

## City of Boynton Beach Municipal Firefighters Pension Trust Fund

### MINUTES

August 03, 2022

9:00 A.M.

Chairman Raybuck called to Order the meeting of the Board of Trustees of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund, on August 03, 2022, at 9:10 A.M.

#### **TRUSTEES PRESENT:**

Mr. Jon Raybuck – Chairman; Mr. Conner Flechaus – Trustee & Mrs. Desirae Patterson - Trustee. Also, in attendance was Mr. Hugh Bruder – Fire Chief, Ex-Officio.

#### **OTHERS PRESENT:**

Mr. Ernest Mignoli, City Resident; Mr. Vance Carpenter & Mr. Phil Mohorn – Plan Members; Mr. David West – AndCo Consulting; Ms. Lindsey M. Garber <sup>1 2</sup>, 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:**

Mr. Ernest Mignoli spoke about the city budget and other items unrelated to the business of the fire pension board. Mr. Raybuck thanked Mr. Mignoli for his comments.

#### **CONSENT AGENDA:**

#### **APPROVAL OF THE MINUTES:**

Mr. Raybuck asked if everyone had an opportunity to review the minutes of May 4, 2022. A Motion was made by Mr. Flechaus to approve the minutes. The Motion was seconded by Mrs. Patterson. All Trustees voted yes, and the motion was passed 3-0<sup>3</sup>.

Mr. Raybuck asked if everyone had an opportunity to review the minutes of May 16, 2022<sup>4</sup>. A Motion was made by Mr. Flechaus to approve the minutes. The Motion was seconded by Mrs. Patterson. All Trustees voted yes, and the motion was passed 3-0<sup>5</sup>.

#### **APPROVAL OF THE WARRANTS:**

Warrants 465 through 485 were presented to the Board for approval. After review & consideration a motion was made by Mrs. Patterson to approve Warrants as presented. The Motion was seconded by Mr. Flechaus. All Trustees voted yes, and the motion was passed 3-0.

---

<sup>1</sup> Appeared for Mr. Adam Levinson.

<sup>2</sup> <https://www.klausnerkaufman.com/attorneys-staff/attorneys/lindsey-garber>

<sup>3</sup> [http://bbffp.org/docs/minutes/Minutes%20Boynton%20Fire%20Pension\\_20220504\\_signed.pdf#zoom=100](http://bbffp.org/docs/minutes/Minutes%20Boynton%20Fire%20Pension_20220504_signed.pdf#zoom=100)

<sup>4</sup> Special Meeting.

<sup>5</sup> [http://bbffp.org/docs/minutes/Minutes%20Boynton%20Fire%20Pension\\_20220516\\_signed.pdf#zoom=100](http://bbffp.org/docs/minutes/Minutes%20Boynton%20Fire%20Pension_20220516_signed.pdf#zoom=100)

**City of Boynton Beach Municipal Firefighters Pension Trust Fund  
Minutes – August 3, 2022  
Page 2 of 4**

**NEW BUSINESS**

Summary Plan Description (SPD)<sup>6</sup> – Ms. Garber provided an update version of the SPD as a result of City Ordinance 22-016<sup>7</sup>. A Motion was made by Mr. Flechaus to approve the SPD. The Motion was seconded by Mrs. Patterson. All Trustees voted yes, and the motion was passed 3-0. Item will be posted on-line<sup>8</sup>.

DROP Extensions: Mr. Williams cited that pursuant to 22.016 current DROP Members have 30 Days from the second reading of July 5, 2022, to extend their participation in the DROP. The list was reviewed by all present. Ms. Garber explained that Mr. Miguel Reyes' (a member who requested an extension) final day is no later than September 30, 2023, and as such would not be permitted to participate in the DROP extension as you must be employed on October 1, 2023, as per Ordinance 22-016.

**INVESTMENT MONITOR'S REPORT:**

Mr. West stated that AndCo remains steadfast in our belief and conviction that the best way to service our valued clients is within a model that is independent, singularly focused, customized, and passionately delivered. We continue to reinvest 100% of our net profits back into the organization to enhance our customized service model and provide the appropriate resources for all our team members to serve our valued clients at a high level. To that end, we are thrilled to share that AndCo is the recipient of a Greenwich Quality Leader Award for mid-sized consulting firms! The Board congratulated AndCo for the attainment of this distinction.

Mr. West advised that on June 30, 2022, the Fund's value was \$144,823,080, a decrease from \$163,813,314 of March 31, 2022. Market Review:

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

The Economy: Global economic growth continued to slow during the 2<sup>nd</sup> quarter as global central banks tightened monetary policy in order to fight persistently high inflation. Additionally, rising geopolitical concerns related to Russia's continued action in Ukraine, China's zero-Covid policy, and social unrest in emerging markets all contributed to the slow down.

The US Federal Reserve Bank (the Fed) increased interest rates twice during the quarter by a total of 1.25%. June's rate increase of 0.75% was the largest interest rate increase since the early 1990s. The Fed indicated that its primary focus is arresting the increase in inflation which could require additional rate increases.

The US labor market continues to be a source of strength with the unemployment rate holding steady at 3.6% in June. The pace of job growth remains above the market's expectations with 390,000 and 372,000 new jobs created in May and June, respectfully. Despite these gains, the number of available workers entering the workforce remains significantly below the pre-pandemic high.

The US housing market showed signs of cooling as higher mortgage rates pushed many buyers out of the market. Importantly, new housing and new building permits continued their downward trend which suggests future new inventory may fall short of demand. Finally, home price appreciation continued to increase as measured by the Cash-Shiller Home Price Index.

---

<sup>6</sup> Tier 1 & 2.

<sup>7</sup> <http://bbffp.org/docs/announcements/22-016%20final%20executed.pdf#zoom=100>

<sup>8</sup> <http://bbffp.org/modules/summaryOfPlan/index.asp>

**City of Boynton Beach Municipal Firefighters Pension Trust Fund**  
**Minutes – August 3, 2022**  
**Page 3 of 4**

Fixed Income: Concerns about current inflation levels, combined with the Fed's stated commitment to continue raising interest rates, were the primary drivers of return during the 2<sup>nd</sup> quarter. US interest rates moved significantly higher during the quarter with the US 10-Year Treasury bond rising 63 basis points to close at a yield of 2.98%.

Performance was broadly negative across all bond market sectors during the quarter with US Treasury bonds holding up the most as market volatility increased.

Investment grade corporate bonds underperformed higher quality mortgage-backed and US Treasury bonds during the quarter. High yield bonds also lagged their peers as fears over future economic growth and weaker corporate earnings drove credit spreads wider.

Counterintuitively, TIPS underperformed nominal US Treasury bonds during the quarter as the bond market's future expectation for inflation declined.

Equity: US equities declined broadly during the 2<sup>nd</sup> quarter as worries regarding inflation, sharply higher interest rates, rising recession risk, and continued geopolitical events weighed on the equity market. Large cap value was the least negative (-12.2%) segment of the domestic equity market relative to other styles and capitalizations for the second consecutive quarter. Mid-cap growth was the worst performing style, falling 21.1% for the period.

International stocks also struggled during the 2<sup>nd</sup> quarter as the continuing conflict in Ukraine and persistently high inflation drove markets lower. Western Europe was negatively affected by rising energy prices due to continued restrictions on purchases from Russia. Additionally, both the Euro and Yen currencies fell against the US dollar (USD) because of increasing uneasiness over future economic growth.

Mr. West outlined the portfolio return for the fiscal year and other relevant time periods through June 30, 2022.

	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		10 YR		Inception		Inception Date
<b>Total Fund (Net)</b>	<b>-10.54</b>	<b>(46)</b>	<b>-12.55</b>	<b>(74)</b>	<b>-12.46</b>	<b>(68)</b>	<b>5.34</b>	<b>(48)</b>	<b>6.75</b>	<b>(24)</b>	<b>7.05</b>	<b>(10)</b>	<b>8.34</b>	<b>(11)</b>	<b>5.79</b>	<b>(64)</b>	01/01/2002
Total Fund Policy	-10.56	(47)	-9.20	(26)	-8.84	(24)	6.51	(15)	7.12	(13)	7.09	(9)	8.25	(15)	6.15	(43)	
Difference	0.02		-3.35		-3.62		-1.17		-0.37		-0.04		0.09		-0.36		
All Public Plans-Total Fund Median	-10.66		-10.96		-11.09		5.28		6.14		6.00		7.33		6.01		

During the manager reviews, Mr. West pointed out the stellar outperformance of Anchor Capital by 300 basis points over the benchmark for the quarter.

Mr. West spoke to expected contributions (state and city) and suggested that 60/40 split net of operating funds be split between the Vanguard 500 Fund and the Schroder's Fixed Income Fund. The foregoing language was placed in the form of a motion by Mr. Flechhaus and seconded by Mrs. Patterson. All Trustees voted yes, and the motion was passed 3-0. Mr. West outlined the asset allocation for the plan and made no further recommendations at this juncture.

Closing comments bond alternatives and private equity educational presentation being proposed. Board felt a special meeting would be prudent to commit to the time. The Board also would like to hear direct from Intercontinental Real Estate at the next regular meeting.

In a spirit of transparency, the Board of Trustees has posted the entire investment review on-line at:  
<http://bbffp.org/docs/investments/2022-06-30%20Boynton%20Beach%20Firefighters%20Quarterly%20Report.pdf#zoom=100>

**City of Boynton Beach Municipal Firefighters Pension Trust Fund  
Minutes – August 3, 2022  
Page 4 of 4**

**ATTORNEY’S REPORT:**

Mr. Raybuck spoke about a member that was in “no pay status” receiving payment from workers compensation, potentially not making contributions. Chief Bruder advised he was looking into this process with payroll. Ms. Garber indicated she will assist in any manner upon request.

Mr. Raybuck spoke about a member’s request to amend his beneficiary. The member elected a 50% J&S optional form. His beneficiary died and he wanted to change to a new beneficiary. Mr. Strong, Board Actuary provided the cost analysis, and the impact was much larger than expected. It was learned that when a beneficiary dies, the actuary values the member’s conversion based on a single life annuity and not from a 50% J&S. Ms. Garber reflected that she would be happy to review this matter and asked Mr. Williams to send along the information to her.<sup>9</sup>

**PLAN ADMINISTRATOR:**

Mr. Williams advised that as a result of the change(s) in the ordinance cited, he will have to track incoming contributions<sup>10</sup> from DROP Members extending their DROP participation. As such, Mr. Williams will send a letter to the appropriate city official(s) to ensure a seamless transition starting October 1, 2023.

**OPEN DISCUSSION:**

Mr. Raybuck asked City of Boynton Beach GIS Officials be invited to attend the next regular meeting. Chief Bruder stated he was going to visit each of the contract cities to ensure proper state reporting.

**ADJOURN:**

Meeting adjourned at 10:24 A.M.

Next meeting November 3, 2022, at 9:00 A.M.

DocuSigned by:  
*Jon Raybuck*  
B01A6891CB414A7...  
**FOR THE BOARD**

DocuSigned by:  
*Stan Cole*  
277B2EE143CD454...

---

<sup>9</sup> Subsequent to the meeting, a phone conference was held and the foregoing was described to be the only way to keep the transition cost neutral to the Plan.

<sup>10</sup> Five percent (5%) shall be allocated to COLA funding under Section 18- 180. 2(c) and the remaining one percent (1%) shall be applied to unfunded liabilities in the retirement system.