

City of Boynton Beach Municipal Firefighters Pension Trust Fund

MINUTES

February 3, 2021

9:00 A.M.

Chairman Raybuck called to Order a remote meeting¹ of the Board of Trustees of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund, on February 3, 2021, at 9:02 AM.

TRUSTEES PRESENT:

Mr. Jon Raybuck – Chairman; Mr. Stan Cale – Board Secretary; Mr. Robert Taylor – Trustee; Mr. Conner Flechaus – Trustee. Also, in attendance was Mr. Jim Stables – Fire Chief, Ex-Officio.

ABSENT:

Ms. Desirae Watler, Board Trustee

OTHERS PRESENT:

Mr. Pete Strong – Board Actuary, GRS Consulting; 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.

The following plan members were also in attendance: Mr. Kevin Reddock, Mr. Michael Besosa, Mr. Adam Turey, Mr. Shawn Weeks, Mr. Jim Witt, Mr. Georgio Salame and Mr. Hugh Bruder.

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

PUBLIC DISCUSSION:

On behalf of the Chairman, Mr. Dave Williams outlined the public comment policy to all present.

Mr. Raybuck called upon each member present who wanted to speak.

Airtime: Mr. Turey asked about the definition of normal retirement. Mr. Levinson cited the ordinance and chapter 175 of Florida Statute.

Airtime: Mr. Reddock made an appeal to the Trustees to acknowledge when airtime was purchased (pre-cap ordinance). Mr. Reddock spoke to the financial sacrifices made during the payment of the airtime he purchased.

WELCOME – CHIEF JIM STABLES, EX-OFFICIO

Mr. Raybuck extended a warm welcome to Chief Stables, which was echoed by those present. Chief Stables thanked the Trustees and look forward to working with all involved. Mr. Levinson outlined the basic duties.

CONSENT AGENDA:

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¹ Pursuant to the City of Boynton Beach Ordinance 20-030. Affirmed by Board Counsel.

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APPROVAL OF THE MINUTES:

Mr. Raybuck commented on the effort made by Mr. Williams to capture the essence of the meeting in the minutes. The Board of Trustees reviewed the minutes for the November 10, 2020 meeting. A Motion was made by Mr. Taylor to approve the minutes. The Motion was seconded by Mr. Raybuck. The Motion passed 4-0.

APPROVAL OF THE WARRANTS:

Warrants 234 through 254 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. Cale. The Motion passed 4-0.

NEW / UNFINISHED BUSINESS:

a. Benefit Cap & Airtime Purchase

Mr. Raybuck asked Mr. Levinson to outline his legal position relative to the pension cap and airtime. Mr. Levinson cited the responses^{2,3} received from all parties as a result of his letter⁴ of November 6, 2020.

Mr. Levinson indicated that the purchase of airtime was a contract between the member and the Plan. He saw three possible types of airtime purchases that the Board may consider. 1: A member who purchased and completed airtime before the pension cap ordinance was enacted. 2: A member who purchased airtime and was in repayment mode when the pension cap ordinance was enacted. 3: Members who have not entered into an airtime purchase - future airtime recipients. Mr. Levinson stated the ordinance does not address the airtime issue and how it relates to the cap, so it would be reasonable for the Board to make an interpretation.

Mr. Strong reflected that he understood the issue outlined by Mr. Levinson and agreed with his (Levinson's) representation. Mr. Strong reflected that the cost of the airtime purchase is paid by the member, so there is no impact. In terms of the impact as a result of the pension cap, Mr. Strong stated he did not carve out airtime members. Mr. Strong felt the cost savings to the plan sponsor would be dampened due to the limited amount of participants who purchased airtime.

Mr. Raybuck opined that the pension benefit should be factored separate, taking into consideration the pension cap and then if the member had airtime, that should be added on. Mr. Strong agreed with Mr. Raybuck's position.

Chief Stable felt that Mr. Levinson should merge members outlined as 1 and 2. Members in process entered into an agreement before the pension cap was enacted. Mr. Levinson & Mr. Strong were not averse to that position.

Mr. Strong will prepare a detailed list of the members affected. At this juncture the Board by consensus agreed to have a special meeting to resolve this issue.

² <http://bbffp.org/docs/announcements/City%20Response%20to%20Levinson%20Letter%20-%202020-11-19.pdf#zoom=100>

³ http://bbffp.org/docs/announcements/Pension%20File%20No_%20900334%20response.pdf#zoom=100

⁴ <http://bbffp.org/docs/announcements/Letter%20to%20City%20and%20Management%20re%20cap.PDF#zoom=100>

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PRESENTATION OF FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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, 2020, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

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, 2020, 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 16 basis points, and as such were considered extremely reasonable by Ms. Jeanine Bittinger and Mr. Richard Cristini.

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**CITY OF BOYNTON BEACH
FIREFIGHTERS' PENSION PLAN**

STATEMENTS OF FIDUCIARY NET POSITION
September 30, 2020 and 2019

	<u>Assets</u>	
	2020	2019
Receivables:		
DROP loans	\$ 136,960	\$ 175,089
Interest and dividends	151,164	141,809
Broker-dealers	-	10,800
Other	12,939	-
Total receivables	<u>301,063</u>	<u>327,698</u>
Investments at fair value:		
U.S. Government obligations	15,159,286	7,418,900
U.S. Government agency obligations	-	2,245,837
Domestic corporate obligations	12,410,695	5,900,335
Domestic fixed income investment funds	13,276,631	12,968,755
Domestic stocks	31,524,930	33,918,890
Domestic equity investment funds	33,119,808	25,674,061
Real estate investment funds	7,570,684	10,820,467
International equity investment funds	22,618,202	21,014,778
Temporary investments	2,274,896	2,724,691
Total investments	<u>137,955,132</u>	<u>122,686,714</u>
Prepaid expenses	<u>12,903</u>	<u>8,230</u>
Total assets	<u>138,269,098</u>	<u>123,022,642</u>
	<u>Liabilities</u>	
Accounts payable	76,904	65,013
Accounts payable, broker-dealers	149,252	165,273
Total liabilities	<u>226,156</u>	<u>230,286</u>
Net position restricted for pensions	<u>\$ 138,042,942</u>	<u>\$ 122,792,356</u>

See Notes to Financial Statements.

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CITY OF BOYNTON BEACH
FIREFIGHTERS' PENSION PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Years ended September 30, 2020 and 2019

	2020	2019
Additions:		
Contributions:		
Employer	\$ 4,734,845	\$ 5,627,597
Plan members	1,399,951	1,458,781
Plan members, buy-back	48,832	65,616
Rollover to DROP	<u>327,937</u>	<u>379,375</u>
Total contributions	6,511,565	7,531,369
Intergovernmental revenue:		
Chapter 175 state excise tax rebate	<u>881,763</u>	<u>830,904</u>
Total intergovernmental revenue	881,763	830,904
Investment income:		
Net appreciation (depreciation) in fair value of investments	13,836,082	5,159,423
Interest	324,199	375,660
Dividends	2,095,849	1,643,349
Cost calculation fee	-	700
Class action settlement	<u>-</u>	<u>7,258</u>
Total investment income	16,256,130	7,186,390
Less investment expenses	<u>421,470</u>	<u>350,840</u>
Net investment income	<u>15,834,660</u>	<u>6,835,550</u>
Total additions	23,227,988	15,197,823
Deductions:		
Benefits:		
Age and service	5,634,750	5,412,222
Disability	164,209	114,587
Beneficiaries	342,657	270,067
Drop payments	1,521,789	1,800,310
Refunds	84,833	26,917
Administrative expenses	<u>229,164</u>	<u>184,750</u>
Total deductions	<u>7,977,402</u>	<u>7,808,853</u>
Net increase in net position	15,250,586	7,388,970
Net position restricted for pensions:		
Beginning of year	<u>122,792,356</u>	<u>115,403,386</u>
End of year	<u>\$ 138,042,942</u>	<u>\$ 122,792,356</u>

See Notes to Financial Statements.

Mr. Flechaus cited old language on page 9 of the financial statements related to disability and death benefits. Mr. Levinson concurred the latest ordinance provisions were not updated. Mr. Cristini thanked Mr. Flechaus for his keen observation and assured the Board this section would be updated accordingly.

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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 amended, 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>

Mr. Williams indicated authority was needed by the Board for him and Mr. Raybuck to execute the client representation letter as part of the audit process. Mr. Levinson reviewed and approved for legal content. Mr. Taylor made the motion to authorize the execution of the client representation letter as outlined. Mr. Cale seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

Ms. Jeanine Bittinger and Mr. Richard Cristini presented their professional services agreement for fiscal year 2021, 2022 and 2023 to consider. After review and discussion, Mr. Taylor made the motion to engage Saltmarsh, Cleaveland & Gund for independent auditing services and for state reporting filing for fiscal years 2021, 2022 and 2023. Mr. Cale seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

INVESTMENT MONITOR'S REPORT:

Mr. West presented a firm update. As we start this new year, and on behalf of our entire AndCo family, Thank You for the opportunity to continue to serve you! I am sure most of us are ready to turn the page on 2020 and all of the unique "firsts" we had to deal with – social distancing, masks, quarantining, and virtual meetings just to name a few. While 2020 definitely introduced new features into our daily routines, one constant remained the same at AndCo, our unwavering commitment to serve you within a model that is independent, singularly focused, customized, and passionately delivered. We take our role as your consultant and trusted advisor earnestly and will continue to work hard to maintain your trust and confidence in this unique and dynamic time. We are honored and privileged you have chosen AndCo as your consultant and we wanted to provide a brief update on the firm.

As we start 2021, we are 91 team members strong advising approximately \$100 billion in client assets – both around record highs. All departments within AndCo have grown over the years as we thoughtfully invest in our firm to provide the services you expect, and we demand from our team.

Mr. West advised that on December 31, 2020 the Fund's value was \$153,855,330, up from \$136,896,914 of September 30, 2020. Market Review:

Mr. West reported to the Board the following investment report for the portfolio: Investment market index returns were broadly positive during the 4th quarter of 2020 except for the US Government bond benchmark. Performance during the period was largely driven by expectations related to the rollout of vaccines to treat the pandemic, the resolution of the US Presidential election, and the potential for additional government stimulus.

Within domestic equity markets, there was a reversal in a recent trend with small cap stocks outperforming large cap issues. The Russell 2000 returned 31.4% compared to a 12.1% return for the S&P 500. This was the small cap benchmark's single strongest quarterly return since its inception in 1979.

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US equity markets ended 2020 with robust positive performance despite continued uncertainty associated with pandemic and slower than expected vaccine rollouts. For the full year, performance for domestic equities was strong across the capitalization spectrum with large cap stocks returning 18.4%, mid-caps 17.1%, and small caps 20.0%.

	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Total Fund (Net)	9.31	(69)	9.31	(69)	14.42	(37)	10.72	(12)	11.18	(8)	6.52	(59)	01/01/2002
Total Fund Policy	9.74	(59)	9.74	(59)	14.26	(39)	9.75	(32)	10.50	(25)	6.69	(48)	
Difference	-0.43		-0.43		0.16		0.97		0.68		-0.17		
All Public Plans-Total Fund Median	10.06		10.06		12.87		8.93		9.66		6.66		

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

Mr. West outlined the asset allocation for the plan. As a result, Mr. West recommended a 1% rebalance back into Intercontinental Real Estate. After discussion, Mr. Taylor made the motion as outlined by Mr. West. Motion seconded by Mr. Cale. All Trustees voted yes, and the motion was passed 4-0. Mr. West thanked the Board and advised he will be bringing additional real estate options for them to consider.

In a spirit of transparency, the Board of Trustees has posted the entire investment review on-line at: <http://bbffp.org/docs/investments/2020-12-31%20Boynton%20Beach%20Firefighters%20Quarterly%20Report.pdf#zoom=100>

Mr. West reflected that he will be bringing an updated contract & fee proposal to the next meeting for the Board to consider.

ATTORNEY'S REPORT:

- Mr. Levinson outlined the E-Verify Provisions. It was noted that Mr. Williams notified all service providers⁵ with the assistance of Mr. West to include all investment professionals.
- Mr. Levinson complimented the Board for still meeting remotely. This option still allows the Board the opportunity to do its job and stay safe at the same time.

PLAN ADMINISTRATOR:

Refund of Contribution: Mr. Williams outlined an overpayment that was made and subsequently recovered from a former member. Further internal steps have been taken with our bank as well to improve checks and balances. Mr. Williams kept Mr. Raybuck up to date during this process. The Board appreciated the efforts taken and the transparency of Mr. Williams.

DROP Entry: Mr. Williams presented the option election of Christopher MacAlpine Date Entered DROP 11-06-2020 (Member elected 100% J&S). After review, Mr. Taylor made the motion to approve the drop entry of this member. The motion was seconded by Mr. Cale. All Trustees voted yes, and the motion was passed 4-0.

⁵ <http://bbffp.org/docs/announcements/BFFF%20E-Verify%20Notice%20to%20All%20Service%20Providers%2001-14-2021.pdf#zoom=100>

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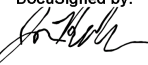
OPEN DISCUSSION:

Mr. Raybuck asked about the terms of the city appointees. Mr. Williams reflected he has not heard from the city as of yet. Both Trustees reapplied. A discussion ensued about Mr. Taylor's 21 plus years tenure on the Board serving as a Trustee. Mr. Levinson asked Mr. Taylor to share his professional background. Mr. Taylor cited he served as the CEO of Bethesda Health for 35 years. All present thanked Mr. Taylor for his time and experience he brings to the Board.

Levi & Korsinsky LLP: Mr. Levinson advised that he was contacted by representatives of this firm. They were referred by Trustee Watler. Mr. Levinson outlined that the security monitoring services are provided to the Board as a service at no cost. After discussion, this matter will be placed on the next agenda to consider a request for proposal (RFP).

ADJOURN:

Meeting adjourned at 11:30 A.M.

DocuSigned by:

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FOR THE BOARD