BOYNTON BEACH POLICE OFFICERS' PENSION FUND
MINUTES
FEBRUARY 13, 2024

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 13th ,2024 at 10:31 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

Ms. Rachel Moccia-Trustee

Mr. Matthew Zeller – Trustee

TRUSTEES ABSENT:

Mr. Russell Faine-Trustee

Mr. Brian McDeavitt-Trustee

OTHERS PRESENT:

Mr. Louis Penque – Plan Administrator

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

Mr. Chuck Landers CPA, CIT Saltmarsh

Mr. Darrin Hogsed – Russell Investments

Mr. Mitchel Brennan – Burgess Chambers & Associates

PUBLIC COMMENT:

None

SOUTHTOWN BEACH POLICE OFFICERS' PENSION FUND
MINUTES
FEBRUARY 13, 2014

TOUR A

The regular meeting of the Board of Trustees of the Southtown Beach Police Officers' Pension Fund was called to order on behalf of the Fund by Chairman [illegible] at [illegible] PM. [illegible] at the Government Center, 100 East Ocean Avenue, Boynton Beach, Florida.

TRUSTEES PRESENT:

Mr. [illegible] - Chairman

Ms. [illegible] - Trustee

Mr. [illegible] - Trustee

TRUSTEES ABSENT:

Mr. [illegible] - Trustee

Mr. [illegible] - Trustee

OTHERS PRESENT:

Mr. [illegible] - Plan Administrator

Ms. [illegible] Board Attorney - [illegible]

Mr. [illegible] - [illegible]

Mr. [illegible] - [illegible]

Mr. [illegible] - [illegible]

PUBLIC COMMENT:

None

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the Minutes from the Pension Meeting held on November 14th, 2023. Trustee Rachel Moccia made a motion to approve the minutes, which was seconded by Trustee Matthew Zeller. All Trustees voted yes, and the motion was passed 3-0.

WARRANTS:

The Board reviewed Warrants 733 through 759. After review and consideration, Trustee Rachel Moccia made a motion to approve as presented, which was seconded by Trustee Matthew Zeller. All Trustees voted yes, and the motion was passed 3-0.

AUITORS REPORT:

Mr. Chuck Landers CPA, CIT made the presentation to the Board on behalf of SALTMARSH, CLEAVELAND & GUND With a review of FY 22-23 Financial Statement.

Mr. Landers began his presentation by thanking the Board, City employees and personnel who assisted with providing the necessary information in completing this year's audit.

Mr. Landers then provided the Board with the company's opinion on preparing the financial statements for FY 22-23:

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, 2023 and 2022, 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 the statements of fiduciary net position from September 30th, 2023, and 2022:

	2023	2022
Assets:		
Cash	$ 24,938	$ 2,373
Receivables:		
Plan Member	53,108	55,317
DROP loans	101,238	152,128
Broker-dealers	672,034	617,614
Total receivables	826,380	825,059

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board reviewed the minutes from the Pension Meeting held on February 14th, 2023. Trustee Kathy Moore made a motion to approve the minutes, which was seconded by Trustee Matthew Zeller. All Trustees voted yes, and the motion was passed 5-0.

WARRANTS:

The Board reviewed Warrants 732 through 736. After review and consideration, Trustee Randal Moore made a motion to approve the payment of warrants, which was seconded by Trustee Matthew Zeller. All Trustees voted yes, and the motion was passed 5-0.

AUDITOR'S REPORT

Mr. Chuck Lennox CPA, CFE, introduced the presentation to the Board on behalf of SHULTHARIS CLAYPOOL, PLLC & GRIME. With a review of FY 22-23 Financial Statements.

Mr. Lennox began his presentation by thanking the Board, City employees and personnel who assisted with providing the necessary information in completing this year's audit.

Mr. Lennox then directed the Board with the company's opinion on preparing the financial statements for FY 22-23:

Mr. Landers then reviewed the statements of Income, Retrained Earnings from September 30th, 2022 and 2021.

Investments at fair value:		
Multi manager bond investment funds	26,802,506	32,505,289
Domestic equity investment funds	82,726,755	71,317,636
Fixed income investment funds	8,699,558	-
Real estate investment funds	7.408,474	9,239,402
Temporary investment funds	3,381	-
Total investments	125,640,674	113,062,327
Prepaid expenses	14,528	11,934
Total Assets	126,506,520	113,901,693
Liabilities:		
Accounts payable	94,937	139,907
Due to broker-dealers	22,551	-
Total Liabilities	117,488	139,907
Net Position Restricted for Pensions	$ 126,389,032	$ 113,761,786

Mr. Landers continued with a review of statements of changes in fiduciary net position from September 30th, 2023, and 2022:

	2023	2022
Additions to Net Position Attributed to:		
Contributions:		
Employer	$ 7,136,079	$ 6,689,463
Plan members	1,266,777	1,322,848
Plan members, buy-back	44,954	114,244
Rollover to DROP	235,163	205,063
Total contributions	8,682,973	8,331,618
Intergovernmental revenue:		
Chapter 185 state excise tax rebate	1,143,969	969,097
Total intergovernmental revenue	1,143,969	969,097

Investment income (loss):

Mr. Larsen continued with a review of statements of changes in financial position from [illegible] 20x1 and 20x2.

Intergovernmental revenue:		
Chapter 185 state excise tax rebate	1,143,969	969,097
Total intergovernmental revenue	1,143,969	969,097
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	12,396,299	(19,110,025)
Interest	5,061	6,131
Dividends	182,909	31
Total investment income (loss)	12,584,269	(19,103,863)
Less investment expenses	508,465	595,238
Net investment income (loss)	12,075,804	(19,699,101)
Total additions (deductions), net	21,902,746	(10,398,386)
Deductions from Net Position Attributed to:		
Benefits:		
Age and service	8,245,554	7,309,744
Disability	421,657	406,656
DROP payments	373,198	768,609
Refunds	60,104	54,927
Administrative expenses	174,987	194,461
Total deductions	9,275,500	8,734,397
Net Increase (Decrease) in Net Position	12,627,246	(19,132,783)
Net Position Restriced for Pensions:		
Beginning of year	113,761,786	132,894,569
End of year	$ 126,389,032	$ 113,761,786

Mr. Landers proceeded with the Plan's investments at both fair value and cost or adjusted cost as of September 30, 2023, and 2022 are summarized as follows:

	2023		2022	
Investments	Cost	Fair Value	Cost	Fair Value
Multi manager bond investment funds	$ 26,194,859	$ 26,802,506	$ 31,343,075	$ 32,505,289
Domestic equity investment funds	82,470,458	82,726,755	55,263,431	71,317,636
Fixed income investment funds	9,096,820	8,699,558	-	-
Real estate investment funds	3,797,697	7,408,474	4,221,423	9,239,402
Temporary investment funds	3,381	3,381	-	-
Total investments	$ 121,563,215	$ 125,640,674	$ 90,827,929	$ 113,062,327

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, 2023 and 2022 are presented below as determined in the Plan's most recent accounting and valuation available for the fiscal years ended September 30, 2023 and 2022:

	9/30/2023	9/30/2022
Designated for DROP accounts (fully funded)	$ 22,827,334	$ 19,412,279
Designated for the supplemental benefit reserve	2,260,818	2,402,091
Total designated net position	25,088,152	21,814,370
Undesignated net position	101,300,880	91,947,416
Total net position	$ 126,389,032	$ 113,761,786

Mr. Landers reviewed the actuarial assumption changes. There were not any changes in the actuarial assumptions for the Fiscal year ended September 30, 2023. The last change was at the end of the fiscal year for September 30, 2022. The actuarial assumption rate was lowered from 7.00% to 6.90%.

Mr. Landers reviewed over the net pension liability of the city:

The components of net position liability of the City of Boynton Beach (the "City") as of September 30, 2023 were as follows:

Total Pension Liability	$ 198,138,438
Plan Fiduciary Net Position	(126,389,032)
City's Net Pension Liability	$ 71,749,406
Plan Fiduciary Net Position as a percentage of Total Pension Liability	63.79%

Mr. Landers also provided the Board with examples regarding the sensitivity of the net pension liability to change in the single discounted rate, the following presents the plan's net liability if the rate is either lowered or raised by just 1- percentage point:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
City's net pension liability	$ 92,079,595	$ 71,749,406	$ 54,924,067

Mr. Landers concluded his presentation with a review of the scheduled investment and administrative expenses as shown below:

	2023 Expenses		2022 Expenses	
	Investment*	Administrative	Investment*	Administrative
Actuary fees	$ -	$ 42,988	$ -	$ 60,376
Administrator fees	-	51,154	-	49,666
Audit fees	-	23,340	-	21,900
Administrative fees	-	3,151	-	2,118
Bookkeeping fees	-	4,950	-	-
Education and dues	-	10,865	-	1,025
Insurance	-	19,938	-	22,099
Investment management fees	478,465	-	572,738	-
Legal fees	-	13,973	-	35,277
Office expense	-	-	-	2,000
Performance monitor	30,000	-	22,500	-
Seminar and travel expense	-	4,628	-	-
Total investment and administrative expenses	$ 508,465	$ 174,987	$ 595,238	$ 194,461
Percentage of Plan net position	0.40%	0.14%	0.52%	0.17%

After some brief discussion and review, Trustee Rachel Moccia made a motion to approve the financial statements as presented, which was seconded by Trustee Matthew Zeller. All Trustees voted yes, and the motion was passed 3-0.

The Board was then presented with the representation letter to be presented to SALTMARSH. After review and consideration, Trustee Rachel Moccia made a motion to approve as presented, which was seconded by Trustee Matthew Zeller. All Trustees voted yes, and the motion was passed 3-0.

At this time Mr. Landers concluded his presentation and Mr. Hogsed began the Investment presentation.

INVESTMENT REPORT:

Mr. Hogsed began by providing a review of 2023:

- Cooling inflation and resilient economic growth saw stocks deliver positive returns (+26.3%)
- Stabilizing interest rates helped bonds produce positive returns as well (+5.5%)

Mr. Loudon concluded his presentation with a review of the accounts, investments and administrative expenses as shown below:

After some [illegible] discussion and review, Trustee [illegible] moved and Trustee [illegible] seconded the motion to approve the financial statements as presented which was seconded by Trustee [illegible]. All trustees voted yes and the motion was passed 3-0.

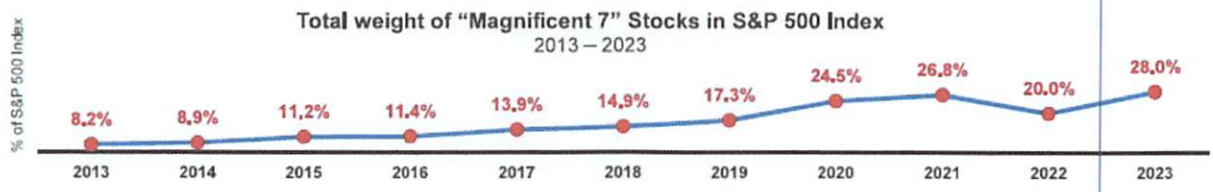
The Pension Board then proceeded with the presentation by [illegible] to SALTMARSH, AUDT [illegible] of operations. Trustee [illegible] made a motion to approve the [illegible] which was seconded by Trustee [illegible]. All trustees voted yes and the motion was passed 3-0.

At this time Mr. Lumsdaine [illegible] presentation [illegible] proposed by the investment [illegible]

INVESTMENT REPORT:

Mr. [illegible] began by providing a review of 2004:

[illegible]



- The "Magnificent 7" dominated returns within U.S. stocks in 2023
- Despite strong returns this year, steep losses in 2022 put most year-over-year results in line with the market
- These companies now represent nearly 30% of the S&P 500 Index after recent relative strength

Mr. Hogsed reviewed over the strong returns in Q-4 in Bonds as interest rates fell:

	Q1 - Q3		Q4			YTD 2023	
Bond type	Yield Change %	Return %	Yield Change %	Return %	Best Quarter Since	Yield Change %	Return %
U.S. Treasury	+0.67	-1.52	-0.77	5.66	1Q 2020	-0.10	4.05
U.S. Aggregate	+0.71	-1.21	-0.86	6.82	2Q 1989	-0.15	5.53
U.S. Credit	+0.61	0.03	-0.95	8.15	2Q 2020	-0.34	8.18
Municipals	+0.88	-1.05	-1.17	6.38	1Q 2002 (Index inception)	-0.30	5.26

- Interest rates and bond prices generally move in opposite directions
- Negative returns continued into 2023 for most bond types as rates kept moving up
- Bonds surged in Q4 as interest rates dropped sharply, resulting in positive calendar-year returns

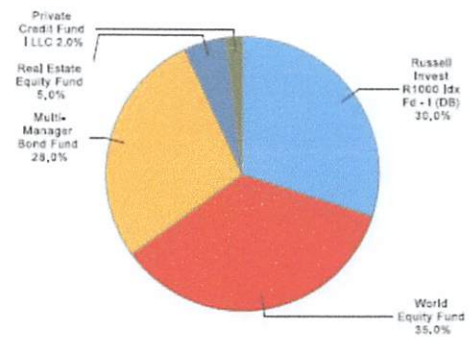
Mr. Hogsed is predicting the Federal Reserve has likely finished lifting interest rates due to slowing jobs growth and declining inflation; with rising debt-to-GDP ratios, the era of big fiscal expansion is probably over. Politicians are likely to be constrained by debt burdens and interest costs. Mr. Hogsed advised Russell Investments has lowered its prediction of a recession from 45% likely to 40% likely to occur.

There was then a review of the Policy allocation. Russell Investments continues to draw down on the Private Real Estate Equity Fund. It may take up to 18 months to complete the transaction:

Market Value Reconciliation

	One Month	Three Months	Year to Date
Beginning Market Value ($)	107,210,433	95,955,884	125,468,514
Net Inflows/Outflows ($)	-580,004	5,753,543	-29,155,504
Net Market Gain/Loss ($)	4,264,177	9,185,179	14,581,596
Ending Market Value ($)	110,894,606	110,894,606	110,894,606

Policy Allocation



Asset Allocation

	Ending Market Value	Actual Holding	Policy Holding	Holding Variance
Russell Invest R1000 Idx Fd - I (DB)	$33,357,221	30.1%	30.0%	0.1%
World Equity Fund	36,751,340	33.1	35.0	-1.9
Multi-Manager Bond Fund	29,830,530	26.9	28.0	-1.1
Real Estate Equity Fund [1]	6,505,097	5.9	5.0	0.9
Private Credit Fund I LLC [2]	3,179,164	2.9	2.0	0.9
Cash, Payable/Receivable	1,271,254	1.1	0.0	1.1
Total Assets	**110,894,606**	**100.0**	**100.0**	**0.0**

Mr. Hogsed was pleased with the performance of their Private Credit Fund and reminded the Board this Fund will be a 6–7-year cycle. The Fund did perform well last quarter with a 4.01% return beating its benchmark (-2.54%)

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 with a market overview for Q-4:

Capital markets rallied during the fourth quarter based on hopes of a "soft landing".

CME Group FedWatch Probabilities for January (95% probability of rates staying unchanged) and March 2024 (61% probability of a rate cut):

- For the quarter, the Fund was up +9.3% gross (or +9.2% net; $12.3 million), ahead of the Policy Benchmark (+8.7%) and ranked in the top 17th percentile. The best performing assets were: Russell 1000 Index (+12.1%), Fidelity 500 Index (+11.7%), and Russell World Equity Fund (+11.1%).
- For the one-year period, the Fund earned $18.0 million or +14.4% gross (+13.9% net), similar to the Policy Benchmark (+14.6%) and ranked in the top 26th percentile. The best performing asset was the Russell 1000 Index (+26.7%).
- For the three and five-year periods, the Fund earned +3.6% and +7.2% net, respectively.
- The Fund was rebalanced in October due to receipt of the $7,863,802 annual city contribution. $4,602,182 of the Russell World Equity Fund and $3,261,620 of the Multi Manager Bond Fund was purchased.

Mr. Brennan reviewed over the investment performance for the past 5 years:

	Quarter	One Year	Three Years	Five Years
Total Fund				
Beginning Market Value	126,312,722	125,468,514	126,406,325	99,698,110
Contributions	5,755,398	847,101	1,115,408	-214,950
Gain/Loss	12,290,939	18,043,443	16,837,324	44,875,899
Ending Market Value	144,359,058	144,359,058	144,359,058	144,359,058
Total Fund (%)	9.2	13.9	3.6	7.2
Policy Benchmark (%)	8.7	14.6	3.9	8.9

Chairman Llopis mentiond that in a recent pension seminar he attended there was discussion over a recession occuring during Q-3 and that the Passive Fund could be subject to significant losses. Mr. Brennen agreed the Passive Fund does capture a majority of the gains in a raising market and unfortunently captures the losses in a falling market.

Mr. Brennan concluded his presentation by reviewing 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	144,359,058	9.2	13.9	3.6	7.2
Policy Benchmark		8.7	14.6	3.9	8.9
Russell Trust Company Strategy	110,894,606	8.9	13.0	3.3	7.0
Russell 1000 Index Fund - SR I	33,357,221	12.0 (34)	26.6 (33)	9.0 (46)	N/A
Russell 1000 Index		12.0	26.5	9.0	15.5
Russell World Equity Fund (CF)	36,751,340	10.9	N/A	N/A	N/A
MSCI World All Cap Index (Net)		11.5	22.7	6.7	12.4
Russell Multi-Manager Bond (CF)	26,286,979	6.8	4.9	-4.1	1.1
Fixed Income Benchmark		6.8	5.5	-3.3	1.1
Russell Real Estate Equity (CF)	6,505,097	-4.2	-10.9	3.3	2.9
Real Estate Benchmark		-4.8	-12.0	4.9	4.4
Private Credit Fund I, LLC	3,179,164	3.9	5.5	N/A	N/A
Russell Private Credit Proxy Account	3,543,551	6.9	5.2	N/A	N/A
Blmbg. U.S. Aggregate Index		6.8	5.5	-3.3	1.1
Russell ST Inv Cash Sweep (CF)	1,271,254	0.0	0.0	0.1	0.5
ICE BofAML 3 Month U.S. T-Bill		1.4	5.0	2.2	1.9
Salem Index Strategy	33,464,453	10.2	N/A	N/A	N/A
Fidelity 500 Index Fd (MF)	24,185,337	11.7 (51)	N/A	N/A	N/A
Russell 1000 Index		12.0	26.5	9.0	15.5
Fidelity US Bond Index (MF)	9,276,689	6.6 (69)	N/A	N/A	N/A
Fixed Income Benchmark		6.8	5.5	-3.3	1.1
Salem Cash Sweep (MF)	2,427	1.3	N/A	N/A	N/A
ICE BofAML 3 Month U.S. T-Bill		1.4	5.0	2.2	1.9

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

ATTORNEY REPORT:

Ms. Jensen presented the Board with an update on the IRS mileage rate for 2024. The new rate is .67 cents per mile.

Attorney Jensen also updated the Board on the Electronic Financial Disclosure system for filing the F-1 financial interest forms for this year.

Attorney Jensen reviewed the Assignment & Assumption of Custodian Agreement with Salem Trust and the change of their name to TMI Trust Company. After review and discussion, Trustee Rachel Moccia made a motion to approve as presented, which was seconded by Trustee Matthew Zeller. All Trustees voted yes, and the motion was passed 3-0.

PLAN ADMINISTRATOR REPORT:

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

Mr. Penque presented the Board with the June 2024 special pay distribution amount, which was reviewed and approved by the Actuary on 12/14/2024. The Distribution amount for this year's June special pay will be $501,278.03. After review and discussion, Trustee Rachel Moccia made a motion to approve as presented, which was seconded by Trustee Matthew Zeller. All Trustees voted yes, and the motion was passed 3-0.

Mr. Penque presented the Board with the December 2024 special pay distribution amount, which was reviewed and approved by the Actuary on 12/14/2024. The Distribution amount for this year's December special pay will be $292,932.86. After review and discussion, Trustee Rachel Moccia made a motion to approve as presented, which was seconded by Trustee Matthew Zeller. All Trustees voted yes, and the motion was passed 3-0.

Mr. Penque advised the Board the SB 534 Investment report for FY- 22-23 was completed and posted to the Web Site.

Mr. Penque advised the Board the Comprehensive Reports required by HB-3 were filed with the State along with the annual RMLO report and the New Investment Policy Guidelines.

Mr. Penque advised the Board the GASB 67 & 68 reports were received by the Actuary.

NEW/UNFINISHED BUSINESS:

None

ADJOURN:

The meeting was adjourned at 11:44 AM.
Next Regular Scheduled Meeting: May 14, 2024, at 10:30 AM.

Jason Llopis, Chairman
FOR THE BOARD