

City of Boynton Beach Municipal Firefighters Pension Trust Fund
MINUTES

May 3, 2017
9:00 AM

The regular meeting of the Board of Trustees of the City of Boynton Beach Municipal Firefighters Pension Trust Fund was called to order on behalf of the Board by Chairman Matt Petty, on May 3, 2017 at 9:06 A.M. at 2080 High Ridge Road, Boynton Beach, Florida 33325

TRUSTEES PRESENT:

Mr. Matt Petty – Chairman; Mr. Jon Raybuck – Secretary; Ms. Helen Bush – Trustee; & Mr. Stan Cale - Trustee

ABSENT:

Mr. Robert Taylor - Trustee

OTHERS PRESENT:

Mr. Adam Levinson- Board Attorney; Mr. Bob Dorn, Plan Administrator – Precision Pension Administration, Inc.; Ms. Melissa Krajewski & David Harris – Schroders Investment Management; Pete Mitchell & John Cignetti – Crescent Direct Lending; Kevin Reddoch- Citizen; David West – AndCo Consulting; Kevin Quinn- Citizen; Dennis Flushing- Citizen.

It should be noted that there was a quorum for the Board to have an official meeting.

PUBLIC DISCUSSION:

No public comments presented.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board of Trustees reviewed the minutes for the March 15, 2017 Special Meeting. A Motion was made by Trustee Cale to approve the minutes. The Motion was seconded by Trustee Petty. The Motion passed 4-0.

Mr. Dorn presented to the Board Warrants 001 through 004 for payment. The Board reviewed and discussed each Warrant. A Motion was made by Trustee Raybuck to approve Warrants 001- through 004. The Motion was seconded by Trustee Petty. The Motion passed 4-0.

WARRANT 001

This Warrant is to Precision Pension Administration for plan administration services from 3-20-2017 to 3-31-2017. This is a one-time payment. The amount of this Warrant is for \$1,330.64.

WARRANT 002

This Warrant is to Precision Pension Administration for re-occurring monthly payment for pension administration services rendered to the Fund. This payment will continue until stopped by the Board of Trustees. The amount of this Warrant is for \$3,750.00.

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 3, 2017
Page 2 of 8

WARRANT 003

This Warrant is to Oakwater Technologies, Inc. for re-occurring monthly payment for benefit programs, and internet web fees. This payment will continue until stopped by the Board of Trustees. The amount of this Warrant is for \$210.00.

WARRANT 004

This Warrant is to Anchor Capital Advisors, LLC for investment management services rendered to the Fund from 1-1-2017 to 3-31-2017. The amount of this Warrant is for \$16,980.22.

WARRANT 005

This Warrant is to Regions Bank for custodial services from 1/1/2017 to 3/31/2017. The amount of this Warrant is for \$5,763.46.

WARRANT 006

This Warrant is to DSM Capital Partners, LLC for investment management services rendered to the Fund from 1-1-2017 to 3-31-2017. The amount of this Warrant is for \$16,980.22.

WARRANT 007

This Warrant is to Klausner, Kaufman, Jensen & Levinson for legal services rendered through 3/31/2017. The amount of this Warrant is for \$5,626.50.

NEW / UNFINISHED BUSINESS:

Trustee Raybuck spoke about the DROP fixed rate interest calculation in that the calculation has always been calculated at a rate of 1.75 percent each quarter since inception for an annual rate of 7.00 percent fixed interest. The new interest calculation is 1.70585 percent which doesn't equal 7.00 percent for the year. Mr. Levinson advised that City Ordinance 00-13 gives the fixed interest rate at 7.00 percent annually which when used in compounding math gives the correct interest rate of 7.00 percent. Mr. Levinson advised that at the February/2017 meeting, the actuary and the auditor both agreed that the correct method to comply with the City Ordinance on this issue is to use the 1.70585 percent instead of the 1.75 percent. Mr. Levinson advised that the language in the Ordinance is very clear of an annual fixed rate of 7.00 percent which differs from the Boynton Police Pension and other various DROP fixed rate interest rates around the State of Florida. Mr. Levinson cited an example that the Florida Retirement System DROP interest rate is 3.1 percent. Mr. Levinson advised that the only way that this compounding interest rate be changed from 1.70585 to the old way of 1.75 is for an Ordinance change by the City. Mr. Raybuck stated that this change was initially enacted without the Board's knowledge or approval by the previous administrator and never told the DROP members. Mr. Raybuck advised that the only items the DROP Members received was a DROP statement with the change and no explanation. Mr. Levinson advised that this issue has been discussed and addressed at the February/2017 meeting.

Mr. Raybuck spoke about the pre-employment health screening to the Board. Mr. Raybuck advised that he has done some initial research into this matter with various firms around the State of Florida. Mr. Raybuck reported that some pre-employment base physical scans cost from \$400.00 and up. Mr. Levinson advised that Senate Bill 158 is

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 3, 2017
Page 3 of 8

titled Firefighter Cancer Presumption. Mr. Levinson advised that this Bill creates an in-line-of-duty presumption for impairments of health caused by various types of cancer. Mr. Levinson advised that the employing agency must provide a physical examination for a firefighter before he or she begins service or immediately thereafter. If the agency fails to provide a physical examination, the firefighter is still entitled to the presumption if the other criteria are met. Mr. Levinson advised that this presumption is created in addition to other presumptions contained in Florida Statutes §112.181, §112.1815, and §175.231. The Board discussed this issue as and other related issues for this topic such as storage of records, potential exposure of other disabilities or diseases for the new employee, how accurate are the scans. At this point the Board decided to table this topic.

Mr. Dorn advised that Mr. Joseph Senseman has requested to stop his bi-weekly payments to the Fund for the purchase of Permissive Service Credit. Mr. Dorn reported to the Board a historical reviewed to the Board regarding this topic from the records he received from the previous administrator. Mr. Levinson gave an overview of City Ordinance §18-190 that contain language regarding the Permissive Service Credit. Mr. Dorn reported to the Board several options regarding this matter to include: (1) Stop the payments and give permissive service credit for the funds he paid for minus any fees for actuary calculation, (2) stop the payments and give a full refund for all money paid to the Fund, (3) not allow him to stop payments until he has fulfilled his commitment for the full payment of the permissive service credit. The Board discussed this issue and decided on stopping the payments and give him credit for the funds he paid into the Fund minus any actuary calculation fees. The Board directed Mr. Dorn to contact Mr. Senseman and City Payroll Department regarding this issue. Mr. Dorn acknowledged this direction. Mr. Levinson advised that the Board should have an Administrative Policy on this issue. The Board agreed to have Mr. Levinson draft an Administrative Policy on this topic.

The Board took a five-minute break from 10:20 A.M. to 10:30 A.M. The Board resumed the meeting at 10:30 A.M.

INVESTMENT MANAGERS:

SCHRODERS INVESTMENT MANAGEMENT

Ms. Melissa Krajewski and Mr. David Harris made the presentation for Schroders Investment Management. Ms. Krajewski gave a summary overview of Schroders Investment Management performance for the Fund. The following is the portfolio positioning for the Fund: Annual yield is 2.20%, Effective Duration is 4.43 years, Spread Duration is 2.21 years and Average Quality is AA-. The following is the portfolio's returns for the Fund:

	Portfolio Return	Benchmark's Return
Year-to-Date Return	0.69%	0.68%
1-Year Return	0.30%	0.35%
3-Year Return	2.75%	2.25%
5-Year Return	2.62%	1.95%
10-Year Return	4.35%	3.89%

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 3, 2017
Page 4 of 8

The current benchmark is the Barclays Intermediate Aggregate Bond Index. The on-going themes to the Fixed Income sectors are (1) the Fed will continue to slowly hike rates, (2) expect a modest move higher in yields, (3) increase prospects for short term boost in US growth and inflation.

Ms. Krajewski spoke about investment policy with the Board and wanting to keep it an index fund as its mandated in the agreement. Ms. Krajewski advised that she is proposing a change to the current investment policy between the parties to include the effective duration of the portfolio shall be kept with 25% +/- half a year of the target index. Mr. David West advised that he has reviewed this amendment and agrees with the change. Trustee Cale made a Motion to amend the current investment policy between Schrodgers and the Fund to change the effective duration of the portfolio shall be kept within 25% +/- half a year of the target index. The Motion was seconded by Trustee Bush. The Motion passed 4-0.

Ms. Krajewski spoke about a trading error that occurred and they notified all parties once they were made aware of this error. Schrodgers Investment Management was pro-active in this matter and notified the Fed. There was an internal mechanism in place that caused the error. The new system was put into place for the solution to this matter for more checks and balances before and after trades. Mr. West advised that he had a due diligence meeting with the representatives of Schrodgers Investment Fixed Income Management Team. During this meeting, all portfolios, including this portfolio has been fully reconciled with the custodian and the manager accounting statements. The error in the calculations for the managers' remuneration for the trading error in the Schrodgers' TIP account has been confirmed to be accurate. The cause of the trading error has been reviewed, compliance remedies were put in place such as internal policies and procedures for any such similar event in the future.

Ms. Krajewski advised that they are requesting an amendment to their fee structure for the multi-sector intermediate aggregate portfolio to include the first 30 million at .375% and then the next 70 million at .250%. Mr. West advised that he reviewed this and these changes are within the average to below average fee structure for this type of investment. The Board discussed this issue. Trustee Petty made a Motion to amend the Multi-Sector Intermediate Aggregate Portfolio with Schrodgers Investment Management to include the first 30 million at .375% and then the next 70 million at .250%. upon the Board's legal review of the amendment fee contract. The Motion was seconded by Trustee Raybuck. The Motion passed 4-0.

CRESCENT DIRECT LENDING

Mr. Pete Mitchell and Mr. John Cignetti made the presentation to the Board for Crescent Direct Lending. Mr. Mitchell gave an overview of the investment strategy. They invest in private credit debt credit loans. They were founded in 1991. Their platform covers 14 different private core sectors. The portfolio made an initial capital commitment of \$4,000,000 and funded \$3,820,324 of this commitment. The portfolio made distributions of \$1,162,475 to the Fund and has a market value of \$2,964,357. Mr. Mitchel and Mr. Cignetti reviewed with the Board the process involved in their research and processes prior to their funding of any potential client. They cited that last year they had a potential 732 deals and after their due diligence the total potential deals were down to 24. They focus on the middle market direct lending market that are companies in the

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 3, 2017
Page 5 of 8

15-30-million-dollar value range. Once they lend the funds, they have weekly and monthly financial reporting by the borrowers.

Mr. Mitchell presented to the Board a new fund offering. Mr. West advised that he is still researching the new fund and will let the Board know when he approves or disapproves of the offering. Mr. Levinson advised that he has not reviewed the contract. Mr. West advised that the Board could approve of the funding of this investment upon the approve of the monitor and attorney for the fund. Trustee Raybuck advised that he makes a Motion for the Fund to enter into an investment agreement with CDL's new fund in an amount up to 4 million upon the approval of the Fund's monitor and attorney and the Funds will come from any disbursements from CDL and the R & D Account. The Motion was seconded by Trustee Bush. The Motion passed 4-0.

MONITOR REPORT:

Mr. David West made the presentation to the Board for AndCo Consulting. Mr. West gave an overview of the domestic and foreign markets to the Board. Mr. West advised that on 12/31/2016 the Fund's value was \$93,963,265 and on 3/31/2017, the Fund's value was \$97,882,620. The Fund's value increase by \$3,919,355 for the quarter and just over \$5,457,394 since the start of the fiscal year. Mr. West reported to the Board the following investment reports for the portfolio:

RETURN PERIODS

NAME	Quarter	Fiscal Year	1-Year	3-Year
Total Fund Net	5.27%	5.51%	11.99%	6.71%
Total Fund Gross	5.35%	5.79%	12.46%	7.22%
<i>Domestic Equity</i>				
Anchor All Cap Value	5.43%	7.82%	19.07%	8.11%
Vanguard 500 Index	6.05%	10.11%	7.13%	10.35%
DSM Large Growth	10.75%	7.54%	12.68%	10.28%
Vanguard Mid-Cap	6.19%	8.46%	16.73%	8.65%
<i>International Equity</i>				
WCM Internat Growth	10.62%	2.94%	11.00%	N/A
American EuroPacific	9.37%	4.83%	13.10%	N/A
<i>Domestic Fixed Income</i>				
Schroders Core fixed	0.72%	-1.32%	0.33%	2.72%
Schroders TIPS	1.14%	-0.40%	1.81%	0.71%
<i>Global Fixed Income</i>				
PIMCO Diversified Income Fund	3.25%	2.29%	11.53%	5.12%
<i>Real Estate</i>				
Intercontinental	1.71%	7.52%	13.78%	13.85%
ASB RE	1.32%	2.12%	5.29%	11.46%

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 3, 2017
Page 6 of 8

Mr. West reported that overall the Fund is doing well and now that the Fund is nearing the 100-million-dollar mark, it's time to start thinking about different investment directions and he will be making suggestions to the Board in the near future regarding long-term investment strategies.

ACTUARY REPORT:

Mr. Dorn advised that Mr. Pete Strong (Actuary for Gabriel Roeder Smith & Company) submitted the F.S. Chapter 112.664 mandatory compliance report. Mr. Dorn reviewed the report with the Board. This report does not include any contributions or any income projects per Florida Statutes. The Board reviewed and discussed the report. A Motion was made by Trustee Cale to accept the Chapter 112.664 as outlined. The Motion was seconded by Trustee Raybuck. The Motion was passed 4-0. Mr. Dorn advised that he will send the report to the Division of Retirement and the City of Boynton Beach as well as posting on the Fund's web site.

ATTORNEY REPORT:

Mr. Levinson spoke about Senate Bill 158. Mr. Levinson advised that he will defer the rest of his report to the next meeting. The Board agreed to this.

PLAN ADMINISTRATOR:

Mr. Dorn gave an update on the transition from the previous administrators to Precision Pension Administration.

Mr. Dorn presented the Board with the Warrant system which pays for the invoices, reimbursements, disbursements of any kind which the Fund pays. Mr. Dorn advised that this system is helpful for the auditors and makes for easier tracking for checks and balances for the protection of the fund. The Warrants are approved by the Plan Administrator and two trustees prior to any payments or disbursements from the Fund. The Board agreed to this.

Mr. Dorn reported that the current checking account held at Wells Fargo will no longer be needed because all invoices, and or disbursements will be paid for by Regions Bank (custodian bank). Mr. Dorn reported that previously, some payments were being paid for by check through Wells Fargo and some payments by Regions Bank. Mr. Dorn advised that by Regions Bank making all of the payments and disbursements there will be a lesser change of fraud and a more efficient way to track the Fund's accounts. Mr. Dorn advised that the Wells Fargo account will be open until after the next meeting in August/17 and then closed. All the funds in the account will be transferred to the Regions Bank R & D account. Trustee Raybuck made a Motion to close the Wells Fargo checking account before the end of the fiscal year and transfer the funds to the regions Bank R & D account. The Motion was seconded by Trustee Bush. The Motion passed 4-0.

Mr. Dorn advised that Regions Bank conducts death checks and Precision Pension Administration will also conduct death checks on retirees to protect the Fund. Mr. Dorn requested that the Board reinstitute the yearly "Confirmation of Benefits" form to retirees

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 3, 2017
Page 7 of 8

as another check and balances for the Fund. The Board agreed to this to re-start the program. Mr. Dorn advised that he will send out the forms to the Retirees in July.

Mr. Dorn advised that the 2016 Annual Report and Valuation Report was sent to the Division of Retirement and to the City Clerk's Office.

Mr. Dorn advised the Board of the State Financial Disclosure Form 1 that the Trustees must complete and send to the County's Supervisor of Elections before July 1, 2017. Mr. Dorn gave each of the Trustees present the forms and each Trustee completed the forms. Mr. Dorn advised that he will ensure that all of these forms will be sent to Supervisor of Elections. Mr. Dorn advised that he will send a form to Trustee Taylor.

Mr. Dorn presented to the Board several new versions of pension forms that active and retired members will be using. Some of the forms were beneficiary forms, direct deposit, DROP Application, Retirement Application Packet, Change of Address, Change of Name, Confirmation of Benefits Form, Buy-Back Forms, and DROP Investment Form. The Board acknowledge the new forms.

Mr. Dorn advised that the web site is being developed by Oakwater Tech and will be ready before the next meeting.

Mr. Dorn requested to obtain credit cards for the Board and the Plan Administrator. The Dorn advised the Board the benefits to this. The Board had a discussion on this issue and then agreed. Trustee Petty made a Motion for Mr. Dorn to obtain credit cards for the Trustee and Plan Administrator so the Trustees will have the option to use this for payments during Fund business. The Motion was seconded by Trustee Cale. The Motion passed 4-0.

Mr. Dorn presented to the Board the new fiduciary liability insurance policy which is with the same company as the Fund has had in previous years. The policy limits and deductions are the same as in previous years. The Trustees reviewed and discussed the policy. The attorney reviewed and approved the policy. Trustee Raybuck made a Motion to approve the new fiduciary liability insurance agreement for the period of 4/10/2017 to 4/10/2018. The Motion was seconded by Trustee Bush. The Motion passed 4-0.

Mr. Dorn presented to the Board the 2017/2018 Administrative Expense Budget. The Board reviewed and discussed this budget. Trustee Raybuck made a Motion to approve the 2017/2018 Administrative Expense Budget a presented by Mr. Dorn. The Motion was seconded by Trustee Bush. The Motion passed 4-0. Mr. Dorn advised that he would send a copy to the City Clerk's Office and have it posted on the Fund's web site.

Mr. Dorn presented to the Board the following proposed Administrative Rules:

- Administrative Rule # 1—Trustee Travel, Education and Expenses
- Administrative Rule # 2 – Ad Hoc Supplemental Benefit Payments
- Administrative Rule # 3- Accumulated Leave Transfers into the DROP
- Administrative Rule # 4- Accumulated Overtime and Leave Snap Shot
- Administrative Rule # 5- Board Purchases
- Administrative Rule # 6- Public Participation
- Administrative Rule #7- Buy-Back and/or Permissive Service Time

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 3, 2017
Page 8 of 8

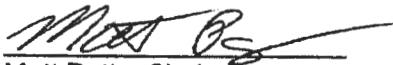
The Board directed Mr. Dorn to move these proposals to the next meeting. Mr. Dorn acknowledged this.

OPEN DISCUSSION:

None

ADJOURN:

Trustee Raybuck made a Motion to adjourn the meeting. Trustee Bush seconded the Motion. Motion passed 4-0. The meeting was adjourned at 12.24 A.M.



Matt Petty, Chairman

FOR THE BOARD