

BOYNTON BEACH POLICE OFFICERS' PENSION FUND MINUTES

November 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 November 14th, 2023 at 10:30 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

Ms. Rachel Moccia-Trustee

Mr. Matthew Zeller – 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. Mitchel Brennan – Burgess Chambers & Associates

PUBLIC COMMENT:

None

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

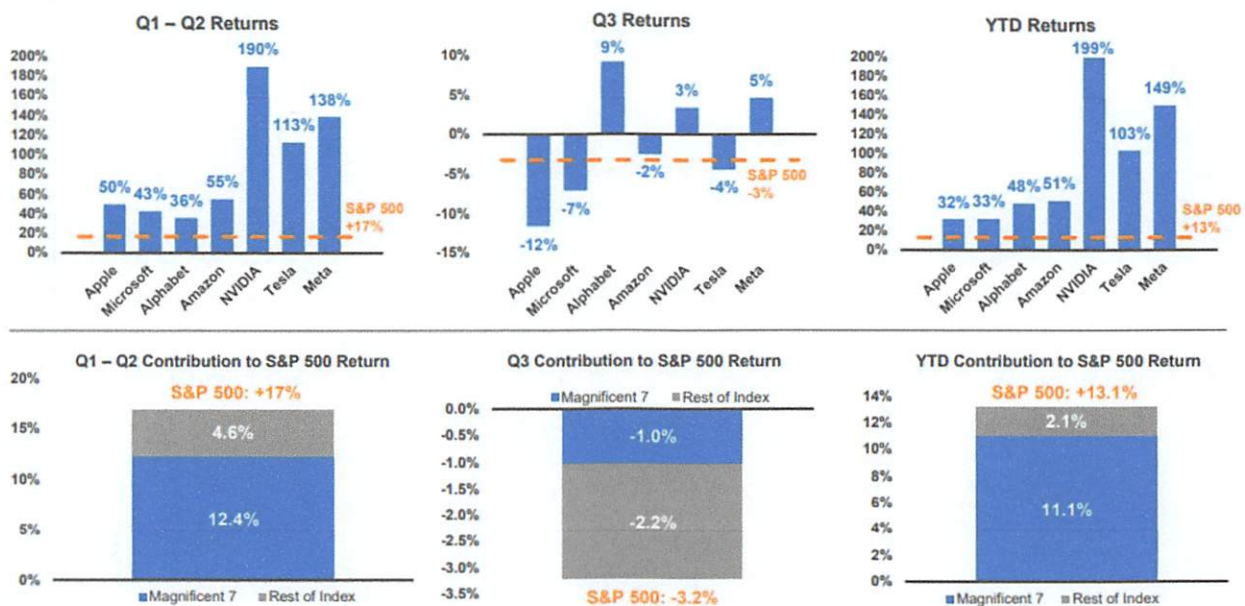
The Board reviewed the Minutes from the Pension Meeting held on August 08th, 2023. Trustee McDeavitt made a motion to approve the minutes, which was seconded by Trustee Zeller. All Trustees voted yes, and the motion was passed 5-0.

WARRANTS:

The Board reviewed Warrants 704 through 732. After review and consideration, Trustee Faine made a motion to approve as presented, which was seconded by Trustee McDeavitt. All Trustees voted yes, and the motion was passed 5-0.

INVESTMENT REPORT:

Mr. Darrin Hogsted made the presentation to the Board on behalf of Russell Investments with a review of Q-4 for FY 22-23. Mr. Hogsted began by highlighting the performance of the "MAGNIFICENT 7" stocks versus the rest:



- U.S. equity returns were driven by outsized performance from the “Magnificent 7” to start the year
- Returns in Q3 have diverged, but still dominate YTD results

Mr. Hogsed then provided a review on inflation over the past year:

- Inflation has been moderating over the last year alongside lower prices in food and shelter
- Since June 2023, a 5% increase in volatile energy prices nudged inflation levels slightly higher
- Elevated wage growth continues to remain a concern for the Fed

Mr. Hogsed reviewed the fund's performance over the past quarter, which was slightly better than the benchmark, but trailed for the FY. Mr. Hogsed did advise the strategy change adopted at the August meeting was implemented on 9/1/23 and performance data will be better captured at the next meeting. Russell Investment added the World Equity Fund to the Portfolio as part of the new investment strategy:

Boynton Beach Police Officers Retirement Trust - Composite Account - QU7W, QU7X

	Market Value	One Month	Three Months	Year to Date	FYTD 09/30	Annualized					Inception Date
						One Year	Three Years	Five Years	Ten Years	Since Inception	
Total Assets - Gross ⁽¹⁾⁽⁴⁾	\$95,955,884	-3.45%	-3.09%	4.15%	10.27%	10.27%	3.94%	4.61%	6.55%	6.48%	07/01/2002
Total Assets - Net ⁽¹⁾⁽⁴⁾	95,955,884	-3.51	-3.21	3.76	9.71	9.71	3.35	3.94	5.80	5.72	07/01/2002
Russell Custom Benchmark ⁽⁵⁾	--	-3.62	-3.14	5.06	10.28	10.28	3.52	5.26	6.51	6.33	--
Consultant Benchmark ⁽⁶⁾	--	-4.10	-3.70	4.22	9.89	9.89	3.08	4.57	5.50	6.02	--
Total Assets ex Private Credit - Net ⁽¹⁾	93,701,368	-3.61	-3.30	3.72	9.70	9.70	3.34	3.94	5.80	5.72	07/01/2002
Total Liquid Return Seeking	58,818,354	-4.28	-3.44	7.80	17.37	17.37	7.85	6.04	8.39	9.23	08/31/2012
Russell Invest R1000 Idx Fd - I (DB)	27,074,738	-4.72	-3.15	13.07	21.29	21.29	--	--	--	7.51	11/19/2020
Russell 1000 Index	--	-4.70	-3.15	13.01	21.19	21.19	--	--	--	7.47	--
World Equity Fund	31,743,616	--	--	--	--	--	--	--	--	-4.07	09/05/2023
MSCI World Net Dividend Index	--	--	--	--	--	--	--	--	--	-4.43	--
Total Fixed Income	26,802,506	-2.67	-3.18	-1.45	0.74	0.74	-5.18	0.53	1.66	3.74	09/01/2002
Bloomberg US Aggregate Bond Idx	--	-2.54	-3.23	-1.21	0.64	0.64	-5.21	0.10	1.13	3.03	--
Multi-Manager Bond Fund	26,802,506	-2.67	-3.18	-1.45	0.74	0.74	-5.18	0.53	1.66	3.57	09/30/2008
Bloomberg US Aggregate Bond Idx	--	-2.54	-3.23	-1.21	0.64	0.64	-5.21	0.10	1.13	2.45	--
Total Alternative Investments ⁽⁴⁾	9,662,989	-0.50	-0.50	-4.81	-8.23	-8.23	7.20	5.95	8.41	6.00	07/01/2006
Real Estate Equity Fund ⁽⁴⁾	7,408,474	-0.95	-0.95	-5.89	-9.45	-9.45	6.74	5.67	8.27	6.13	07/01/2006
NFI-ODCE - RITC (Linked) ⁽⁷⁾	--	-1.90	-1.90	-7.55	-12.14	-12.14	7.13	5.75	8.28	6.18	--
	Market Value	One Month	Three Months	Year to Date	FYTD 09/30	One Year	Three Years	Five Years	Ten Years	Since Inception	Inception Date
Private Credit Fund I LLC ⁽⁴⁾	2,254,515	1.02	1.02	1.48	-0.25	-0.25	--	--	--	-1.16	09/01/2022
Bloomberg US Aggregate Bond Idx 3 mo lag	--	-0.36	-0.84	4.00	-0.94	-0.94	--	--	--	-2.30	--

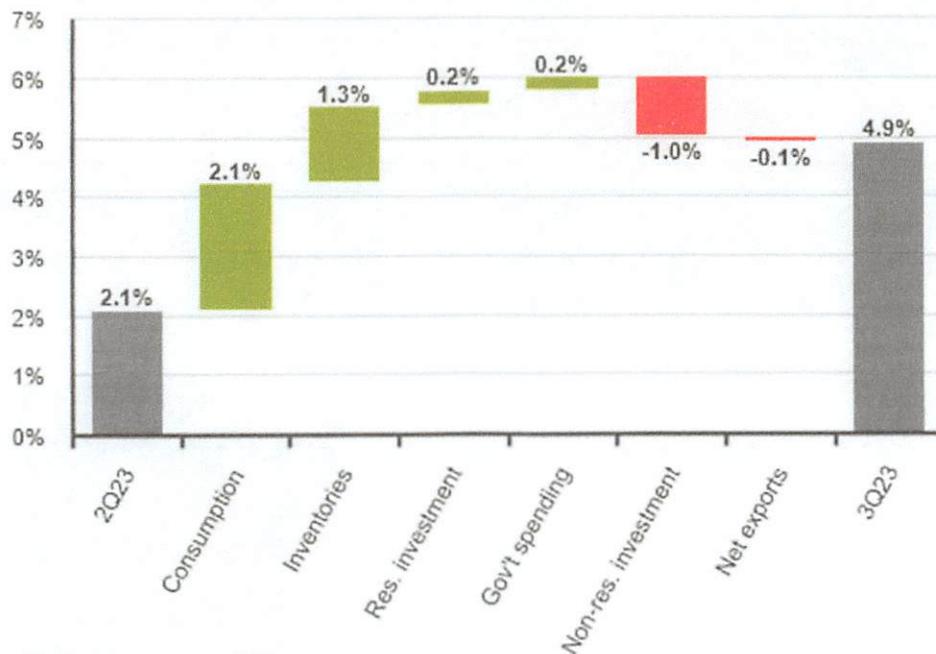
At this time, Mr. Hogsed concluded his presentation and Mr. Brennan began his presentation.

INVESTMENT MONITOR REPORT:

Mr. Mitchel Brennan presented to the Board on behalf of Burgess Chambers & Associates. He began the report discussing the recession question with Q-3 posting a 4.9% GDP. Mr. Brennan advised that a recession is not expected to be seen before the next presidential election:

- Consumption propelled 3Q23 GDP growth to a real annualized rate of 4.9%. Inventory accumulation contributed to the acceleration in growth as automakers stockpiled ahead of anticipated strikes.

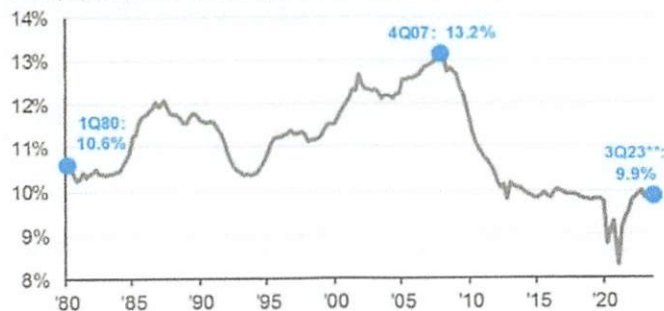
Consumption and inventory build-up boosted 3Q23 GDP
 Changes in real GDP contribution from 2Q23 to 3Q23



Mr. Brennan pointed out excess spending by consumers and depleting savings that were built up during the pandemic:

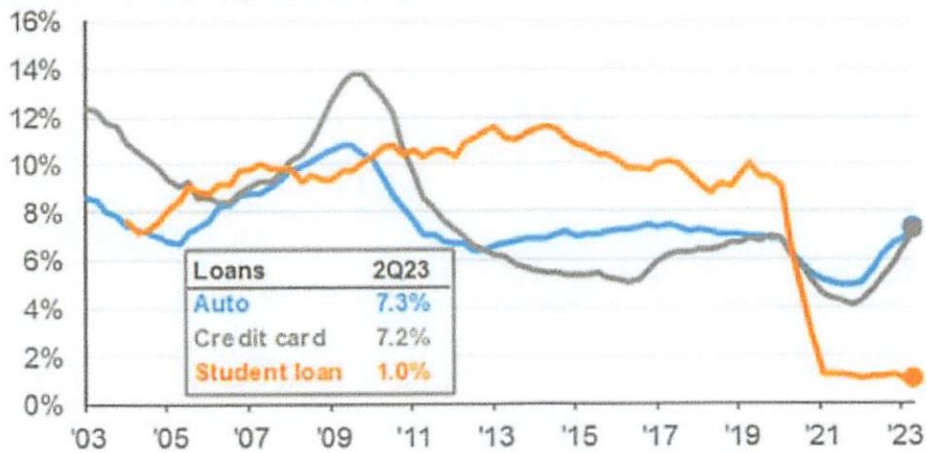
- Household excess savings continue to decline as outstanding consumer credit rises.
- Higher debt for consumers have led to an increase in both Auto Loan and Credit Card delinquencies.

Household debt service ratio
 Debt payments as % of disposable personal income, SA



Flows into early delinquencies

% of balance delinquent 30+ days

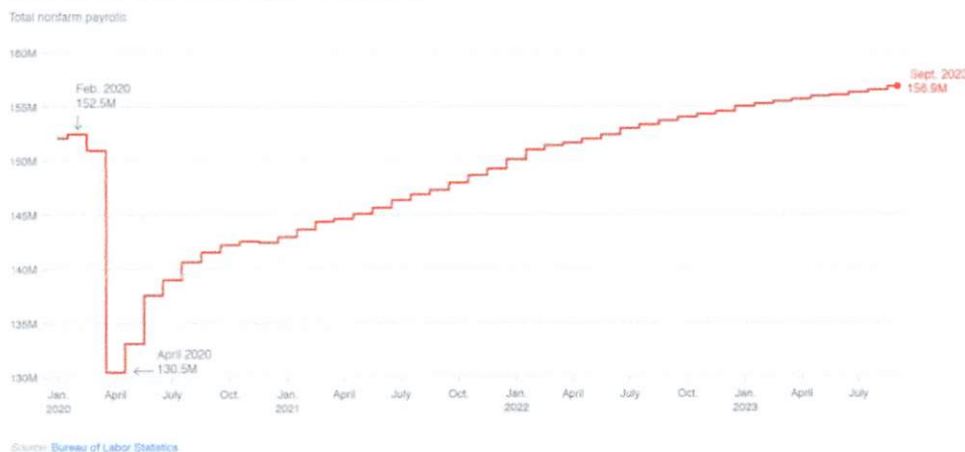


Mr. Brennan highlighted a product offered by Salem Trust where they hold cash in a Money Market account earning 5.0%-5.1% interest and questioned Mr. Hogsed if Russell Investment had a similar product for their cash payables/receivables account which shows a balance of \$672,034.00. That account is currently earning 0%. Mr. Hogsed advised that this money is only in this account for a matter of days and is used to make the monthly pension payments and vendor payments, and it would not benefit the Fund with such a product.

Mr. Brennan then reviewed over the Investment Summary:

In September, U.S. employers added about twice as many jobs as forecasters were expecting. The main concern with a strong labor market is the upward pressure on wages and inflation. Based on comments from the Fed, it appears that policymakers are leaning toward at least one more hike before the end of 2023.

The economy added 336,000 jobs in September



- For the quarter, the Fund was down -3.1% gross (or -3.2% net; -\$4.1 million), similar to the Policy Benchmark (-3.0%). The best performing assets were: Salem cash (+1.2%), Private Credit Fund I (+1.0%), and Russell cash (+0.0%).
- For the one-year period, the Fund earned \$12.6 million or +10.6% gross (+10.1% net), behind the Policy Benchmark (+11.2%). The best performing asset was: Russell 1000 Index (+21.3%).
- For the three and five-year periods, the Fund earned +3.5% and +4.0% net, respectively.

- In February 2023, the Fund requested a rebalance of \$1,446,820 from the Real Estate Equity Fund to the Multi Manager Bond Fund. To date, \$840,607 of the rebalance has occurred.
- In September, the Russell Large Cap Defensive Equity Fund was liquidated, and the proceeds were invested in the Russell 1000 Index. The Russell Multi Asset Core Fund was also liquidated, and the proceeds were invested in the Russell World Equity Fund.

Mr. Brennan concluded his presentation reviewing over the Asset Allocation & the performance of the funds. There were no recommendations for and changes to the Fund:

	Market Value	QTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
Total Fund	126,312,722	-3.1 (72)	10.6 (51)	4.0 (71)	4.7 (75)
Policy Benchmark		-3.0	11.2	4.0	5.6
Russell Trust Company Strategy	95,955,884	-3.1	10.1	3.9	4.6
Russell 1000 Index Fund - SR I	27,074,738	-3.2	21.3	N/A	N/A
Russell 1000 Index		-3.1	21.2	9.5	9.6
Russell World Equity Fund (CF)	31,743,616	N/A	N/A	N/A	N/A
MSCI World All Cap Index (Net)		-3.6	20.9	7.8	6.7
Russell Multi-Manager Bond (CF)	22,705,125	-3.2 (64)	0.7 (72)	-5.2 (91)	0.5 (56)
Fixed Income Benchmark		-3.2	0.6	-5.2	0.1
Russell Real Estate Equity (CF)	7,408,474	-1.0	-9.5	6.7	5.6
Real Estate Benchmark		-1.9	-12.1	7.1	5.7
Private Credit Fund I, LLC	2,254,515	1.0	-0.2	N/A	N/A
Russell Private Credit Proxy Account	4,097,381	-3.3	0.7	N/A	N/A
Bimbg. U.S. Aggregate Index		-3.2	0.6	-5.2	0.1
Russell ST Inv Cash Sweep (CF)	672,034	0.0	0.0	0.1	1.5
ICE BofAML 3 Month U.S. T-Bill		1.3	4.5	1.7	1.7
Salem Index Strategy	30,356,838	-3.2	N/A	N/A	N/A
Fidelity 500 Index Fd (MF)	21,653,885	-3.3	N/A	N/A	N/A
Russell 1000 Index		-3.1	21.2	9.5	9.6
Fidelity US Bond Index (MF)	8,699,558	-3.2	N/A	N/A	N/A
Fixed Income Benchmark		-3.2	0.6	-5.2	0.1
Salem Cash Sweep (MF)	3,395	1.2	N/A	N/A	N/A
ICE BofAML 3 Month U.S. T-Bill		1.3	4.5	1.7	1.7

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:

Ms. Jensen presented the Board with an updated Investment Policy Statement. The new IPS will put the plan in compliance with the new requirements of Florida State Statute 112.662.

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 5-0.

Ms. Jensen reviewed over the new State reporting system portal, where the Administrator will be uploading the compliance reports to for the new legislation.

PLAN ADMINISTRATOR REPORT:

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

There is no December special pay this year, due to the investment losses from FY 21-22. Once all the investment earnings reports are in for FY-22-23 we will run a report to see if there will be a Special pay for FY 23-24.

The RMD annual review was completed and all members are in compliance.

The notice of Chapter 185 money was received. This year will be \$1,143,968.71 compared to the amount received last year \$969,096.00.

The City Pension Contribution was received \$7,136,079.00

Mr. Penque regretfully reported the death of member Russell Duplantis on 10/10/2023. Mr. Penque advised that Mr. Duplantis' pension option was the life annuity.

NEW/UNFINISHED BUSINESS:

None

ADJOURN:

The meeting was adjourned at 11:15 PM.

Next Regular Scheduled Meeting: February 13, 2023, at 10:30 AM.



Jason Lopis, Chairman
FOR THE BOARD