

City of Boynton Beach Municipal Firefighters Pension Trust Fund

MINUTES

May 6, 2020
9:00 AM.

Chairman Matt Petty called to Order a remote meeting¹ of the Board of Trustees of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund, on Friday, May 6, 2020, at 9:00 AM.

TRUSTEES PRESENT:

Mr. Matt Petty – Chairman; Mr. Jon Raybuck – Secretary; Mr. Robert Taylor - Trustee & Mr. Stan Cale – Trustee. Ms. Desirae Watler – Trustee arrived at 9:08 AM.

ABSENT:

N/A

OTHERS PRESENT:

Mr. Pete Strong, Board Actuary – GRS Consulting; Mr. David West – AndCo Consulting; Mr. Adam Levinson, Board Attorney – Klausner, Kaufman, Jensen and Levinson; Mr. Dave Williams, Plan Administrator; Mr. Michael Williams, Administrative Plan Assistant.

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

PUBLIC DISCUSSION:

No comments or questions were received from the public and/or participants in attendance. Mr. Williams noted on the public meeting notice the following language was posted: "Any member of the public may submit questions or comments to be read during the public comment section of the meeting to mikew@ppafl.com by May 4, 2020".

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board of Trustees reviewed the minutes for the February 5, 2020 meeting. A Motion was made by Mr. Taylor to approve the minutes. The Motion was seconded by Mr. Cale. The Motion passed 4-0. Ms. Desirae Watler not presented during this vote.

The Board of Trustees reviewed the minutes for the Special Meeting February 24, 2020. A Motion was made by Mr. Raybuck to approve the minutes. The Motion was seconded by Mr. Taylor. The Motion passed 4-0. Ms. Desirae Watler not presented during this vote.

APPROVAL OF THE WARRANTS:

Warrants 264 through 284 were presented to the Board for approval. After review & consideration a motion was made by Mr. Taylor to approve Warrants as presented. The Motion was seconded by Mr. Raybuck. The Motion passed 4-0. Ms. Desirae Watler not presented during this vote.

Please continue to next page.

¹ Due to Executive Order 20-69 Signed by RON DESANTIS, Governor of Florida.

**City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 6, 2020
Page 2 of 7**

PRESENTATION OF ACTUARIAL VALUATION SEPTEMBER 30, 2019

Mr. Pete Strong, Board Actuary – GRS Consulting presented the results of the October 1, 2019 Annual Actuarial Valuation of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. The purposes of the valuation are to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2021, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67. This report also includes estimated GASB Statement No. 67 information for the fiscal year ending September 30, 2020.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report includes risk metrics in Section A. This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed. The findings in this report are based on data and other information through September 30, 2019. The valuation was based upon information furnished by the Plan Administrator concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. This report was prepared using certain assumptions approved by the Board and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Cost Methods. The prescribed assumptions are the assumed mortality rates detailed in the Actuarial Assumptions and Cost Methods section in accordance with Florida Statutes Chapter 112.63. All actuarial assumptions used in this report are reasonable for purposes of this valuation.

It was cited that this report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of their knowledge the information contained in this report is accurate and fairly presents the actuarial position of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund as of the valuation date.

All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Mr. Peter N. Strong and Mr. Jeffrey Amrose actuaries are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor. This actuarial valuation and/or cost determination was prepared and completed by Mr. Peter N. Strong and Mr. Jeffrey Amrose or under their direct supervision, and they acknowledge responsibility for the results. As such to the best of their knowledge, the results are complete and accurate. In their opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 6, 2020
Page 3 of 7

	For FYE 9/30/21 Based on 10/1/2019 Valuation if contributed on 10/1/2020	For FYE 9/30/20 Based on 10/1/2018 Valuation if contributed on 10/1/2019	Increase (Decrease)
Required Employer/State Contribution	\$ 6,400,723	\$ 5,969,275	\$ 431,448
As % of Covered Payroll	54.28 %	56.03 %	(1.75) %
State Contribution Allocated (Including Amounts from State contribution reserve)	\$ 1,062,385	\$ 1,062,385	\$ 0
As % of Covered Payroll	9.01 %	9.97 %	(0.96) %
Prepaid Contribution Allocated	\$ 122,975	\$ 172,045	\$ (49,070)
As % of Covered Payroll	1.04 %	1.61 %	(0.57) %
Net Required Employer (City) Contribution	\$ 5,215,363	\$ 4,734,845	\$ 480,518
As % of Covered Payroll	44.23 %	44.45 %	(0.22) %

The required employer contribution has been computed under the assumption that the amount to be allocated from current and prior excess State money this year and next year will be \$1,062,385. If the actual amount received by the State is lower than this amount, the shortfall may be made up by using the Accumulated Excess Premium Tax Revenue currently being held in reserve (this amount is \$1,990,898 as of October 1, 2019).

The employer contribution is for the City's fiscal year ending September 30, 2021 and has been calculated as though payment is made in a single lump sum on October 1, 2020. The total minimum required employer contribution for the fiscal year ending September 30, 2019 was \$5,347,166. The actual employer contribution during the fiscal year ending September 30, 2019 was \$5,627,597. The excess amount of \$280,431 has been added to the employer prepaid contribution.

There have been the following revisions in benefits since the previous valuation:

The maximum benefit cap (currently \$95,000 as of October 1, 2019) will be increased annually beginning on October 1, 2020 (and on each October 1st thereafter) by 1.5%.

The Survivor's benefit for line of duty and non-line of duty death benefits was increased from 2.5% to 3.0% of the member's average final compensation multiplied by years of Credited Service.

A "Consolidated Deferred Retirement Option Plan" has been created which applies to members hired on or after January 21, 2020. Benefit provisions for the Consolidated DROP that differ from the current DROP include the following: Members in the Consolidated Deferred Retirement Option Plan earn interest credited on their DROP account balance at the same rate earned by the Plan, no less than 0% and no more than 8%. Members in the Consolidated Deferred Retirement Option Plan must withdraw or roll over their DROP balances within 30 days of separating from employment and exiting the DROP.

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 6, 2020
Page 4 of 7

The Board of Trustees may adopt uniform administrative rules relating to rebuttable presumptions and to non-rebuttable conclusive cancer presumptions and for the determination of any disqualifying events reflected in Chapter 112 and 175, Florida Statutes. Although not specifically stated in the Ordinance, we have assumed that as a result of the proposed change to adopt uniform administrative rules relating to rebuttable disease presumptions and to non-rebuttable conclusive cancer presumptions reflected in Chapters 112 and 175, Florida Statutes, the following provisions are added to the Plan:

In compliance with newly adopted Florida Statutes Chapter 112.1816: o If a firefighter is initially diagnosed with cancer while employed as a firefighter, and as a result of the diagnosis of cancer or circumstances arising from the treatment of such cancer, he or she is determined to be wholly prevented from rendering useful and efficient service as a firefighter, and likely to remain so disabled continuously and permanently, the disability or death shall be considered in the line-of-duty.

In compliance with newly adopted Florida Statutes Chapter 112.181: Disability or death resulting from a condition or impairment of health that is caused by hepatitis, meningococcal meningitis, tuberculosis, hypertension or heart disease resulting in a member being determined to be wholly prevented from rendering useful and efficient service as a firefighter, and likely to remain so disabled continuously and permanently shall be presumed to have been accidental and suffered in the line of duty unless the contrary is shown by competent evidence.

The approximate impact of the above revisions in benefits was measured in the Actuarial Impact Statement dated January 16, 2020 (as if the ordinance had been gone into effect as of October 1, 2018). The final impact has been measured in this valuation to reflect the impact on the required contribution payable October 1, 2020. The net impact of the above revisions in benefits is an increase in the annual required employer contribution of 0.73% of covered payroll, or \$86,082. There have been no other changes in benefits since the prior valuation.

Actuarial Experience:

There was a net actuarial experience loss of \$2,636,284 for the year, which means that overall actual experience was less favorable than expected. The actuarial loss is primarily due to average salary increases that were higher than expected (14.9% actual versus 6.7% expected). There were also more retirements than expected (5 actual versus 2 expected), although this had a much smaller impact. The loss was offset somewhat by a higher than expected investment returns on the actuarial value of assets. The net investment return on the actuarial value of assets was 7.94% versus an assumed return of 7.50%. The net investment return on the market value of assets was 5.79%. The net actuarial loss for the year caused an increase in the annual required employer contribution of 1.53% of covered payroll, or about \$180,000.

Additional Payments Toward Unfunded Actuarial Liability:

The City of Boynton Beach and the Firefighters' Union have mutually consented to use \$150,000 of the Accumulated Excess State Contribution reserve to reduce the Plan's Unfunded Actuarial Liability (UAL). This is being done in two annual increments with the first increment (\$75,000) occurring as of October 1, 2019. The second increment (\$75,000) will be applied as of October 1, 2020. The use of \$75,000 as of October 1, 2019 was used to reduce the UAL amortization base created on October 1, 1996. The net effect was a decrease in the annual required employer contribution of 0.23% of covered payroll, or \$27,122.

Please continue to next page.

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 6, 2020
Page 5 of 7

Funded Ratio:

The funded ratio was 67.8% this year compared to 66.9% last year. The funded ratio would have been 68.0% this year prior to recognizing the revisions in benefits. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued liability.

Conclusion:

The funded ratio is 67.8% this year, whereas it was over 100% in the year 2000. Steps have been taken in recent years to address this issue, such as strengthening the actuarial assumptions, including lowering the investment return assumption from 8.5% to 7.5% over time, applying an additional \$1,150,000 towards the unfunded liability, and reducing the amortization period in the amortization of the unfunded liability to a maximum of 25 years.

The Florida Retirement System (FRS) updated its mortality tables in its July 1, 2019 actuarial valuation report. These new tables will be required to be used in the October 1, 2020 Actuarial valuation report for this plan (next year), as Florida Statutes Chapter 112.63(1)(f) mandates the use of the mortality tables used in either of the two most recently published actuarial valuation reports of FRS. We note that it has been over 6 years since the last Experience Study was performed for this Plan (dated 1/31/2014). In consideration of the upcoming required change in the mortality table, we recommend an Experience Study be performed in advance of completing the October 1, 2020 Actuarial Valuation report.

The remainder of this Report included detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

At the conclusion of the presentation of the valuation and an exchange of questions from the Trustees, a motion was made by Mr. Raybuck to approve and accept the report presented, which was seconded by Mr. Taylor. All Trustees voted yes, and the motion was passed 5-0.

In a spirit of public transparency, the foregoing report may be viewed on-line at:
<http://bbffp.org/modules/stateDocs/reports.asp>

Discussion ensued with Mr. Strong conducting an assumption study to ensure the Plan Assumptions are reasonable, based on our experience. Mr. Raybuck made a motion to approve a study, which was seconded by Mr. Taylor. All Trustees voted yes, and the motion was passed 5-0.

INVESTMENT MONITOR'S REPORT:

Mr. West advised that on March 31, 2020 the Fund's value was \$114,702,207, down from \$134,158,247 of December 31, 2019. Market review provided by Mr. West.

Mr. West reported to the Board the following investment report for the portfolio:

	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Total Fund (Net)	-13.50	(47)	-8.10	(30)	-3.88	(24)	4.33	(9)	5.06	(3)	5.17	(64)	01/01/2002
Total Fund Policy	-12.80	(29)	-7.62	(20)	-3.73	(23)	3.74	(16)	4.55	(6)	5.42	(45)	
Difference	-0.90		-0.48		-0.15		0.59		0.51		-0.25		
All Public Plans-Total Fund Median	-13.67		-8.94		-5.21		2.78		3.30		5.35		

Please continue to next page.

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 6, 2020
Page 6 of 7

Mr. West reflected the portfolio return for the fiscal year to date is in the Top 30 percentile of the investment universe. On a three-year & five-year basis, the portfolio was respectively in the Top 9 & 3 percentile. Mr. West also cited a market rebound of 7% since the March 31, 2020 reporting period.

Mr. West recommended a transfer of \$2,000,000.00 from BBFD R & D to BBFD EQUITY MF and purchase \$2,000,000.00 Vanguard S&P 500 Index Fund. After discussion, Mr. Taylor made the motion as outlined by Mr. West. Motion seconded by Mr. Raybuck. All Trustees voted yes, and the motion was passed 5-0.

Mr. West will defer any real estate action at this time.

In a spirit of transparency, the Board of Trustees has posted the entire investment review on-line at:
<http://bbffp.org/docs/investments/2020-03-31%20Boynton%20Beach%20Firefighters%20Quarterly%20Report.pdf#zoom=100>

Mr. West reviewed a March 4, 2020 letter from Anchor Capital as a result of the Favorite Nations Clause of the Agreement. Mr. West endorsed the fee structure change proposed. Mr. Taylor made a motion to accept the new rate proposed, which was seconded by Raybuck. All Trustees voted yes, and the motion was passed 5-0.

Board Recessed 10:36 to 10:42 AM.

ATTORNEY'S REPORT:

Adoption of Remote Meeting Administrative Policy: Mr. Levinson reviewed the policy and its purpose. The policy ensures Board business can continue with public access. The policy will remain in effect until May 8, 2020 unless Executive Order 20-52 is extended by the Governor of Florida, in which case this Policy shall be extended accordingly. Motion by to accept the policy by Mr. Raybuck, seconded by Mr. Taylor. All Trustees voted yes, and the motion was passed 5-0.

Mr. Levinson reminded the Trustees to complete their annual financial reporting forms prior to July 1, 2020. Mr. Williams advised Trustees that he would file on behalf of the Trustees if the form was transmitted to him.

Mr. Levinson presented the Sidaway Order to the Trustees to consider. After review, Mr. Taylor made a motion to approve and authorized the appropriate parties to execute the Order on behalf of the Board. Mr. Raybuck seconded the foregoing motion. All Trustees voted yes, and the motion was passed 5-0.

Mr. Levinson presented the final Summary Plan Descriptions (SPD) for the Trustee to consider. The SPD was prepared for Tier One (Applicable to Firefighters hired prior to February 5, 2019) and Tier Two (Applicable to Firefighters hired on or after February 5, 2019). Mr. Taylor made a motion to accept and approve the SPD as presented. Mr. Raybuck seconded the motion. All Trustees voted yes, and the motion was passed 5-0.

Post approval, Mr. Williams posted the SPD on the Plan website at:
<http://bbffp.org/modules/summaryOfPlan/index.asp>

Please continue to next page.

**City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- May 6, 2020
Page 7 of 7**

PLAN ADMINISTRATOR:

ANNUAL RETIREE CONFIRMATION: Mr. D. Williams advised the Trustees that he has attempted to contact Retiree - Debra Dypold via US Mail, via FedEx, via a welfare check by the local police, via telephone, via e-mail and have been met with negative results. Trustees considered the foregoing and Mr. Raybuck made a motion directing Mr. Williams to provide a final letter (sending via US Mail and by FedEx) advising the retiree of the stoppage of payment effective June 1, 2020, if "alive and well" confirmation is NOT received. The motion was seconded by Ms. Watler. All Trustees voted yes, and the motion was passed 5-0.

SIDAWAY CALCULATION: Mr. Williams presented the benefit calculation² of Mr. Sidaway and his election of option. After reviewing the information, Mr. Taylor made a motion to accept and approve the foregoing. This motion was seconded by Raybuck. All Trustees voted yes, and the motion was passed 5-0.

NEW BUSINESS

- Board Composition - Ex Officio, Chairman, Secretary
- Trustee Election – Seat of Matt Petty - Term Expires: 12/2020

The foregoing was discussed and the Trustees by consensus agreed to proceed with an election after the August 2020 meeting for the seat of Matt Petty³. The upcoming opening will be announced at an upcoming union membership meeting.

ADJOURN

Meeting adjourned at 11:18 AM.

DocuSigned by:

B01A6891CB414A7...
FOR THE BOARD

² Prepared by Mr. Pete Strong – GRS Consulting.

³ Chairman Petty was appointed to the position of the Fire Chief. Pursuant to Sec. 18-184 of the city ordinance the Fire Chief is an Ex officio member.