented the Board with a revised Summary Plan Description. The revised plan was drafted to cover the 8-year DROP. Trustee McDeavitt made a motion to approve as presented, which was seconded by Trustee Faine. All Trustees voted yes, and the motion was passed 3-0.

### **AUDITORS REPORT:**

Administrator Penque advised the Board SALT MARSH was not going to be able to present the Financial Statements as scheduled since they were unable to complete the report. Administrator Penque advised there were many obstacles that prevented this report from being completed on schedule. The main obstacle was the reconciliation of the registers from State Street and the Administrators report. They were reconciled as of last Friday, but the GASB 67-68 reports completed by the actuary will take another week to complete.

There will be a special meeting scheduled after the Draft copy is received.

Administrator Penque asked for the Board's permission to hire a bookkeeper for next year's audit. This will streamline the process and avoid similar delays next year.

Brief discussion took place as to how this issue arose. Administrator Penque advised the Board the previous Auditor, who retired, took on the task of bookkeeping. Attorney Jensen advised the Board that having an independent Bookkeeper is the best practice for completing the annual audit and is common with the other Pension Boards she works with.

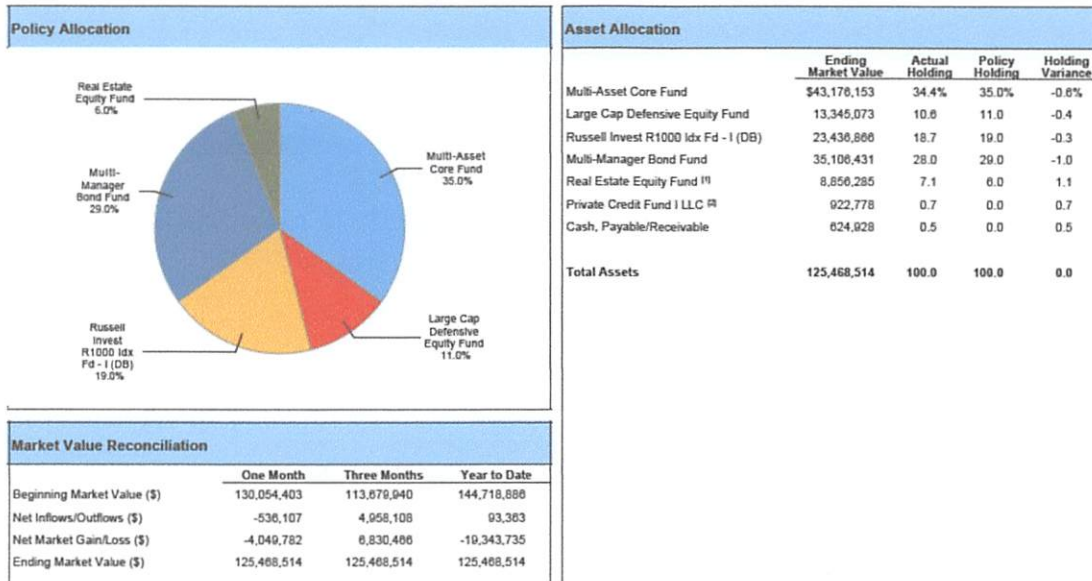
Administrator Penque asked the Board for permission to supply a Draft copy of the audit to the City prior to Board Approval, and to obtain fee quotes for the bookkeeper services. Trustee McDeavitt made a motion to approve as presented, which was seconded by Trustee Faine. All Trustees voted yes, and the motion was passed 3-0.

### **INVESTMENT REPORT:**

Mr. Darrin Hogsted made the presentation to the Board on behalf of Russell Investments with a review of Q-1 for FY 22-23. Mr. Hogsted started by updating Russell Investments' CEO transition process. He advised their Board of Directors has selected an ideally suited leader. Zach Buchwald, who most recently led BlackRock's North America institutional business. Hogsted advised Buchwald will join the team on May 1 as Chairman and CEO to lead Russell into its next phase of growth.

Mr. Hogsed stated the Q-4 was a positive quarter earning 5.73% net, outperforming the Consultants benchmark of 5.44%. Mr. Hogsed advised the Board the Trade to sell off 1.1% Real Estate sale was placed in the queue and set to sell in March 2023. The trade was placed in November 2022. This delay is due to multiple investors selling off commercial Real Estate.

Mr. Hogsed reviewed over the Asset Summary as listed below:



There was discussion on unclear future, where some are predicting a recession forthcoming in Q-3, while others are optimistic:

#### Reasons for optimism

- > Initial impact from Fed hikes in rear view mirror
- > Inflation slowdown appears on the horizon
- > Market pessimism still lingers
- > Markets still down sharply despite rebounding off the lows
- > Consumer and corporate balance sheets appear healthy
- > Re-opening in parts of Asia

#### Reasons for caution

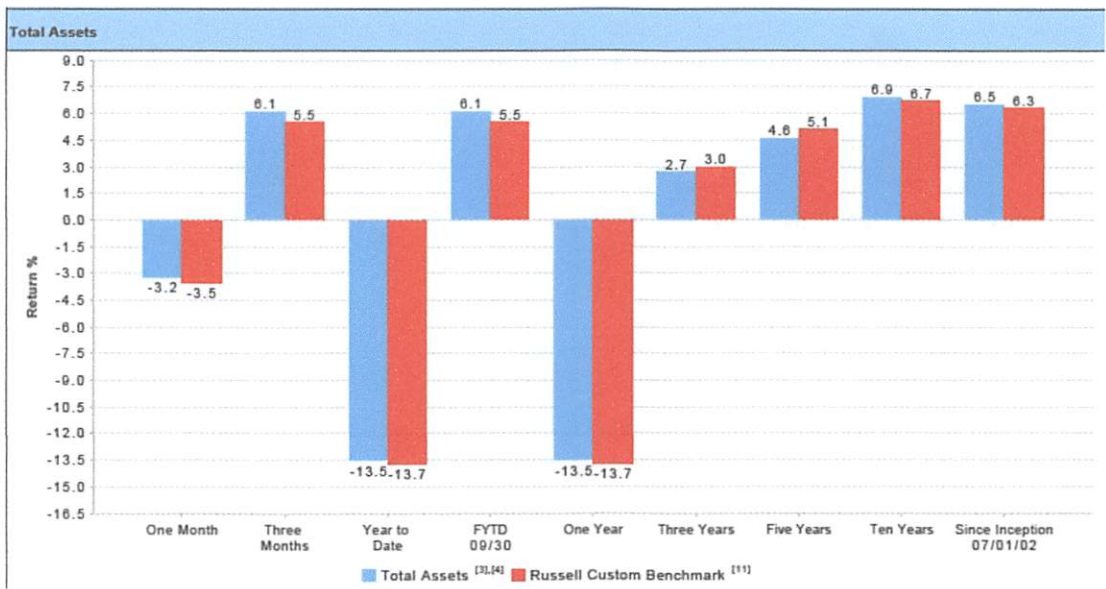
- > Recession risk appears elevated
- > Inflation may not moderate enough for Fed to pause hiking
- > Earnings may not yet fully reflect recession odds
- > Market pessimism has retracted from peaks
- > U.S. equity valuations still not cheap

- > There are many reasons for optimism in the year ahead however several watchpoints remain
- > A "neutral" stance towards risk may be warranted given the added uncertainty

#### INVESTMENT MONITOR REPORT:

Mr. Frank Wan presented to the Board on behalf of Burgess Chambers & Associates. He began the report with a brief introduction to the newly appointed Trustee Matt Zeller and potential new Trustee Rachel Moccia. Mr. Wan explained the function and responsibility of the investment monitor.

Mr. Wan reviewed over the Rate of Return and how investment fees affect the numbers, and used the chart below as an example to show the Rate of return is not what the what the charts show, when they are not net of fees:



Mr. Wan explained the Pension Fund pays a premium fee to Russell Investments and reviewed over the strategic asset allocation and manager line-up that Russell Investments is utilizing, and they have the ability to manage:

ASSET CATEGORY								
Global Equity 75.0%					Real Assets 15.0%			Diversifying Fixed Income 10.0%
ASSET CLASS								
Global Equities 41.0%	US Large Cap 10.0%	Regional All Cap 14.0%	Regional Small Cap 4.0%	Emerging Markets 6.0%	Global Real Estate 5.0%	Global Infrastructure 5.0%	Global Commodities 5.0%	US Agg Bonds 10.0%
ADVISOR/STRATEGIES								
Intermede 9.0%	Jacobs Levy 7.0%	Berenberg 4.0%	Boston Partners 4.0%	Oaktree 6.0%	RITC Global Real Estate Securities Fund 5.0%	RITC Global Listed Infrastructure Fund 5.0%	RITC Commodities Fund 5.0%	RITC Quantitative Bond Fund 10.0%
Kopernik 3.0%	RiverPark 3.00%	GLG 5.0%			Cohen & Steers	Cohen & Steers	PIMCO	Neuberger Berman
Sanders 6.0%		Sompo 5.0%			RREEF America	First Sentier	Credit Suisse	RIM Positioning Strategies
Wellington 7.0%					RIM Positioning Strategies	Nuveen	Gresham	
RIM Positioning Strategies 16.0%						RIM Positioning Strategies	Newton Investment Management	
							RIM Positioning Strategy	

Mr. Wan then moved into the funds' performance for Q-4. The following performance of the fund was presented for the quarter:

For the quarter, the Fund was up +5.7% gross (or +5.6% net; +\$6.8 million), similar to the Policy Benchmark (+5.6%). The best performing assets were: Russell Large Cap Defensive Equity (+9.5%), Russell Multi-Asset Core (+9.3%), and Russell 1000 Index (+7.3%).

For the one-year period, the Fund experienced a market-based loss of \$19.3 million or -13.8% gross (-14.3% net), similar to the Policy Benchmark (-14.0%). The best performing asset was Russell Real Estate Equity (+6.5%).

For the three and five-year periods, the Fund earned +2.0% and +3.8% net, respectively.

On October 5th, the annual employer contribution in the amount of \$7,136,079 was deposited. The contribution was allocated as follows: \$1,314,633 to the Russell Large Cap Defensive Equity Fund, \$2,632,713 to the Russell Multi Manager Bond Fund, and \$3,188,733 to the Russell Multi Asset Core Fund.

On November 18th, \$5 million was transferred from the Russell Large Cap Defensive Equity Fund to the Russell 1000 Index.

On December 5th, a capital call for the Private Credit Fund I, LLC in the amount of \$125,725 was funded. A second capital call of \$251,451 was funded on December 21st.

Mr. Wan provided the Board with a Program Analysis report. The report started off with reviewing a 20- Years of comparing a 70% S&P 500 / 30% Barr Agg. Vs the BBP Total Fund ( Net Returns) on a Multiple Statistic Bar chart. Which included the Rate of Return. The 70% S&P 500 / 30% Barr Agg. (8%) outperformed the BBP Total Fund (6%) by 2%.

After lengthy discussion, Mr. Wan recommended 20%-25% of the BBP Total Fund be invested in a 70/30 passive fund, outside of Russell Investments. The board would have to hire a custodian to receive the monies.

Trustee McDeavitt made a motion for Administrator Penque to acquire custodian fee cost and report them back to Board. The motion was seconded by Trustee Faine. All Trustees voted yes, and the motion passed 3-0.

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) SEC Proxy Voting Disclosure Rules
- 2) Secure Act – Attorney Jensen reviewed over the change to the \$3,000.00 tax deduction for PSO paying for medical insurance directly from their pension payment (members had to keep their health insurance with the municipality) to paying for medical premiums from the pension payment monies. (Member may pay on there own and not directly from the fund to municipality.
- 3) She also reviewed over the change to the 10% early deduction penalty from DROP or 185 account for members who separate service before the age of 50. Members will not incur this penalty if they completed 25 YOS regardless of age.

#### **PLAN ADMINISTRATOR REPORT:**

Administrator Penque reported the following updates since the last Board meeting:

RMLO report filed with the State.

534 Report received from BCA and posted to web site.

State Letter for the revised Pension Ordinance addressing the 8-year DROP was sent to the State.

Administrator Penque presented the Board with the June 2023 Special pay. There is \$323,139.96 to be distributed to the retirees.

The December 2023 Special pay came in at a negative number (\$127,577.39) which will be carried forward to next year's calculations. There will be no special pay distributed to the retirees in December 2023 and not future December Special Pays until the negative number is erased by the investment earnings. Mr. Penque advised he will be sending all the retirees a letter explaining the situation. Trustee McDeavitt made a motion to approve as presented, which was seconded by Trustee Faine. All Trustees voted yes, and the motion was passed 3-0.

Administrator Penque advised the Board that there was a carry over from the December 2022 Special Pay for \$4,739.28. Mr. Kucer passed away and was inadvertently left on the report. To correct the report at the time of discovery would have delayed the distribution of the Special Pay. The \$4,739.28 is being carried over to the June 2023 distribution.

Administrator Penque advised the Board that widow Pam Castro is receiving her husband's (Dennis Castro) benefit. Dennis Castro was tragically killed in a Motor Vehicle Accident on 12/10/2023.

Administrator Penque advised the Board that Member Wendy Unger had two extra DROP loan Payments made to the fund and she was refunded \$1,819.18.

Retirement this quarter: a) Alexiz Moreno 12/1/2022 b) Dennis Castro 1/1/2023 (Death Benefit) c) Amy Hoffman 1/1/2023(Vested Deferred) d) Scott Spruill 2/1/2023(Vested Deferred) e) Carlos Reinhold 2/1/2023(vested Deferred) f) Henry Diehl 3/1/2023 G) Ricky Lauture 3/1/2023.

DROP Member this quarter: a) Astrel Labbe 11/1/2022 b) Thomas Murphy 11/1/2022 c) Ricky Lauture 12/1/2022 d) Douglass Kimball 12/1/2022 e) Rayner Delosrios 12/1/2022 f) Gladys Cannon 2/1/2023

**NEW/UNFINISHED BUSINESS:**

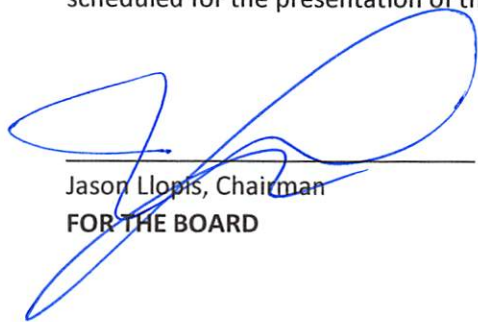
Administrator Penque presented the Board with an Actuary Study for 5-year vesting to be reinstated as a recruiting tool. After some discussion, the Board decided to table this study and no further action was taken.

**ADJOURN:**

The meeting was adjourned at 12:45 PM.



Next Regular Scheduled Meeting: May 09, 2023, at 10:30 AM. There will be a Special Meeting scheduled for the presentation of the Financial Statements. This date and location TBA.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above a horizontal line.

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Jason Llopis, Chairman  
**FOR THE BOARD**