

BOYNTON BEACH POLICE OFFICERS' PENSION FUND

MINUTES

November 12, 2019

10:00 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 Mr. Athol on November 12th at 10:07 PM at 2240 North Federal Highway, Boynton Beach, Florida.

TRUSTEES PRESENT: Mr. Toby Athol-Chairman; Mr. Jason Llopis-Secretary; Mr. Brian McDeavitt-Trustee; Mr. Daniel Dugger- Trustee. Trustee Russell Faine was absent from the meeting.

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. Mitchel Brennan – Burgess Chambers & Associates; Ms. MJ Serene – Russell Investments; and Attorney Richelle Levy – Rice, Pugatch, Robinson, Storfer & Cohen.

PUBLIC DISCUSSION:

No public comments presented.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the August 13th, 2019, City of Boynton Beach Police Officers' Pension Fund meeting minutes. Trustee Llopis made a motion to approve the August 13th, 2019 meeting minutes which was seconded by Trustee McDeavitt. All Trustees voted yes, and the motion was passed 3-0.

WARRANTS:

The Board reviewed warrants 321 through 348. After review and consideration, Trustee McDeavitt made a motion to approve as presented, which was seconded by Trustee Llopis. All Trustees voted yes, and the motion was passed 3-0.

OAKWATER TECHNOLOGIES REPORT:

Ken Kornheisl reported to the board on the security measures his company has in place to protect the members and fund from Cyber-attacks.

There was also some discussion about securing the pension fund website which allows members to view their DROP account balances. While the website neither links to bank accounts nor stores protected information of members it would only cost the fund approximately \$400.00 to mask entries from keystroke logging and encrypt passwords.

After some discussion, Trustee McDeavitt made motion to approve the above measure. It was seconded by Trustee Duggar. All Trustees voted yes, and the motion was passed 4-0.

INVESTMENT REPORT:

Ms. MJ Serene made the presentation to the Board on behalf of Russell Investments. Ms. Serene announced the Russell Investments 2020 Institutional Summit in Seattle, Washington will be held May 3-5, 2020. She advised the company is likely to continue to hold the summit in Seattle, rather than alternating between east and west coast locations. 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, or adjustment the forecast more closely resembles that of a tech bubble. The Federal Reserve position is more accommodative than at the same time last year and one more rate cut is expected in 2019. Trade relations continue to be a wild card, but there are positive cues in the trade war between the US and China. Although there has been discussion, the portfolio managers are comfortable with the fund's current defensive posture. The fund continues to meet statutory requirements for US investments. The Fund is up 1.2% in the last month, slightly over the Russell Custom Benchmark, however for FY 2019 the Fund was slightly behind the benchmark (6.0/8.0).

Russell Investments' 2019 global outlook

The late-late cycle show

	UNITED STATES Late innings	EUROZONE Overcoming headwinds	ASIA-PACIFIC Cautiously optimistic
KEY EXPECTATIONS	<ul style="list-style-type: none"> > One Fed rate hike in 2019 > Expect slower economic and earnings growth in 2019: 2% GDP growth > Recession risks elevated in late 2019 to 2020 > Sell-off creates some scope for tactical bounce 	<ul style="list-style-type: none"> > Expect 1.5% GDP > Slightly positive cycle, given market's low expectations > Risks include budget conflict between Italy and EU, disorderly Brexit and escalation of global trade war > Risks may likely fade over 2019 	<ul style="list-style-type: none"> > Expect still-healthy GDP growth: China 6%, India 7.5% > Expect 10% earnings growth in emerging Asia > Key risk is trade tensions > However, we do not believe this will derail growth outlook
	Modest Underweight: Valuations remain expensive	Small Overweight: Fair-valued and oversold	Small Overweight: Fair-to-attractive valuations

Given late-cycle risks rising, we believe in diversifying sources of returns

As of 12/31/2018. There is no guarantee the stated expectations will be met. Forecasting represents predictions of market prices and/or volume patterns utilizing varying analytical data. It is not representative of a projection of the stock market, or of any specific investment.

INVESTMENT MONITOR REPORT:

Mr. Mitchel Brennan made the presentation to the Board on behalf of Burgess Chambers & Associates.

- For the quarter, the Fund was up 1.3% gross (or +1.1% net; \$1.3 million), behind the Policy Benchmark (+1.3%). The best performing asset category was the Russell Multi-Manager Bond fund (+2.7%).
- For the one-year, the Fund experienced a market-based gain of \$6.1 million or +6.1% gross (+5.3% net), in line with the Policy Benchmark (+6.0%). These results ranked in the top 12th percentile. The best performing asset category was the Russell Large Multi-Manager Bond fund (+11.8%).
- For the three and five-year periods, the Fund earned +7.3% and +6.7% net, respectively.
- September 2019: The 2019 Florida Premium Tax Distribution in the amount of \$861,862 was received. Russell automatically allocated the contribution in the following manner:

\$705,946 to the Russell Multi Asset Core Fund and \$155,916 to the Russell Large Cap Defensive Equity Fund.

The Fund produces higher rewards with less volatility when looking at both the last three and five years as compared to other public pension funds.

Real estate investments represent 6.6% of the Fund's allocation. Discussion took place regarding the strength of industrial properties, the challenges facing regional shopping malls in comparison to grocery anchored properties which continue to fare better.

Mr. Brennan agreed with the defensive positioning of the fund considering the current market conditions. He showed the Fund is consistently operating with less risk as compared to similarly performing funds.

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 Richelle Levy presented the Board with an offer of settlement submitted by Amy Hoffman's attorney. The offer was for a lump sum payment of \$22,000 to Hoffman to be followed by her pension payments beginning on November 1, 2019. After discussion, Trustee McDeavitt motioned to deny the offer. The motion was seconded by Trustee Llopis and passed unanimously.

Attorney Bonni Jensen discussed the process of evaluating court actions against vested members for the applicability of forfeiture, explaining the procedure of notice. Her office will assemble and present any recommended action to the Board at the next meeting.

Mrs. Jensen advised 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.

Mrs. Jensen also provided a new Professional Services Agreement to the Board, increasing her hourly rate from \$265 to \$300 per hour. It is notable new clients of the firm are paying \$350 per hour. Trustee McDeavitt made a motion to approve the agreement. It was seconded by Trustee Llopis and passed 4-0. Chairman Athol signed the agreement at the meeting.

Mrs. Jensen also made a presentation regarding members who leave the Agency to serve in the United States Military. She advised the Fund needs to leave the employees active to accurately track the Fund's liability. The employees can accrue up to five years of service while actively serving.

PLAN ADMINISTRATOR REPORT:

Mr. Penque reported in FY2019 there were eight retirements, four employees entered the DROP, three refunds of contributions and three termination payouts. The December Supplemental December payment worksheet was presented to the Board. Trustee Llopis made a motion to approve the payments. The motion was seconded by Trustee McDevitt and passed 3-0 (Trustee Duggar absent).

Mr. Penque reviewed member accounts for Required Minimum Distribution and found no members required withdrawals.

NEW/UNFINISHED BUSINESS:

Chairman Athol advised the Board he expects this to be his last meeting due to the expected sale of his Boynton Beach residence. Mrs. Jensen advised that although this is a carry over state, since Chairman Athol's position is dependent on his City residence the Board should identify a replacement to present to City for approval.

ADJOURN:

The meeting was adjourned at 12:07 PM.

Next Regular Scheduled Meeting: February 11, 2020 at 10:30 AM.



Jason Llopis, Chairman
FOR THE BOARD