

City of Boynton Beach Municipal Firefighters Pension Trust Fund

MINUTES

February 05, 2025

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 05, 2025, at 9:00 AM.

TRUSTEES PRESENT:

Mr. Jon Raybuck – Chairman; Mrs. Desirae Patterson, Trustee; Mr. Tylet Hoffmann, Trustee & Mr. Robert Taylor, Trustee

ABSENT:

Mr. Conner Flechaus – Board Secretary & Chief Hugh Bruder.

OTHERS PRESENT:

Mr. Georgio Salame, Active Member; Mr. Travis Kus, Active Member; Mr. James Barca, Active Member; Mr. Mike Smollon, Retire Member; Mr. Chuck Landers, Saltmarsh, Cleaveland & Gund; Mr. David West – Mariner Institutional; Mrs. Janna Hamilton, Mr. Mark Eisner, Mr. Eric Wilcomes, Mr. Kevin Campbell- Taurus Private Markets; Mr. Adam Levinson, Board Attorney – Klausner, Kaufman, Jensen and Levinson; Mr. Dave Williams, Plan Administrator.

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 06, 2024. A Motion was made by Mrs. Patterson to approve the minutes as presented. The Motion was seconded by Mr. Taylor. The Motion passed 4-0.

APPROVAL OF THE WARRANTS:

Warrants 720 through 742 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, 2024:

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, 2024 and 2023, 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, 2024 and 2023, 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: 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 25 through 29¹ 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. <http://bbffp.org/modules/stateDocs/index.asp>

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CITY OF BOYNTON BEACH MUNICIPAL FIREFIGHTERS PENSION TRUST FUND
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024 AND 2023

	2024	2023
Assets:		
Cash	\$ 14,230	\$ 1,414
Receivables:		
DROP loans	81,623	143,124
Interest and dividends	197,427	182,791
State excise tax	-	32,866
Total receivables	279,050	358,781
Prepaid expenses	15,548	18,561
Investments:		
U.S. Government obligations	10,472,677	10,891,600
U.S. Government agency obligations	5,617,657	3,932,437
Corporate bonds	8,851,345	7,408,160
Fixed income investment funds	17,840,437	13,416,503
Domestic stocks	26,784,932	42,177,931
Domestic equity investment funds	62,585,593	29,138,891
International equity investment funds	25,665,519	22,787,210
Real estate investment funds	17,099,406	18,745,623
Private equity fund	567,057	245,751
Temporary investment funds	10,130,557	3,969,078
Total investments	185,615,180	152,713,184
Total Assets	185,924,008	153,091,940
Liabilities:		
Accounts payable	40,737	43,126
Accounts payable, broker-dealers	85,433	29,364
Due to Plan members	-	7,813
Total Liabilities	126,170	80,303
Net Position Restricted for Pensions	\$ 185,797,838	\$ 153,011,637

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CITY OF BOYNTON BEACH MUNICIPAL FIREFIGHTERS PENSION TRUST FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
Additions:		
Contributions:		
Employer	\$ 6,221,287	\$ 5,703,846
Plan members	1,994,890	1,781,527
Plan members, buy-back	56,207	43,182
Rollover to DROP	632,592	395,544
Total contributions	8,904,976	7,924,099
Intergovernmental revenue:		
Chapter 175 state excise tax rebate	1,579,818	1,637,868
Investment income:		
Net appreciation in fair value of investments	27,000,258	9,699,114
Interest	827,965	845,893
Dividends	3,322,787	3,007,429
Class action revenue	-	940
Total investment income	31,151,010	13,553,376
Less investment expenses	288,240	396,769
Net investment income	30,862,770	13,156,607
Total additions	41,347,564	22,718,574
Deductions:		
Benefits:		
Age and service	7,262,376	6,834,592
Disability	197,172	195,291
DROP payments	897,058	1,218,760
Refunds	5,613	58,282
Administrative expenses	199,144	192,301
Total deductions	8,561,363	8,499,226
Net Increase in Net Position	32,786,201	14,219,348
Net Position Restricted for Pensions:		
Beginning of year	153,011,637	138,792,289
End of year	<u>\$ 185,797,838</u>	<u>\$ 153,011,637</u>

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 full cooperation with management as well.

At the conclusion of the presentation Mr. Landers responded to questions. After that interaction, Mr. Taylor made a motion to approve and accept the Financial Statements of September 30, 2024. That motion was seconded by Mrs. Patterson. The Motion passed 4-0.

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

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

ATTORNEY'S REPORT:

- Summary Plan Description (SPD): Mr. Levinson cited Tier Two was removed. The cited document was reviewed and discussed. Mr. Raybuck felt the word "shall" should be replaced with "may" on page 15, under the Ad Hoc Benefit section. Mr. Taylor made a motion to approve as amended and to post on the website² of the plan. Motion seconded by Mr. Hoffmann. The Motion passed 4-0.
- Credit Card Policy: As the Board approved the issuance of credit cards for travel/education, Mr. Levinson presented a policy for the Board to adopt, after review, Mr. Taylor made a motion to approve, which was seconded by Mrs. Patterson. The Motion passed 4-0.
- Mr. Levinson reviewed the lifeguard duty matter and concurred with same.
- Mr. Levinson prepared a letter to open lines of communication with the city attorney concerning the city payroll matter that affected the calculations of several members. The Board agreed by consensus with the release and the effort to meet with the city on the matter³.
- Mr. Williams reported that he had a legal issue related to an Income Deduction Order. Mr. Levinson said he would write a letter for Mr. Williams to provide to both parties. Mr. Levinson reflected that both parties would have to agree to any adjustment, absent of any court action.
- Mr. Levinson reported he would have a master administrative rule booklet prepared for the next meeting.

INVESTMENT MONITOR'S REPORT:

Mr. West invited the Taurus representatives to the meeting to discuss the portfolio and the launch of Fund III for the Board to consider.

The representatives began by reviewing Fund II:

- The City of Boynton Beach Firefighters' Pension Fund has made a \$3 million commitment.
- \$795,000 of this commitment has been contributed to date (26.5%).
- Taurus Private Markets Fund II, L.P. generated a +12.9% net return in Q3 2024.
- Taurus Private Markets Fund II, LP has \$211.6 million of investor commitments.
- Taurus Private Markets Fund II, LP held its final close in December 2023.
- 60.9% of fund capital has been committed to investments.
- Completed investments with 11 private equity managers and 4 co-investments / secondaries.
 - › 7 leveraged buyout managers.
 - › 3 venture capital managers.
 - › 1 private credit manager.
 - › 4 co-investments / secondaries.
- 6 of the 11 private equity firms are groups that the Taurus Private Markets team members have invested with while at Taurus Private Markets or at previous firms.
- Strong pipeline of investment opportunities.

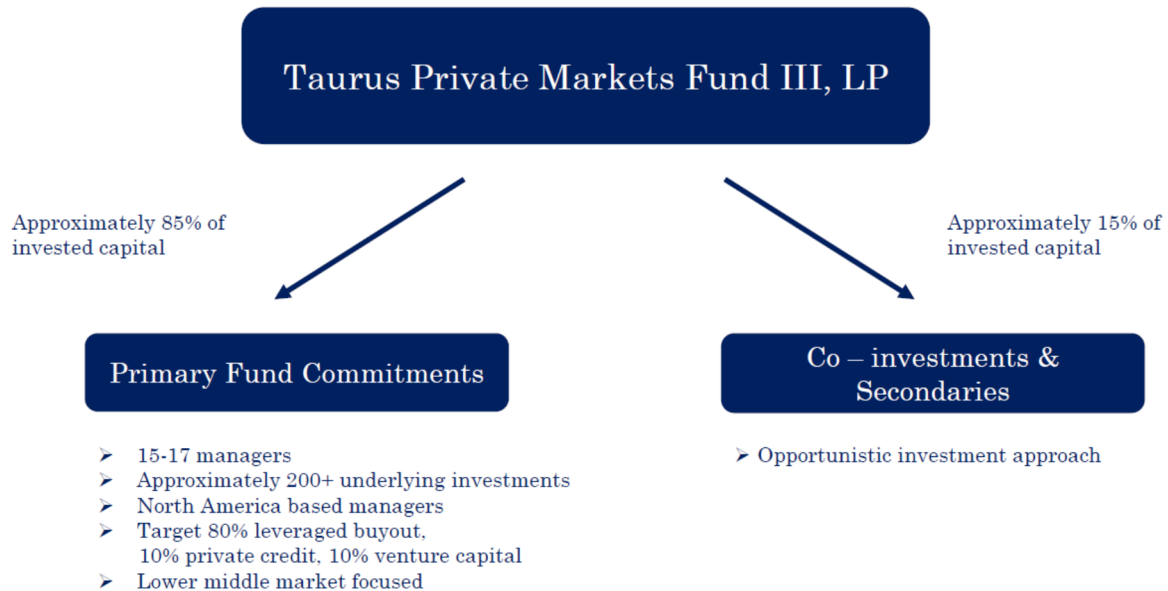
The representatives then discussed Fund III:

- Taurus Private Markets is raising a private equity fund of funds.
- Target return of 17-20% net return and a 1.75x – 2.0x net multiple on invested capital.
- Focus on lower middle market leveraged buyout, private credit, and venture capital investment strategies.

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

³ This action followed meeting(s) the Chair had with two prior city attorneys.

Target Portfolio Construction:



The Board thanked the Taurus representatives for the update.

Quarterly Investment Report: Mr. West advised that on December 31, 2024 the Fund's value was \$190,649,719.00, which was an increase from \$185,489,237.00 for the quarter ending September 30, 2024.

Market Review:

- Strength in the US Dollar during the quarter led to relative weakness in international markets. Many of the major currencies depreciated relative to the US Dollar as the year came to a close. Latin America saw the most significant decline during the period while the Pacific region was the only region to post positive LCL returns.
- The AI trade that has taken shape for much of the past two years continued in 2024 with the communication services and information technology sectors each posting gains of more than 35% for the year. This phenomenon contributed to narrow market leadership particularly within the large-cap segment of the market. The concentration in the large-cap indexes helped the S&P 500 post its second straight year of greater than a 20% return, further widening the performance gap between large and smaller capitalization benchmarks.
- Ongoing military conflicts in Ukraine and the Middle East, coupled with global economic uncertainty, continue to act as headwinds for international market results, further complicated by an advancing USD.
- The results of the most recent US presidential election appeared to please domestic equity markets in anticipation of the new administration supporting loosened regulations and pro-growth policies. As we move into the new year, equity markets will need to digest the anticipated effects of proposed tax legislation changes, a new view on foreign policy, and potential trade tariffs by the new administration.
- Domestic equity markets continued to climb higher during the quarter. Large cap stocks returned to the forefront, outpacing small-cap stocks. The S&P 500 rose 2.4% during the quarter versus a muted gain of 0.3% for the Russell 2000 Index. The broad capitalization Russell 3000 Index, which benefited from strength in mid- and large-cap names, returned 2.6% for the quarter.
- International developed market equities reversed course and soured during the fourth quarter with the USD performance of the broad benchmarks each trading lower than (LCL) currency performance. The broad MSCI ACWI ex US Index delivered a disappointing -7.6% for the quarter but was down less than both the MSCI EAFE and MSCI EM indexes. The broad index was aided by Canada, which is not included in the EAFE or EM indexes. International

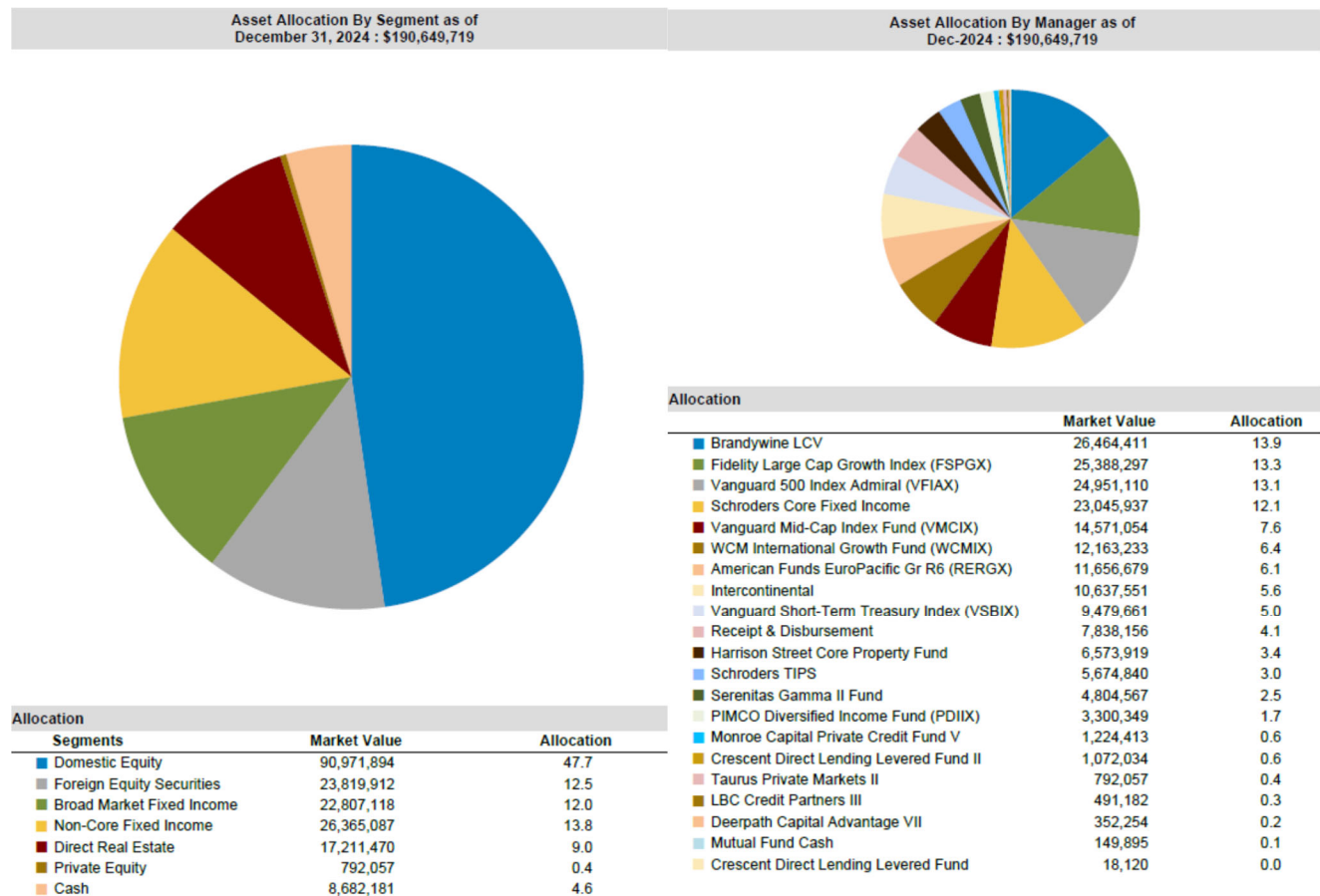
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- developed market (DM) equities narrowly fell behind emerging market (EM) equities, returning -8.1% and -8.0%, respectively for the quarter. Negative performance for the international indexes was broad-based and not localized to any specific region.
- Broad market fixed-income benchmarks displayed a poor finish to the year as many of the core indexes succumbed to a steepening of the yield curve and the prospect of fewer rate cuts in 2025. The Bloomberg US Aggregate Index returned -3.1% for the quarter. The TIPS market, which is not part of the Aggregate Index, was also negative, posting a return of -2.9% for the quarter. While the performance differentials were small, the Mortgage-Backed Securities Index lagged other domestic bond market segments with a benchmark return of -3.2% for the quarter.

Asset Allocation by Asset Class & by Manager:



Comparative Performance:

Comparative Performance Trailing Returns										
	QTR	YTD	FYTD	1 YR	3 YR	5 YR	7 YR	10 YR	Inception	Inception Date
Total Fund (Net)	-0.12 (15)	11.68 (27)	-0.12 (15)	11.68 (27)	1.81 (82)	6.51 (69)	7.19 (41)	7.60 (22)	6.19 (74)	01/01/2002
Total Fund Policy	-0.01 (12)	12.68 (15)	-0.01 (12)	12.68 (15)	3.99 (11)	8.14 (13)	7.97 (12)	7.99 (11)	6.69 (36)	
Difference	-0.11	-1.00	-0.11	-1.00	-2.18	-1.63	-0.78	-0.39	-0.50	
All Public Plans-Total Fund Median	-0.95	10.94	-0.95	10.94	2.71	6.96	7.01	7.03	6.52	

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>

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

Mr. West recommended the Board consider a 3-million-dollar commitment to Taurus Private Markets Fund III. After review and discussion⁴ a motion was made by Mr. Taylor to accept the proposal of Mr. West and make a 3-million-dollar commitment to Taurus Private Markets Fund III. The motion was seconded by Mr. Raybuck. The Motion passed 4-0.

PLAN ADMINISTRATOR:

No formal report.

OPEN DISCUSSION:

No open discussion ensued.

ADJOURN:

Meeting adjourned at 11:55 A.M.

FOR THE BOARD

⁴ To include annual cash flows.