

City of Boynton Beach Municipal Firefighters Pension Trust Fund

MINUTES

February 07, 2024

9:00 A.M.

Chairman Jon Raybuck called to Order the meeting of the Board of Trustees of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund, on February 07, 2024, at 9:04 AM.

TRUSTEES PRESENT:

Mr. Jon Raybuck – Chairman; Mr. Conner Flechau – Trustee; Mrs. Desirae Patterson, Trustee & Mr. Robert Taylor, Trustee

ABSENT:

Mr. Stan Cale – Board Secretary & Chief Hugh Bruder

OTHERS PRESENT:

Mr. Georgio Salame, Active Member; Mr. Chuck Landers, Saltmarsh, Cleaveland & Gund; Mr. David West – AndCo Consulting; Mr. Pete Strong, Board Actuary – GRS 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:

Mr. Raybuck opened the meeting to public comments. No comments were provided, and this item was closed.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

Mr. Raybuck asked if everyone had an opportunity to review the minutes of November 01, 2023. A Motion was made by Mr. Taylor to approve the minutes as presented. The Motion was seconded by Mrs. Patterson. The Motion passed 4-0.

APPROVAL OF THE WARRANTS:

Warrants 616 through 637 were presented with all the supporting back-up to the Board for approval. After review & consideration a motion was made by Mrs. Patterson to approve the Warrants as presented. The Motion was seconded by Mr. Taylor. The Motion passed 4-0.

PRESENTATION OF FINANCIAL STATEMENTS FOR SEPTEMBER 30, 2023:

Mr. Chuck Landers of Saltmarsh, Cleaveland & Gund presented the following presentation on behalf of his firm.

Opinion: We have audited the financial statements of the City of Boynton Beach Firefighters' Pension Plan (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2023 and 2022, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

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.

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Basis for Opinion: We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements: Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibility: Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Emphasis of Matter: As discussed in within these financial statements present only the City of Boynton Beach Firefighters' Pension Plan, a pension trust fund of the City of Boynton Beach (the "City"), and are not intended to present fairly the financial position and changes in financial position of the City in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters - Required Supplementary Information: Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 33 through 37¹ be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Plan has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Please continue to the next page.....

¹ See Report On-Line for details.

CITY OF BOYNTON BEACH FIREFIGHTERS' PENSION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
Assets:		
Cash	\$ 1,414	\$ 217,096
Receivables:		
DROP loans	143,124	154,897
Interest and dividends	182,791	143,321
Employer	-	103,244
State excise tax	32,866	-
Total receivables	358,781	401,462
Investments:		
U.S. Government obligations	10,891,600	13,948,241
U.S. Government agency obligations	3,932,437	3,382,280
Corporate bonds	7,408,160	7,929,574
Fixed income investment funds	13,416,503	3,248,380
Domestic stocks	42,177,931	34,674,698
Domestic equity investment funds	29,138,891	29,952,691
International equity investment funds	22,787,210	19,149,510
Real estate investment funds	18,745,623	21,306,385
Private Equity	245,751	-
Temporary investment funds	3,969,078	4,998,185
Total investments	152,713,184	138,589,944
Prepaid expenses	18,561	15,130
Total Assets	153,091,940	139,223,632
Liabilities:		
Accounts payable	43,126	65,359
Accounts payable, broker-dealers	29,364	365,984
Due to Plan members	7,813	-
Total Liabilities	80,303	431,343
Net Position Restricted for Pensions	\$ 153,011,637	\$ 138,792,289

CITY OF BOYNTON BEACH FIREFIGHTERS' PENSION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Additions:		
Contributions:		
Employer	\$ 5,703,846	\$ 5,545,366
Plan members	1,781,527	1,528,306
Plan members, buy-back	43,182	24,869
Rollover to DROP	395,544	169,316
Total contributions	<u>7,924,099</u>	<u>7,267,857</u>
Intergovernmental revenue:		
Chapter 175 state excise tax rebate	1,637,868	1,056,527
Total intergovernmental revenue	<u>1,637,868</u>	<u>1,056,527</u>
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	9,699,114	(29,280,125)
Interest	845,893	435,422
Dividends	3,007,429	3,014,834
Class action revenue	940	444
Total investment income (loss)	<u>13,553,376</u>	<u>(25,829,425)</u>
Less investment expenses	396,769	443,117
Net investment income (loss)	<u>13,156,607</u>	<u>(26,272,542)</u>
Total additions (deductions), net	<u>22,718,574</u>	<u>(17,948,158)</u>
Deductions:		
Benefits:		
Age and service	6,834,592	6,572,073
Disability	195,291	193,447
DROP payments	1,218,760	1,180,246
Refunds	58,282	12,850
Administrative expenses	192,301	184,082
Total deductions	<u>8,499,226</u>	<u>8,142,698</u>
Net Increase (Decrease) in Net Position	14,219,348	(26,090,856)
Net Position Restricted for Pensions:		
Beginning of year	<u>138,792,289</u>	<u>164,883,145</u>
End of year	<u>\$ 153,011,637</u>	<u>\$ 138,792,289</u>

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Mr. Landers reviewed the administrative expenses of the Plan and commented in a positive manner on the Board's ability to keep the expenses to a minimum. Mr. Landers applauded the Board for retaining a Bookkeeper for the Plan. Mr. Landers also confirmed he had no issues to report about management as well.

At the conclusion of the presentation Mr. Landers responded to questions. After that exchange, Mr. Taylor made a motion to approve and accept the Financial Statements of September 30, 2023. That motion was seconded by Mrs. Patterson. The Motion passed 4-0.

In continued spirit of transparency, the entire report may be viewed on-line at:
<http://bbffp.org/modules/stateDocs/index.asp>

Mr. Taylor made a motion to authorize the Chairman to execute the Management Representation letter. The motion was seconded by Mrs. Patterson. The Motion passed 4-0.

ATTORNEY'S REPORT:

Draft City Ordinance regarding Chapter 175: Matter tabled as per Mr. Levinson.

AndCo Agreement: Mr. Levinson noted he received a Consent to Transfer Agreement from Mr. West relative to the purchase of AndCo Consulting, LLC. by Mariner Institutional with a projected effective date of April 2, 2024. Mariner is a privately held, national wealth management firm, which will now enjoy a new institutional platform. Mr. West assured the Board that there will be no changes that will affect the current services provided. Mr. Levinson recommended approving the Agreement and execution by the Chairman. Mr. Taylor made the motion to approve the Consent to Transfer Agreement of AndCo Consulting, LLC. & Mariner Institutional and authorize the execution by the Chairman. Motion was seconded by Mrs. Patterson. The Motion passed 4-0. Mr. Levinson cited a new formal agreement will follow after the closing of the deal from his office as well.

Form 1: Mr. Levinson announced that the Beginning January 1, 2024, the Form 1 – Statement of Financial Interests ("Form 1") will be filed via the Electronic Financial Disclosure Management System (EFDMS). The Form 1s are still due by July 1st each year. Trustee Form 1s will no longer be filed with the County Supervisor of Elections office – the online portal is a direct filing with the Florida Commission on Ethics ("Commission"). Mr. Williams advised the Board for their convenience he created a link² on the Trustees Page of the BBFF website that may be accessed to file the Form 1.

Recalculation Update: Mr. Levinson recapped the issue and action (or proposed action) to date. Mr. Raybuck stated he spoke with three city attorneys to educate them on the matter. Mr. Raybuck advised Mr. Levinson a formal ask would have to come from his office to the city attorney for further consideration regarding the city funding the matter. Mr. Raybuck also made it clear that the statute of limitation has not been applied as no adjustments have been made to date. Mr. Taylor made a motion directing Mr. Levinson to communicate the matter at hand and the request to fund verbally and in writing with the city attorney. Motion was seconded by Mrs. Patterson. The Motion passed 3-0-1³.

Emergency Cash Out: Mr. Levinson reviewed section 18.192 of the city ordinance. After discussion with Mr. Strong, Mr. Levinson has no issue with the Emergency Cash Out being pensionable.

Retaining Time on the Books: The issue is if a member entering the DROP can keep (maintain) hours on the books in lieu of cashing them out when entering the DROP. Mr. Levinson reviewed the ordinance (18.192 (E)).

² <http://bbffp.org/modules/trustees/index.asp>

³ Mr. Raybuck abstained from voting and will complete form 8B.

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Both Mr. Levinson and Mr. Strong opined that they see 120 hours being a minimum of hours that must be maintained on the books when entering the DROP. If a member is inclined to keep additional hours, he/she should be permitted to do so. It was suggested that the Board create a policy and form to provide the city for members in this situation. Mr. Salame had no objection to the policy. Mr. Strong also indicated that there would be no impact on the Plan and the city may potentially see savings. After review and discussion, Mr. Taylor made a motion to interpret the cash out of time when entering the DROP as a minimum of hours that must be maintained. As such, the members should have the option to maintain additional hours in the books. Motion seconded by Mr. Flechhaus. The Motion passed 4-0⁴.

Comp Time Cash Out: Comp time bank now accrues to 240 hours⁵. It was reported that comp time was created so members could elect instead of overtime pay. Mr. Strong felt the impact would be minimal as the time is used along the way. Mr. Levinson felt there no issue as it has always been past practice to count comp time as pensionable.

INVESTMENT MONITOR'S REPORT:

Quarterly Investment Report: Mr. West advised that on December 31, 2023 the Fund's value was \$168,562,224.00, which was an increase from \$152,837,495.00 for the quarter ending September 30, 2023.

Market Review:

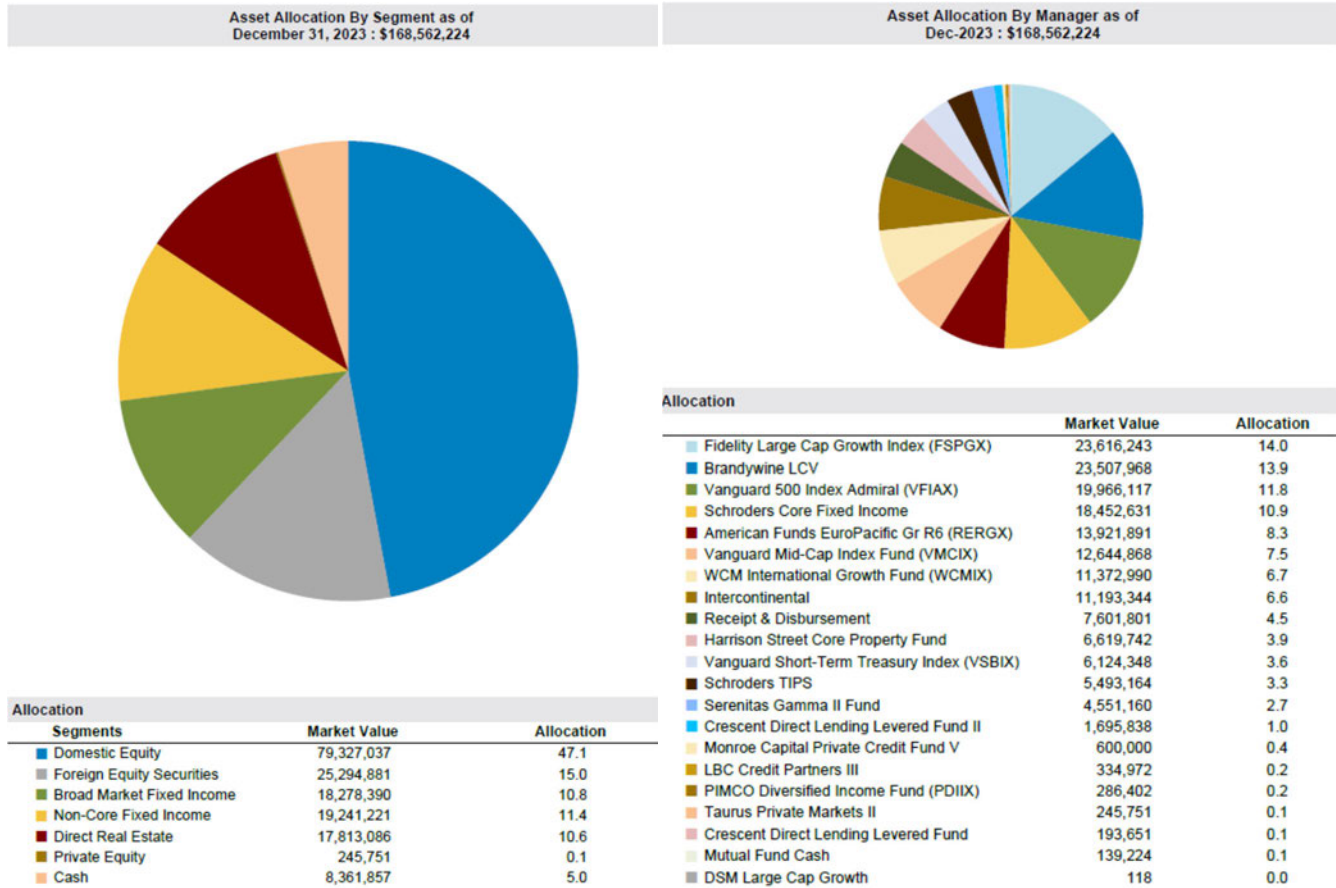
- Central banks remained vigilant in their stance against inflation going into the new year. Signs of cooling price pressures have shown up in most regions around the world, and many central banks have chosen to pause on their rate hiking cycle, much in line with the US Fed's stance.
- Geopolitical risk around the world continues to be a headwind for global growth and economic stability. In addition to the conflict in Ukraine, a proxy war arose in the Middle East in October between Israel and Palestine, which could drag on performance in the region in quarters to come.
- Short-term interest rates remained consistent across most developed markets as central banks continued their tight policy stance with an eye towards potential rate cuts in the indeterminate future.
- 2023 closed with both US and international equity markets affirming their recovery from the disappointing performance of 2022. Growth sectors significantly outpaced value sectors during the year.
- Domestic equity market performance surged in the fourth quarter. Many of the challenges facing the U.S. economy over the past several quarters have begun to wane and forecasts for easing inflation and positive economic growth have been a growing consensus. For the period, the S&P 500 large-cap benchmark returned 11.7% versus 12.8% for the Russell Mid Cap Index and 14.0% for the Russell 2000 small-cap index.
- International developed and emerging market equities also delivered strong results. Europe continued to face geopolitical risks related to the conflict in Ukraine and elevated interest rates. The developed market MSCI EAFE Index returned 10.4% for the quarter and the MSCI Emerging Markets Index rose by 7.9%.
- The domestic bond market rallied during the final two months of the year as the Fed took on a more dovish tone at their recent meetings. The Bloomberg US Aggregate Index returned 6.8% for the period, while investment-grade corporate bonds beat out the government and securitized sectors with a gain of 8.5%.
- During the 2023 calendar year, US equity markets posted their strongest performance since 2021. The large-cap S&P 500 Index finished 2023 with an exceptional 26.3% return. The weakest relative performance for the year was from the Russell 2000 Index, which still climbed 16.9%.
- International markets also reverted from their poor performance of the year prior. The MSCI EAFE Index was the best international index performer, returning 18.2%, while the MSCI Emerging Markets Index added a more tempered, but still solid, 9.8%.
- Bond markets were broadly higher for the year. Investment-grade corporate bonds were the best-performing sector of the US Aggregate Index and gained 8.5% for the year. Treasuries lagged at 4.1% during the year but were still a welcome relief from 2022's negative bond market results. The bellwether fixed-income benchmark, the Bloomberg US Aggregate Index, climbed 5.5% in 2023.

⁴ Mr. Williams will draft a new form and send to legal for approval.

⁵ Prior Comp time cap was 120 hours.

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Asset Allocation by Asset Class & by Manager:



Comparative Performance:

Comparative Performance Trailing Returns																	
	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		10 YR		Inception	Inception Date	
Total Fund (Net)	6.92	(82)	6.92	(82)	10.93	(84)	2.35	(84)	8.48	(56)	7.87	(34)	7.15	(20)	5.94	(67)	01/01/2002
Total Fund Policy	7.98	(61)	7.98	(61)	14.54	(33)	4.72	(23)	9.47	(19)	8.30	(20)	7.47	(12)	6.42	(41)	
Difference	-1.06		-1.06		-3.61		-2.37		-0.99		-0.43		-0.32		-0.48		
All Public Plans-Total Fund Median	8.30		8.30		13.34		3.72		8.66		7.52		6.52		6.24		

Mr. West outlined the portfolio return for the fiscal year and other relevant time periods.

In a spirit of continued transparency, the Board of Trustees invite you to visit the link below to review the investment reports for the Plan. <http://bbffp.org/modules/investments/index.asp>

Mr. West recommended staying the course, as he had no formal recommendations at this juncture.

PLAN ADMINISTRATOR:

No formal report.

OPEN DISCUSSION:

No open discussion ensued.

ADJOURN:

Meeting adjourned at 11:30 A.M.

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Jon Raybuck
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FOR THE BOARD

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