

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

April 10, 2023

10:30 AM

The Special 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 April 10th, 2023, at 10:54 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, Ms. Rachel Moccia-Trustee

TRUSTEES ABSENT:

Mr. Matthew Zeller-Trustee, Mr. Russell Faine-Trustee

OTHERS PRESENT:

Mr. Louis Penque – Plan Administrator

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

Mr. Frank Wan – Burgess Chambers & Associates

Mr. Chuck Landers CPA -Saltmarsh

Ms. Mara Frederiksen- City Finance

Ms. Corinne Elliott – City Finance

PUBLIC COMMENT:

None

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the February 14th, 2023, City of Boynton Beach Police Officers' Pension Fund meeting minutes. Trustee McDeavitt made a motion to approve the minutes, which was seconded by Trustee Moccia. All Trustees voted yes, and the motion was passed 3-0.

WARRANTS:

The Board reviewed warrants 670 through 672. After review and consideration, Trustee McDeavitt made a motion to approve as presented, which was seconded by Trustee Moccia. All Trustees voted yes, and the motion was passed 3-0.

AUDITORS REPORT:

Mr. Chuck Landers ,CPA, CIT started his presentation of FY 21-22 Financial Statements for the city of Boynton Beach Police Pension Fund, by thanking several individuals who assisted with this year's annual audit. Mr. Landers first provided the description of what the report contains.

We have audited the financial statements of the Boynton Beach Police Officers' Pension Fund (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2022 and 2021, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, information regarding the fiduciary net position of the Plan as of September 30, 2022 and 2021, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mr. Landers then reviewed over the Statements of Fiduciary Net Position for September 30th, 2021, through September 30th, 2022,

	<u>2022</u>	<u>2021</u>
Assets:		
Cash	\$ 2,373	\$ 2,373
Receivables:		
Plan Member	55,317	-
DROP loans	152,128	137,665
Broker-dealers	617,614	540,633
Total receivables	<u>825,059</u>	<u>678,298</u>

Investments at fair value:		
Multi manager bond investment fund	32,505,289	38,471,189
Domestic equity investment fund	71,317,636	86,039,637
Real estate investment fund	9,239,402	7,874,733
Total investments	<u>113,062,327</u>	<u>132,385,559</u>
Prepaid expenses	<u>11,934</u>	<u>11,934</u>
Total Assets	<u>113,901,693</u>	<u>133,078,164</u>
Liabilities:		
Accounts payable	<u>139,907</u>	<u>183,595</u>
Total Liabilities	<u>139,907</u>	<u>183,595</u>
Net Position Restricted for Pensions	<u>\$ 113,761,786</u>	<u>\$ 132,894,569</u>

Mr. Landers then reviewed the Statements of changes in the Fiduciary Net Position at years ended September 30th, 2022.

	<u>2022</u>	<u>2021</u>
Additions to Net Position Attributed to:		
Contributions:		
Employer	\$ 6,689,463	\$ 5,999,430
Plan members	1,322,848	1,170,591
Plan members, buy-back	114,244	90,244
Rollover to DROP	205,063	148,639
Total contributions	<u>8,331,618</u>	<u>7,408,904</u>
Intergovernmental revenue:		
Chapter 185 state excise tax rebate	<u>969,097</u>	<u>895,165</u>
Total intergovernmental revenue	<u>969,097</u>	<u>895,165</u>

Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	(19,110,025)	21,506,549
Interest	6,131	10,279
Dividends	31	-
Total investment income (loss)	(19,103,863)	21,516,828
Less investment expenses	595,238	727,933
Net investment income (loss)	(19,699,101)	20,788,895
Total additions (deductions), net	(10,398,386)	29,092,964

Deductions from Net Position Attributed to:

Benefits:		
Age and service	7,033,154	6,465,907
Disability	406,656	467,746
Beneficiary	276,590	278,037
DROP payments	768,609	599,309
Refunds	54,927	13,824
Administrative expenses	194,461	187,230
Total deductions	8,734,397	8,012,053

Net Increase (Decrease) in Net Position (19,132,783) 21,080,911

Net Position Restrictd for Pensions:

Beginning of year	132,894,569	111,813,658
End of year	\$ 113,761,786	\$ 132,894,569

Mr. Landers reviewed the Investments and Designations comparing September 30 2021 and ending with September 30 2022.

NOTE 5 - INVESTMENTS (Continued)

<u>Investments</u>	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Multi manager bond investment fund	\$ 31,343,075	\$ 32,505,289	\$ 29,776,464	\$ 38,471,189
Domestic equity investment funds	55,263,431	71,317,636	51,685,229	86,039,637
Real estate investment funds	4,221,423	9,239,402	4,221,423	7,874,733
Total investments	\$ 90,827,929	\$ 113,062,327	\$ 85,683,116	\$ 132,385,559

NOTE 6 - DESIGNATIONS

A portion of the plan's net assets are designated for benefits that accrue in relation to the DROP account as further described in Note 1. Allocations to the DROP plan account for the years ended September 30, 2022 and 2021 are presented below as determined in the Plan's most recent accounting and valuation available for the fiscal years ended September 30, 2022 and 2021:

	<u>9/30/2022</u>	<u>9/30/2021</u>
Designated for DROP accounts (fully funded)	\$ 19,412,279	\$ 17,189,857
Designated for the supplemental benefit reserve	<u>2,402,091</u>	<u>2,779,045</u>
Total designated net position	21,814,370	19,968,902
Undesignated net position	<u>91,947,416</u>	<u>112,925,667</u>
Total net position	<u>\$ 113,761,786</u>	<u>\$ 132,894,569</u>

Mr. Landers reviewed the Net Liability of the City Police Pension Fund. This was based solely on the fund's performance for FY 2021-2022 and did not consider smoothing from the assets of previous year. The Actuary will be addressing this at the May Meeting.

NOTE 14 - NET PENSION LIABILITY OF THE CITY

The components of net position liability of the City of Boynton Beach (City) as of September 30, 2022 were as follows:

Total Pension Liability	\$ 186,222,489
Plan Fiduciary Net Position	<u>(113,761,786)</u>
City's Net Pension Liability	<u>\$ 72,460,703</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>61.09%</u>

Mr. Landers reviewed over the sensitivity of the net position of Liability to a single discount rate of the assumption rate,

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a discount rate of 6.90%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage point higher (7.90 percent) than the current rate.

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
City's net pension liability	<u>\$ 91,713,387</u>	<u>\$ 72,460,703</u>	<u>\$ 56,507,338</u>

There was a review of the last 9 Fiscal Years,

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return Net of Investment Expense
2014	11.00%
2015	2.50%
2016	10.72%
2017	11.04%
2018	7.30%
2019	5.86%
2020	8.67%
2021	18.10%
2022	-14.28%

Mr. Landers concluded the presentation with the Investment / Administrative Expense report.

	2022 Expenses		2021 Expenses	
	Investment*	Administrative	Investment*	Administrative
Expenses:				
Actuary fees	\$ -	\$ 60,376	\$ -	\$ 37,694
Administrator fees	-	49,666	-	48,218
Audit fees	-	21,900	-	24,500
Computer service	-	2,118	-	2,750
Dues and subscriptions	-	1,025	-	880
Insurance	-	22,099	-	18,871
Investment management fees	572,738	-	700,433	-
Legal fees	-	35,277	-	51,602
Office expenses	-	2,000	-	2,715
Performance monitor	22,500	-	27,500	-
Total investment and administrative expenses	<u>\$ 595,238</u>	<u>\$ 194,461</u>	<u>\$ 727,933</u>	<u>\$ 187,230</u>

Percentage of
Plan net position

0.52%

0.17%

0.55%

0.14%

* Investment expenses do not include management fees withheld from investment fund revenues.

A motion was made by Trustee McDevitt to accept the BOYNTON BEACH POLICE OFFICERS' PENSION FUND FINANCIAL STATEMENTS as presented. The motion was seconded by Trustee Moccia. All Trustees voted yes, and the motion was passed 3-0.

For purposes of transparency please visit the following link to view the entire Financial Statements Report for Fiscal Years 2019-2020.

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

INVESTMENT REPORT:--

None

INVESTMENT MONITOR REPORT:

Mr. Frank Wan presented the Board with eight proposals from various financial institutions to be the custodian of an index fund from monies that are to be withdrawn from Russell Investments.

Boynton Index Proposals (Based on \$30m)					
Custodian	Quote/Comments	Fidelity 500 Index Fees	Fidelity US Bond Index Fees	Estimated Total (\$)	Estimated Total (%)
Salem Trust	\$4,000 for the first two years	0.015% * \$21m	0.025% * 9m	9,400	0.031%
Salem Trust (>year 2)	The greater of 2 bps (0.02%) or \$5,000 thereafter.	0.015% * \$21m	0.025% * 9m	11,400	0.038%
Fiduciary Trust	4 bps (0.04%) on all assets.	0.015% * \$21m	0.025% * 9m	17,400	0.058%
Principal	3.75 bps (0.0375%) on all assets + \$1,500 misc. fees	0.015% * \$21m	0.025% * 9m	18,150	0.061%
Regions	2.75 bps (0.0275%, minimum \$10,000/year)	0.015% * \$21m	0.025% * 9m	15,400	0.051%
CIT Providers (non-securities lending)				Estimated Total (\$)	Estimated Total (%)
State Street Russell 3000® &	4 bps (0.04%) on the first \$50m			12,000	0.040%
State Street U.S. Aggregate Index Funds:	3 bps (0.03%) thereafter				
Rhumline Index Funds (State Street):	4 bps (0.04%)			12,000	0.040%
Amalgamated Bank S&P 500 &	3 bps (0.03%) for the S&P 500 Index			17,100	0.057%
Amalgamated Bank Core Bond Index Funds:	12 bps (0.12%) for the bond index				
BNY Mellon R3000 &	3.5 bps (0.03%) for the R3000 Index			11,850	0.040%
BNY Mellon U.S. Aggregate Index Funds:	5 bps (0.05%) for the bond index				

This proposal was discussed and passed at the February 14th, 2023, Pension Meeting. The approved discussion was to withdraw 30 million dollars from Russell Investments and to place it in an index portfolio outside of Russell Investments. The target allocation will be 70% equity and 30% fixed income.

Mr. Wan advised the Board that this transaction will save the pension fund approximately \$180,000.00 in investment fees annually.

After discussion, Trustee McDeavitt made a motion to select SALEM TRUST as the custodian of an Index Fund of 70% equity and 30% fixed income, and to transfer 30 million Dollars from the Russell Investment Fund into the SALEM TRUST index fund. The motion was seconded by Trustee Moccia. All Trustees voted yes, and the motion was passed 3-0.

After approval, Attorney Jensen was advised that she will contact Salem Trust to execute an agreement.

Mr. Wan will facilitate the transfer of funds using the Benchmark from the latest IPS signed on May 10th, 2022, highlighted in section 2(A).

Mr. Wan then presented the Board with an addendum to the Investment Policy Statement to create an index portfolio held outside Russell Investments with a target allocation of 70% equity and 30% Fixed income.

Trustee Moccia made a motion to accept the addendum to the Investment Policy Statement. The motion was seconded by Trustee McDeavitt. All Trustees voted yes, and the motion was 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 Presented the Board with a Professional Service Agreement which listed guarantee fees for three years.

After review, a motion was made by Trustee McDeavitt to approve the Professional Service Agreement as presented. The motion was seconded by Trustee Moccia. All Trustees voted yes, and the motion was passed 3-0.

PLAN ADMINISTRATOR REPORT:

Administrator Penque advised the Board that only one proposal was received for the Bookkeeper position. The proposal from Jeanne Kennedy (Jkennedy Bookkeeping LLC) was reviewed by the Board and after some discussion a motion was made by Trustee McDeavitt to accept the proposal as presented. The motion was seconded by Trustee Moccia. All Trustees voted yes, and the motion was passed 3-0.

Attorney Jensen will be contacting Ms. Kennedy to execute a PSA.

Administrator Penque then presented the Board with the Auditors Representation Letter. After review Trustee McDeavitt made a motion to accept the Auditors' Representation letter as presented. The motion was seconded by Trustee Moccia. All Trustees voted yes, and the motion was passed 3-0.

Administrator Penque then presented the Board with the Auditors engagement Letter. After review Administrator Penque then presented the Board with the Auditors Representation Letter. After review Trustee McDeavitt made a motion to accept the Auditors' Representation as presented. The motion was seconded by Trustee Moccia. All Trustees voted yes, and the motion was passed 3-0.

Attorney Jensen asked the Board for authorization to execute the agreement with SALEM TRUST prior to the May 9th meeting once it is drafted. Trustee McDeavitt made a motion to execute the agreement with SALEM TRUST as presented in the proposal, Prior to the May 9th Meeting. The motion was seconded by Trustee Moccia. All Trustees voted yes, and the motion was passed 3-0.

NEW/UNFINISHED BUSINESS:

None

ADJOURN:

The meeting was adjourned at 11:33 A.M.

Next Regular Scheduled Meeting: May 09, 2023, at 10:30 AM.



Jason Llopis, Chairman
FOR THE BOARD