

**BOYNTON BEACH FIREFIGHTER' PENSION FUND
QUARTERLY BOARD MEETING
Wednesday, February 22, 2017, 9:030A.M.
Renaissance Commons Executive Suites
1500 Gateway Blvd. Suite 220
Boynton Beach, FL, 33426**

Board Members

Chair Matt Petty
Jonathan Raybuck
Robert Taylor
Helen Bush
Stan Cale
Chief Glenn Joseph

Also Present

Attorney Adam Levinson
Dave West, And Co
Scott Baur & Kerry Dutton, Administrator
Richard Cristini & Jeannine Bittinger, CPA
Members of the Public

1. CALL TO ORDER - Matt Petty, Chairman

The meeting was called to order at 9:05 A.M.

2. AGENDA APPROVAL

Mr. Levinson requested to add Pension resource Centers' letter of resignation as item: 4a.

Motion made by Mr. Raybuck, seconded by Ms. Cale to approve the agenda as amended. In a voice vote, motion passed unanimously.

3. APPROVAL OF MINUTES

a. Quarterly Meeting, 8/3/2016 & 11/2/2016

The minutes were tabled until the next regularly scheduled quarterly meeting.

4. ADMINISTRATOR REPORT

Mr. Levinson reviewed the letter of termination issued by Pension Resource Centers. Mr. Baur explained the reasoning behind the termination letter. Mr. Levinson explained the previous plan administrator was an in-house administration. He reviewed the differences between the in-house type of administration and an administration firm. There was a lengthy discussion on the expectations of the Board and members versus the service level provided by Pension Resource Centers. Mr. Baur explained in his opinion the relationship was not a good fit. Mr. Levinson noted Pension Resource Centers is the largest and is well respected in the industry. Mr. Baur explained the employee turnover that had taken place recently. There was a discussion on other administrators for which the Board had previously reviewed. Mr. Levinson stated a brief overview of the services that Precision Pension firm has and the connection with the Police Officers' Pension Plan. There was a brief discussion on the service provider's interaction with Precision Pension in the Transition with the Police Officers' Pension Plan.

a. DROP Interest Calculation Discussion

Mr. Baur reviewed the transition timeline for the DROP statements from Alerus. He explained the formula previously used resulting in the member's DROP account being over credited once annualized. Mr. Baur stated the correct formula to be used for the DROP interest calculation. Mr. Strong and Mr. West confirmed the formula presented by Mr. Baur's to be correct. A discussion ensued regarding the lack of notification to both the Board and members. Mr. Baur stated the correct benefit was not changing benefits but simply applying the correct interest under the provisions of the Plan. Mr. Levinson confirmed the interested was only corrected going forward. Mr. Levinson recommended making a motion to memorialize the adoption of the correct formula. Mr. Smollen suggested the Board going back and to look in past minutes to see how the interest was implemented. Mr. Levinson stated the administration of the DROP interest must follow the ordinance going forward.

Motion made by Mr. Taylor, seconded by Mr. Cale to memorialize the correct DROP interest methodology. In a voice vote, motion passed unanimously.

b. Monthly Memorandum on Pension Update

Chair Petty noted the monthly memorandums were requested at the last meeting. He acknowledged the draft member is great and should continue.

c. Member Requested to Change Joint Annuitant

Mr. Levinson confirmed the Joint annuitant on survivor benefits can be changed up to twice even if predeceased. Ms. Dutton requested direction on who is responsible for the cost associated with recalculating the member's pension benefit. Mr. Levinson reviewed the fee structure or even a policy implemented by other boards. Mr. Strong noted the fee is \$225.00 for the recalculation. There was a discussion on how many calculations should be allowed.

Motion made by Mr. Taylor, seconded by Ms. Bush to approve for the Plan to cover the cost of one joint annuitant recalculation every five years. In a voice vote, motion passed unanimously.

Mr. Strong noted two beneficiary's date of births on a single recalculation request as long as the information is requested at the same time.

d. 2017 Conference Schedule

Ms. Dutton noted the upcoming conferences.

5. PRESENTATIONS

a. Audited Financial Statements as of October 1, 2016

Mr. Cristini gave a briefly review on what his firm does for the plan. He noted the changes which took place this fiscal year as in the Custodian and Administrator change. He explained the

extensive testing required this year due to these changes taking place. Mr. Cristini reviewed the required disclosures in the financial statements now. He reviewed the assets while comparing to the fiscal year 2015 figures. He stated the total assets to be \$91,419,173 versus \$80,737,357 in 2015. He noted the liabilities to be \$277,747 and leaving the net position restricted for the pension to be \$91,141,426. He confirmed Regions SSAE-16 report was received and contained a clean report. Mr. Cristini reviewed the receivables. Total contributions were \$5,951,959 versus \$5,322,386 in 2015, total investment income of \$16,072,691 versus \$6,568,812 in 2015. He stated the benefit payments have increased to \$4,251,192. There was a discussion on the reduction on early benefits. Mr. Cristini reviewed the net and unrealized appreciation (depreciation of investments over the years. He noted the Total Net Position to be \$91,141,426 as of September 30, 2016. He completed a brief overview of the investments at fair value. He reviewed the placement of levels required on investment to now be included in the audit. He noted the custodian classifies the investments. Mr. Cirstini reported Annual money-weighted rate of return to be 11.07%.

Ms. Brittinger stated the fee of \$2,000.00 for the completion of GASB 72 disclosure is a one-time fee. She explained this is due to the process that took place to implement the reporting of this disclosure.

Motion made by Mr. Taylor, seconded by Mr. Raybuck to approve the cost of \$2,000.00 for the completion of the GASB 72 disclosure. In a voice vote, motion passed unanimously.

Mr. Levinson reviewed the expenses listed, questioning the administrative expenses. Mr. Cristini confirmed the administrative expenses are reasonable. Mr. Levinson reviewed the recent theft issue reported within the City of Miami Beach. Mr. Cristini stated the plan is currently doing everything possible to prevent this type of incident. He reviewed the specific details the Plan is currently doing. Mr. Baur noted the City of Miami Beach was not having a timely reconciliation completed on the financials and feels this was a primary contributor to the theft.

Motion made by Mr. Taylor, seconded by Ms. Bush to approve the Audited Financial Statements as of October 1, 2016 as presented. In a voice vote, motion passed unanimously.

Mr. Cristini stated the City's auditor has requested his firm, on behalf of the pension plan, issue a special report. Chairman Petty noted request of this nature need to be directed to the Board directly.

Motion made by Mr. Taylor, seconded by Mr. Raybuck to approve the City's request for additional report to be completed for the City's Auditor pending satisfactory letter. In a voice vote, motion passed unanimously.

b. Actuarial Valuation as of October 1, 2016

Mr. Strong reviewed the past mortality tables and explained the required change to the FRS blended mortality table this year. He reviewed the recent history of the valuation results. He noted the average increase is closer to 2% however it is held at 4%. A brief discussion took place on inflation and using the level dollar assumption versus using the 10 year historical average. A discussion ensued on the possible assumptions for payroll, employment, etc. Chief Glen noted almost all contracts have been renewed for another 12 years. A discussion ensued on the economic growth expected that will produce additional positions within the department. Mr. Strong stated the Funded Ratio to be at 60% noting the additional payments made towards the unfunded ratio. There was a discussion the difference between the unfunded ration listed in the Valuation versus the Audit. Mr. Strong stated the funded ratio would have before the implementation of the FRS mortality table. The funded ratio on the market value was 59.1%. There will not be a 13th check for the 2016 fiscal year. He reviewed the cash flow which showed positive where most plans were negative. Mr. Strong reviewed the investment rate of return historically. The market value as of 9/30/17 was 11.0% versus the actuarial value was 9.2%; the five year market value was 10.3% versus the actuarial value was 7.2%; the ten year market value was 5.0% versus the actuarial value was 5.2%. There was a discussion on the actions taken for selecting the rate of return by each of the other two Pension Plans within the City. Mr. Levinson stated the national reflects a rate of return of 7.5%. There was a lengthy discussion on the rate of return.

Motion made by Ms. Bush, seconded by Mr. Raybuck to approve Actuarial Valuation as of October 1, 2016 as presented. In a voice vote, motion passed unanimously.

c. Discussion on Member's catch up Contributions

Chair Petty reviewed the history of a firefighter being incorrectly placed in the General Employees' Pension Plan. Ms. Dutton stated there is now another member who was treated the manor. The administrator will populate the schedule of repayments of the owed pension contributions.

6. INVESTMENT REPORTS

a. Quarterly Performance Report as of December 31, 2016(Dave West, Bogdahn Group)

Mr. West reviewed the new Firm's name, And CO along with the slight ownership change and share class. He reviewed the market performance as of December 31, 2017 as a bull market. The total Fund assets for the quarter ending were \$93,883,456 reporting a \$3,597,245 gain. Mr. West reported the Total Fund trailing returns for the quarter ending 12/31/16 to be 0.11% versus the benchmark 1.07%. He reviewed the individual manager's returns for the

quarter stated International Equity and Domestic Fixed Income were both down for the quarter. He reviewed the performance of index managers. If the current theme stays Mr. West expects active management to strengthen. Mr. West reviewed the asset allocations in comparison with the targets. Mr. West stated his Firm is behind Templeton but expressed the Fund is looking to capture some outside the normal gains. He notes the Templeton Bond Fund's performance was so extremeness it is unheard of with a 17% outperformance. Mr. West recommended the termination of Templeton and where to allocate the funds. He reviewed the reasoning behind placing the TIPs in to the allocation.

Motion made by Mr. Taylor, seconded by Mr. Raybuck to approve the recommendation to liquidate the Templeton Fund and place the net proceeds into the Schroder TIPS Fund. In a voice vote, motion passed unanimously.

b. Funding Process for Local Wells Fargo Account

Mr. West reviewed the cash follow needs quarterly and reviewed the proposed funding letter to be placed as a standing order with the custodian bank. He also reviewed the process that would take place if additional funding is needed or if there is excess funds in the R&D account. There was lengthy discussion on the lack of needing the local checking account housed at Wells Fargo.

Motion made by Mr. Taylor, seconded by Ms. Bush to approve Funding Letter to regions as presented. In a voice vote, motion passed unanimously.

Motion made by Mr. Cale, seconded by Mr. Raybuck to close the Wells Fargo account and push all warrants through Regions R&D account. In a voice vote, motion passed unanimously.

7. ATTORNEY REPORT

Mr. Levinson made note all items through Item 7c. were discussed earlier in the meeting.

d. 2017 IRS Mileage Rate

Mr. Levinson stated the new mileage rate for 2017 calendar year to be 53.5 cents per mile and the trustee travel reimbursement from should be updated.

Motion made by Mr. Taylor, seconded by Mr. Raybuck to set the Expectant Rate of Return of 7.5%. In a voice vote, motion passed unanimously.

8. PLAN FINANCIALS

a. Accounts Payable: Warrant as of February 22, 2017

Motion made by Mr. Taylor, seconded by Ms. Bush to approve the warrants as of February 22, 2017 as presented. In a voice vote, motion passed unanimously.

b. Benefit Approvals

Motion made by Mr. Taylor, seconded by Mr. Raybuck to approve the Benefit Approvals as presented. In a voice vote, motion passed unanimously.

c. Interim Financials January 30, 2017

The Board reviewed the Plan Financials as of January 30, 2017. There was no further discussion.

9. OTHER BUSINESS

The Board discussed the need for a special meeting to find a new plan administrator. The Board expressed concern on the 90 day timeframe. Mr. Baur confirmed a formal letter would be issued stating a commitment to a smooth transition if a longer than 90 day time is needed. There was a discussion on the process to take place on the special meeting for plan administration. Mr. Levinson confirmed the special meeting minutes would be taken by him.

10. SCHEDULE NEXT REGULAR MEETING: May 3, 2017

11. ADJOURN

The meeting adjourned at 1:04 P.M.