

City of Boynton Beach Municipal Firefighters Pension Trust Fund

MINUTES

August 4, 2021

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 4, 2021, at 9:00 A.M.

TRUSTEES PRESENT:

Mr. Jon Raybuck – Chairman; Mr. Christoher Simmons – Trustee; Mr. Conner Flechaus – Trustee. Also, in attendance was Mr. Jim Stables – Fire Chief, Ex-Officio & Mr. Robert Taylor¹ - Senior Advisor to the Board of Trustees.

OTHERS PRESENT:

Jenna Sheehan & Chris Zollo - Harrison Street Core Property Fund; Georgio Salame, Member; Mr. David West – AndCo Consulting; Mr. Stuart Kaufman², 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:

None

CONSENT AGENDA:

APPROVAL OF THE MINUTES:

Mr. Raybuck asked if everyone had an opportunity to review the minutes of May 5, 2021. A Motion was made by Mr. Flechaus to approve the minutes. The Motion was seconded by Mr. Raybuck. All Trustees voted yes, and the motion was passed 3-0.

APPROVAL OF THE WARRANTS:

Warrants 377 through 395 were presented to the Board for approval. After review & consideration a motion was made by Mr. Flechaus to approve Warrants as presented. The Motion was seconded by Mr. Raybuck. All Trustees voted yes, and the motion was passed 3-0.

NEW BUSINESS

Real Estate Interview(s): Mr. West indicated that Caryle Property Investors Fund was removed from the process, so Harrison Street Core Property Fund was remotely prepared to provide a formal presentation to the Board. The consensus of the Board was to proceed accordingly.

Ms. Jenna Sheehan & Mr. Chris Zollo presented a thought-provoking presentation on behalf of Harrison Street Core Property Fund. The representatives indicated that Harrison was a leader in global real asset investments targeting Education, Healthcare, Life Sciences and Storage sectors.

¹ Joined Remotely.

² Appeared for Mr. Adam Levinson.

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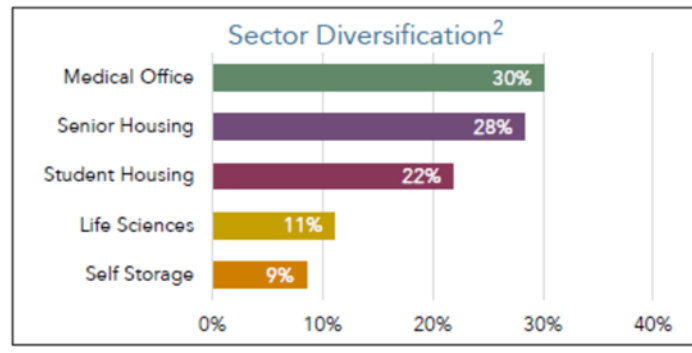
Harrison Street believes investments in these assets, including student housing, senior housing, medical office, life sciences and storage properties, provide an attractive combination of strong current income and long -term growth.

The representatives outlined what they believe is a talented, passionate and dedicated team of 196 employees in Chicago, London & Toronto.

Harrison Street Core Property Fund was:

- Demographic-driven demand.
- Needs-based.
- Mission critical assets.
- High credit quality counterparties and users.
- Proven resiliency throughout cycles.

Portfolio Review

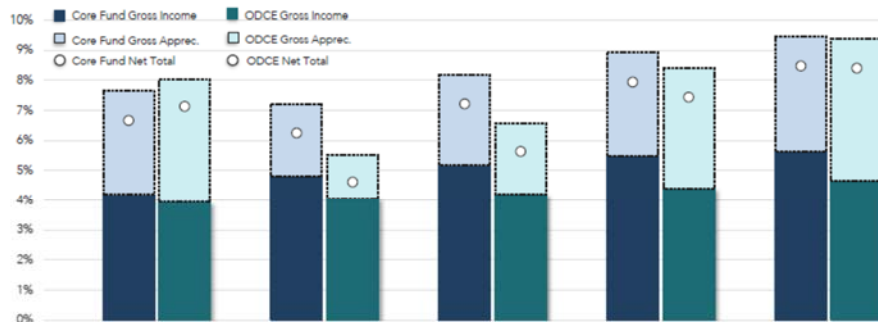


Fund Performance

FUND PERFORMANCE

Time-Weighted Returns

The Fund's gross total return **outperformed** ODCE over the trailing 3, 5, 7, and since inception years



	One Year		Three Year		Five Year		Seven Year		Since Inception	
	Core Fund	ODCE	Core Fund	ODCE	Core Fund	ODCE	Core Fund	ODCE	Core Fund	ODCE
Gross Total Return	7.64%	8.02%	7.21%	5.52%	8.18%	6.57%	8.91%	8.40%	9.45%	9.39%
Spread	-38 bps		169 bps		161 bps		51 bps		6 bps	

Based on June 30, 2021, ODCE preliminary results as published by NCREIF
The NCREIF Fund Index is an Open-End Diversified Core Equity (ODCE) index is a gross-of-fees capitalization-weighted index of the core open end funds focused on investments in commercial real estate. Gross returns are net of general expenses and gross of management fees. Net returns are after both fees and expenses. Returns portrayed reflect the reinvestment of dividends of participants who have elected to reinvest. See additional important disclosures on disclosure page.

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Strategy

- Anticipate continued resiliency of alternative sectors.
- Continue to source investment opportunities consistent with portfolio's strategic direction.
- Maintain strategic tilt of portfolio with ~70% allocated to medical office, senior housing and life sciences sectors; catering to aging population.
- Balance geographic footprint with focus on west coast versus east coast, notably within senior housing.
- Continue to re-build occupancy at impacted senior housing assets as the "front doors" are now open and the vaccine is rolled-out.
- Optimize asset-level performance with frequent reassessment of business plan.

Mr. West opined that this manager would diversify and broaden the Plan's real estate investments. Mr. West felt a 7-million-dollar allocation would be appropriate.

Mr. Taylor³ commented this would be a positive move for the Board to consider and supported the allocation proposed.

After considering the presentation and the input received by all parties, Mr. Raybuck made the motion to proceed with contractual negotiations to engage the services of the Harrison Street Core Property Fund for a 7-million-dollar allocation. The motion was seconded by Mr. Flechaus. All Trustees voted yes, and the motion was passed 3-0. Mr. Kaufman will advise Mr. Levinson accordingly.

INVESTMENT MONITOR'S REPORT:

Mr. West advised that on June 30, 2021, the Fund's value was \$165,002,212, an increase from \$156,702,141 of March 31, 2021. Market Review:

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

The Economy:

- The US economy continues to recover as widespread vaccine distribution has resulted in the reopening of many state and local economies.
- The recent rise in demand for goods and services has resulted in strong inflationary pressures. The annual rate of inflation increased to 5.0% in May, up from 4.2% in April.
- The US labor market continues to recover as evidenced by the decline in the unemployment rate. Recently, several states have moved to reduce or eliminate additional unemployment benefits to incentivize people to return to work. Overall, wage growth has shown signs of accelerating as employers struggle to fill job openings.
- Despite leaving interest rates unchanged at their most recent meeting, the Fed did change the language of its statement suggesting that interest rates may rise sooner rather than later.

³ Senior Advisor to the Board of Trustees.

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Fixed Income:

- Despite the continued global economic recovery and rising inflation concerns, US interest rates dipped during the quarter as the US 10-Year Treasury bond fell 27 basis points to close at 1.47%.
- Performance across all bond markets sectors was positive during the quarter, led by investment grade corporate bonds. The combination of lower gross issuance levels, in conjunction with a longer maturity profile relative to high yield bonds, were the primary catalysts of performance during the period.
- Within investment grade credit, Lower quality issues outperformed higher quality sectors during the quarter. Consistent with the economic recovery theme, as investors' expectations of future growth improves, those credits should perform well as earnings growth accelerates.

Equity:

- US equities rose to all-time highs during the second quarter, primarily due to the optimism related to increased control over the pandemic. Reversing performance from recent quarters, growth outpaced value and large companies resumed market leadership relative to smaller peers.
- International equities performed well during the 2nd quarter, albeit at a less frenetic pace than their domestic counterparts. Also similar to the US, growth outperformed value and emerging countries underperformed developed ones.

Mr. West outlined the portfolio return for the fiscal year and other relevant time periods through June 30, 2021.

	QTR	FYTD	1 YR	3 YR	5 YR	7 YR	10 YR	Inception	Inception Date
Total Fund (Net)	6.14 (13)	19.24 (69)	26.25 (63)	13.19 (26)	12.48 (14)	9.83 (7)	9.83 (11)	6.82 (53)	01/01/2002
Total Fund Policy	5.43 (51)	19.46 (66)	26.14 (64)	12.46 (46)	11.59 (45)	9.14 (23)	9.58 (18)	6.98 (44)	
Difference	0.71	-0.22	0.11	0.73	0.89	0.69	0.25	-0.16	
All Public Plans-Total Fund Median	5.45	20.28	27.16	12.32	11.42	8.59	8.82	6.84	

Mr. West outlined the asset allocation for the plan. As a result, Mr. West recommended the following rebalance: SELL: \$5M Vanguard SP500 Index Fund and transfer the proceeds to SCHRODERS TIPS. After discussion, Mr. Flechaus made the motion as outlined by Mr. West. Motion seconded by Mr. Raybuck. All Trustees voted yes, and the motion was passed 3-0.

In a spirit of transparency, the Board of Trustees has posted the entire investment review on-line at:
<http://bbffp.org/docs/investments/2021-06-30%20Boynton%20Beach%20Firefighters%20Quarterly%20Report.pdf#zoom=100>

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ATTORNEY'S REPORT:

Chapter 175 Inquiry from the Union: Mr. Kaufman cited the inquiry received from the Union. The matter was turned over the proper city officials who were current looking into the matter. Chief Stables cited his concerns that the city was not getting its fair share and asked this be brought to the attention of our auditors and ensure a review is part of the audit process. Mr. Kaufman advised he would advise Mr. Levinson accordingly. Mr. Williams confirmed that he notified Mr. John McNally, ITS Director Information Technology Services and Ms. Jennifer Marangos via e-mail on July 6, 2021. Mr. McNally acknowledge receipt⁴. To date we await a formal response. The Board asked Mr. Kaufman to have prepared for the November 3, 2021 meeting an audit policy related to Chapter 175 Revenue.

Security Monitoring: Mr. Kaufman advised the Plan is currently represented solo by Bernstein Litowitz Berger & Grossmann. It would be prudent for the Board to consider adding additional firms to watch over and protect the Plan. Mr. Kaufman confirmed the services provided are made available to the Board at no cost. Mr. Kaufman detailed the efforts undertaken by security monitoring firms to protect the Plan assets. Mr. Kaufman presented three firms for the Board to consider.

- Levi & Korsinsky
- Robbins Geller
- Saxena White

Each firm cited prepared a detail presentation that was provided to the Board in advance of the meeting to review.

After the totality of circumstances, Mr. Flechaus made a motion to engage the professional services of Levi & Korsinsky, Robbins Geller and Saxena White for security monitoring services. Motion seconded by Mr. Raybuck. All Trustees voted yes, and the motion was passed 3-0. Mr. Kaufman advised he will brief Mr. Levinson accordingly and proceed with Agreements.

PLAN ADMINISTRATOR:

Actuary Study: Mr. Williams conveyed that Mr. Strong rescinded his request for conducting an AFC Study. Mr. Strong will monitor and report to the Board when deemed appropriate.

State Approval of October 1, 2019 Valuation Study: Mr. Williams presented a letter received from the State of Florida – Department of management Services – Division of Retirement dated July 27, 2021. The letter reflected the cited report was approved by the State. The letter further provided the Board reduce the assumption rate from 7.50%. Mr. Williams received direction from the Board to respond with the current assumption rate of 7.35%⁵.

⁴ I am in receipt of your email request. At the present time, Jennifer Marangos is out of the office on vacation. Her team member, Manny McIlroy, is in the process of evaluating the information you provided and will confer with other staff members (and Jennifer upon her return) to ensure we understand the reasons for the reduction and provide you with accurate information. We hope to have this completed in a few weeks and will update you and those copied on this email thread at that time.

⁵ Mr. Williams transmitted the letter to the State of Florida on August 5, 2021.

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2020/21 Administrative Expense Budget - Mr. Williams outlined the Administrative Expense Budget provision. 175.061(8) and 185.05(8) require that all firefighter and police Boards of Trustees shall provide a detailed accounting report and operate under an administrative expense budget. A copy of the budget shall be provided to the plan sponsor and made available to plan members before the beginning of the fiscal year. If the Board amends the administrative expense budget, the Board must provide a copy of the amended budget to the plan sponsor and make available a copy of the amended budget to plan members. For plans that use a September 30 - October 1 fiscal year, the new administrative expense budget must be prepared and made available prior to October 1st.

Mr. Williams presented an Administrative Expense Budget based on the expenses reported in the financial statements of September 30, 2020, for the Board to consider. Mr. Williams stated that 100 basis points of expense is considered reasonable in the industry. The proposed budget is estimated at 27 basis points which is based on the September 30, 2020, balance of the System, so he believes it is extremely reasonable. After review and brief discussion, Mr. Raybuck made a motion to approve the 2021/22 Administrative Expense Budget as presented, which was seconded by Mr. Flechaus. All Trustees voted yes, and the motion was passed 3-0.

All Plan disclosures may be viewed at: <http://bbffp.org/modules/stateDocs/index.asp>

OPEN DISCUSSION:

None.

ADJOURN:

Meeting adjourned at 10:53 A.M.

Next meeting November 3, 2021, at 9:00 A.M.

DocuSigned by:
Jon Raybuck
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FOR THE BOARD