

City of Boynton Beach Municipal Firefighters Pension Trust Fund

MINUTES

February 5, 2020

9:00 A.M.

The meeting of the Board of Trustees of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund was called to order by the Board by Mr. Matt Petty – Chairman on February 5, 2020 at 9:00 A.M. at 2080 High Ridge Road, Boynton Beach, Florida.

TRUSTEES PRESENT:

Mr. Matt Petty – Chairman; Ms. Desirae Watler – Trustee; Mr. Robert Taylor - Trustee & Mr. Stan Cale – Trustee.

ABSENT:

Mr. Jon Raybuck – Secretary

OTHERS PRESENT:

Mr. Richard Cristini & Ms. Jeanine Bittinger, Auditors - Saltmarsh, Cleaveland & Gund; 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:

Mr. Dave Williams introduced Mr. Michael Williams to the Board as his Administrative Plan Assistant.

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

The Board of Trustees reviewed the minutes for the November 6, 2019 meeting. A Motion was made by Mr. Taylor to approve the minutes. The Motion was seconded by Ms. Watler. The Motion passed 4-0.

The Board of Trustees reviewed the minutes for the Special Meeting November 6, 2019. A Motion was made by Mr. Taylor to approve the minutes. The Motion was seconded by Mr. Cale. The Motion passed 4-0.

APPROVAL OF THE WARRANTS:

Warrants 232 through 263 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 Ms. Watler. The Motion passed 4-0.

PRESENTATION OF FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Ms. Jeanine Bittinger and Mr. Richard Cristini of Saltmarsh, Cleaveland & Gund reflected that they have audited the accompanying financial statements of Boynton Beach Firefighters' Pension Fund (Plan), which comprise the statements of fiduciary net position as of September 30, 2019, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- February 5, 2020
Page 2 of 6

It is the responsibility of Ms. Jeanine Bittinger and Mr. Richard Cristini to express an opinion on these financial statements based on their audits. They conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

It was reported that an audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements, 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The audit was made for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying required supplementary information of the Boynton Beach Firefighters' Pension Fund is required by Governmental Accounting Standards Board Statement No. 67 and is not a required part of the basic financial statements.

Ms. Jeanine Bittinger and Mr. Richard Cristini reported that in their opinion, the financial statements present fairly, in all material respects, the fiduciary net position of the Boynton Beach Firefighters' Pension Fund as of September 30, 2019, and the changes in fiduciary net position for the year the ended in accordance with accounting principles generally accepted in the United States of America.

Administrative fees were reviewed as part of the Board's fiduciary duty. They were valued at 15 basis points, and as such were considered extremely reasonable by Ms. Jeanine Bittinger and Mr. Richard Cristini.

Please continue to next page.

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- February 5, 2020
Page 3 of 6

CITY OF BOYNTON BEACH
FIREFIGHTERS' PENSION PLAN

STATEMENTS OF FIDUCIARY NET POSITION
September 30, 2019 and 2018

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Receivables:		
DROP loans	\$ 175,089	\$ 111,751
Interest and dividends	141,809	136,055
Broker-dealers	10,800	12,179
Chapter 175 state excise tax rebate	-	789,121
Total receivables:	<u>327,698</u>	<u>1,049,106</u>
Investments at fair value:		
U.S. Government obligations	7,418,900	11,479,916
U.S. Government agency obligations	2,245,837	218,021
Domestic corporate obligations	5,900,335	4,747,654
Domestic fixed income investment funds	12,968,755	12,527,623
Domestic stocks	33,918,890	32,003,933
Domestic equity investment funds	25,674,061	22,669,642
Real estate investment funds	10,820,467	10,229,669
International equity investment funds	21,014,778	18,061,651
Temporary investments	2,724,691	2,621,179
Total investments:	<u>122,686,714</u>	<u>114,559,288</u>
Prepaid expenses:	<u>8,230</u>	<u>8,235</u>
Total assets:	<u>123,022,642</u>	<u>115,616,629</u>
	<u>Liabilities</u>	
Accounts payable	65,013	58,008
Accounts payable, broker-dealers	165,273	155,235
Total liabilities:	<u>230,286</u>	<u>213,243</u>
Net position restricted for pensions:	<u>\$ 122,792,356</u>	<u>\$ 115,403,386</u>

Please continue to next page.

City of Boynton Beach Municipal Firefighters Pension Trust Fund
Minutes- February 5, 2020
Page 4 of 6

CITY OF BOYNTON BEACH
FIREFIIGHTERS' PENSION PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Years ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Additions:		
Contributions:		
Employer	\$ 5,627,597	\$ 5,444,061
Plan members	1,458,781	1,336,051
Plan members, buy-back	65,616	137,465
Rollover to DROP	<u>379,375</u>	<u>323,472</u>
Total contributions	7,531,369	7,241,049
Intergovernmental revenue:		
Chapter 175 state excise tax rebate	<u>830,904</u>	<u>789,121</u>
Total intergovernmental revenue	830,904	789,121
Investment income:		
Net appreciation (depreciation) in fair value of investments	5,159,423	7,776,462
Interest	375,660	371,164
Dividends	1,643,349	1,461,537
Cost calculation fee	700	-
Class action settlement	<u>7,258</u>	<u>32,015</u>
Total investment income	7,186,390	9,641,178
Less investment expenses	<u>350,840</u>	<u>367,634</u>
Net investment income	<u>6,835,550</u>	<u>9,273,544</u>
Total additions	15,197,823	17,303,714
Deductions:		
Benefits:		
Age and service	5,412,222	4,800,042
Disability	114,587	114,519
Beneficiaries	270,067	278,694
Drop payments	1,800,310	829,266
Refunds	26,917	105,981
Administrative expenses	<u>184,750</u>	<u>141,569</u>
Total deductions	<u>7,808,853</u>	<u>6,270,071</u>
Net increase in net position	7,388,970	11,033,643
Net position restricted for pensions:		
Beginning of year	<u>115,403,386</u>	<u>104,369,743</u>
End of year	<u>\$ 122,792,356</u>	<u>\$ 115,403,386</u>

At the conclusion of the presentation of the financial statements and an exchange of questions from the Trustees, a motion was made by Mr. Taylor to approve and accept the report as amended¹, which was seconded by Mr. Cale. All Trustees voted yes, and the motion was passed 4-0.

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

¹ Page 42 Footnote to be added.

City of Boynton Beach Municipal Firefighters Pension Trust Fund

Minutes- February 5, 2020

Page 5 of 6

INVESTMENT MONITOR'S REPORT:

Mr. West provided a brief firm update, noting they are celebrating their 20th anniversary.

Mr. West advised that on December 31, 2019 the Fund's value was \$134,138,756, up from \$122,714,974 of September 30, 2019. Market Review: Broad asset class returns were positive during the 4th quarter of 2019 with the exception of the US Gov't bond index. Both US and international equity markets benefited from positive developments concerning trade disruptions. Generally, the dispersion between US and international developed equities were muted during the quarter. Emerging markets significantly outperformed as previously noted trade tensions between the US and China eased. Monetary policy remained supportive with the Federal Reserve (Fed) cutting rates once during the period in addition to providing liquidity to the market through security purchases which acted as a catalyst to risk assets. Within domestic equity markets, the performance dispersion between large cap and small cap stocks reversed during the quarter with the S&P 500 Index returning 9.1% versus a return of 9.9% for the small cap Russell 2000 Index. 2019 performance of US equity markets was the highest since 2013 with large and mid-cap stocks returning 31.5% and 30.5%, respectively, while small cap stocks posted a return of 25.5%.

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

	QTR		FYTD		1 YR		3 YR		5 YR	
Total Fund (Net)	6.22	(14)	6.22	(14)	22.31	(7)	11.42	(5)	8.68	(3)
Total Fund Policy	5.89	(35)	5.89	(35)	19.78	(47)	10.01	(32)	7.83	(12)
Difference	0.53		0.53		2.55		1.41		0.85	
All Public Plans-Total Fund Median	5.39		5.39		19.52		9.52		8.98	

Mr. West reflected the portfolio return for the fiscal year to date is in the Top 14 percentile of the investment universe. On a three- & five-year basis, the portfolio was respectively in the Top 5 & 3 percentile.

Mr. West recommended a rebalance of 2% from DSM Domestic Growth to Schroders Core Fixed Income. After discussion, Mr. Taylor made the motion as outlined by Mr. West. Motion seconded by Mr. Cale. The Motion passed 4-0.

Mr. West discussed the ASB exit strategy approved at a prior meeting. The account will be liquidated at the end of the quarter and the proceeds moved to the Investment Grade Bonds.

Mr. West cited that he may have an educational presentation at the next meeting and will coordinate with Plan Administrator to add to the Agenda.

In a spirit of transparency, the Board of Trustees has posted the entire investment review on-line at: http://bbffp.org/docs/investments/2019-12-31_Boynton_Beach_Firefighters_Quarterly_Report.pdf#zoom=100

ATTORNEY'S REPORT:

- Mr. Levinson cited the pending Ordinance that was amended due to an agreement between the city and the union. Impact Statement copy also provided.
- Mr. Levinson advised the summary plan description (SPD) was due to be updated. However as a result of the impending ordinance change, the draft will be updated for the next meeting.
- Mr. Levinson provided brief update on the Sidaway Matter. Deposition was taken of Dr. Nocero. Matter will be heard at a special meeting (date to be determined).

City of Boynton Beach Municipal Firefighters Pension Trust Fund

Minutes- February 5, 2020

Page 6 of 6

- Mr. Levinson referred to the "Secure Act". The Setting Every Community Up for Retirement Enhancement (SECURE) Act is a bipartisan bill designed to aid Americans' ability to save for retirement. The bill seeks to improve the country's retirement prospects. The bill passed the U.S. House of Representatives in a 417-3 vote in July 2019 and then by the Senate as part of the Dec. 19 spending and tax-extension bills. It was signed into law by President Donald Trump on Dec. 20, 2019.

PLAN ADMINISTRATOR:

DROP Approval: Mr. D. Williams provided all of the required back up for the Board to consider for Mr. Galarneau & Mr. Aaron. After reviewing same, Ms. Watler made a motion to approve the member's DROP entry. Motion seconded by Mr. Taylor. The Motion passed 4-0.

Bryan Croft Matter: Mr. D. Williams informed the Board that he and Mr. Croft reached an agreement on the over payment. Mr. Croft agreed to reduce his monthly payment for the duration of this current fiscal year. Regions was advised accordingly.

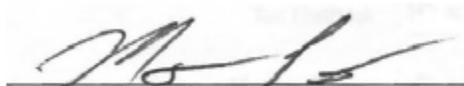
DROP Transitions: Mr. D. Williams advised the Board of recent DROP Transitions of Mr. Kilcooley & Mr. Gregorek.

OPEN DISCUSSION:

No open discussion.

ADIJOURN:

Meeting adjourned at 10:42 A.M.



Matt Petty, Chairman

FOR THE BOARD