

City of Boynton Beach Municipal Firefighters Pension Trust Fund

MINUTES

February 2, 2022

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 February 2, 2021, at 9:05 AM.

TRUSTEES PRESENT:

Mr. Jon Raybuck – Chairman; Mr. Stan Cale – Board Secretary; Mr. Conner Flechaus – Trustee; Mr. Christopher Simmons, Trustee. Also, in attendance was Mr. Robert Taylor – Senior Advisor to the Board of Trustees & Mr. Jim Stables – Fire Chief, Ex-Officio.¹

ABSENT:

Ms. Desirae Watler, Board Trustee

OTHERS PRESENT:

Mr. Richard Cristini, CPA²; Mr. Chuck Landers & Ms. Jeanine Bittinger³, 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. Joseph Senseman & Mr. Georgio Salame.

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:

Minutes of November 3, 2021 tabled at the request of Mr. Raybuck.

APPROVAL OF THE WARRANTS:

Warrants 418 through 437 were presented to the Board for approval. After review & consideration a motion was made by Mr. Cale to approve Warrants as presented. The Motion was seconded by Mr. Flechaus. The Motion passed 4-0.

NEW / UNFINISHED BUSINESS:

- a. 175 Audit Report – Mr. Cristini presented his findings for the cited report. It was reported that the city or the state have no audit process in place. Mr. Cristini noted that insurance companies could have a 24-month lag in updating payments to the state. Out of 67,000 addresses throughout the city, Mr. Cristini found 1635 not in the state system and 1309 not in the city system.

¹ Arrived 10:55 AM.

² Attended Remotely.

³ Attended Remotely.

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The city is now working with the state to update accordingly. Mr. Cristini felt city representatives were quite responsive to this matter. Contract cities were also discussed.⁴
It was reported that contract cities were responsible for inputting their data into the state.

Mr. Cristini recommend that the schedule of City addresses⁵ be reconciled to the State's point match system and corrections be made where needed. It is the City's responsibility to record all addresses in the state point match system as only the City knows why an address was recorded or not recorded. The City is also the only one to know if an address should not be in the point match system.

Mr. Levinson suggested a letter be sent to all contract cities asking them to ensure that they are up to date in reporting to the state. By consensus the Board agreed. Mr. Levinson will draft the letter and Mr. Dave Williams will send out accordingly.

In a spirit of continued transparency, the foregoing report may be viewed at:
<http://bbffp.org/docs/announcements/PremiumTaxMoneyReport.pdf#zoom=100>

- b. Partial Permissive Service Purchase – Joseph Senseman – Mr. Raybuck reported that Mr. Senseman requested and received a report from Mr. Strong (Board Actuary) for a partial permissive service credit. 2.819 years were purchased as per Mr. Strong.⁶
- c. AdHoc Benefit Response – Mr. Dave Williams contacted Mr. Strong as a result of an inquiry made at the November 3, 2021 meeting. Mr. Strong replied on November 5, 2021 that there were no excess Chapter 175 funds to pay an AdHoc benefit payment. No further discussion ensued; matter closed.

PRESENTATION OF FINANCIAL STATEMENTS SEPTEMBER 30, 2021

Mr. Chuck Landers & Ms. Jeanine Bittinger and 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, 2021, 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 & Mr. Chuck Landers 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.

⁴ Hypoluxo, Briny Breezes, Gulfstream & Ocean Ridge.

⁵ To include contract cities.

⁶ GRS Letter of November 30, 2021.

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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.

Mr. Chuck Landers & Ms. Jeanine Bittinger 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, 2021, 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 11 basis⁷ points, and as such were considered extremely reasonable by Ms. Jeanine Bittinger and Mr. Chuck Landers. Mr. Simmons asked if there was anyplace to cut costs. Mr. Chuck Landers replied the Plan was operating quite efficiently, that there was a reduction from 2020. Mr. Chuck Landers summation was you get what you pay for and all the providers were doing a great job.

Please continue to next page.

⁷ Reduced from 16 bps in 2020.

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CITY OF BOYNTON BEACH FIREFIGHTERS' PENSION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Receivables:		
DROP loans	\$ 98,247	\$ 136,960
Interest and dividends	136,262	151,164
Other	-	12,939
Total receivables	<u>234,509</u>	<u>301,063</u>
Investments:		
U.S. Government obligations	25,561,050	15,159,286
U.S. Government agency obligations	472,813	-
Domestic corporate obligations	11,135,362	12,410,695
Domestic fixed income investment funds	11,667,032	13,276,631
Domestic stocks	43,236,607	31,524,930
Domestic equity investment funds	29,294,579	33,119,808
Real estate investment funds	8,585,982	7,570,684
International equity investment funds	28,692,647	22,618,202
Temporary investment funds	6,466,977	2,274,896
Total investments	<u>165,113,049</u>	<u>137,955,132</u>
Prepaid expenses	<u>15,130</u>	<u>12,903</u>
Total Assets	<u>165,362,688</u>	<u>138,269,098</u>
Liabilities:		
Accounts payable	160,519	76,904
Accounts payable, broker-dealers	<u>319,024</u>	<u>149,252</u>
Total Liabilities	<u>479,543</u>	<u>226,156</u>
Net Position Restricted for Pensions	<u>\$ 164,883,145</u>	<u>\$ 138,042,942</u>

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CITY OF BOYNTON BEACH FIREFIGHTERS' PENSION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Additions to Net Position Attributed to:		
Contributions:		
Employer	\$ 5,215,363	\$ 4,734,845
Plan members	1,457,370	1,399,951
Plan members, buy-back	32,565	48,832
Rollover to DROP	168,513	327,937
Total contributions	<u>6,873,811</u>	<u>6,511,565</u>
Intergovernmental revenue:		
Chapter 175 state excise tax rebate	995,143	881,763
Total intergovernmental revenue	<u>995,143</u>	<u>881,763</u>
Investment income:		
Net appreciation in fair value of investments	23,457,567	13,836,082
Interest	435,072	324,199
Dividend	2,773,369	2,095,849
Class action settlement	327	-
Total investment income	<u>26,666,335</u>	<u>16,256,130</u>
Less investment expenses	450,151	421,470
Net investment income	<u>26,216,184</u>	<u>15,834,660</u>
Total additions	<u>34,085,138</u>	<u>23,227,988</u>
Deductions from Net Position Attributed to:		
Benefits:		
Age and service	5,942,092	5,634,750
Disability	192,526	164,209
Beneficiary	367,187	342,657
DROP payments	548,886	1,521,789
Refunds	8,017	84,833
Administrative expenses	186,227	229,164
Total deductions	<u>7,244,935</u>	<u>7,977,402</u>
Net Increase in Net Position	26,840,203	15,250,586
Net Position Available for Benefits:		
Beginning of year	<u>138,042,942</u>	<u>122,792,356</u>
End of year	<u>\$ 164,883,145</u>	<u>\$ 138,042,942</u>

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Plan Fiduciary Net Position as a percentage of Total Pension Liability⁸ was valued at 88.64%.

At the conclusion of the presentation of the financial statements and an exchange of questions from the Trustees, a motion was made by Mr. Flechhaus 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>

As a result of the approval of the financial statements, Mr. Dave Williams indicated he and Mr. Raybuck will execute the client representation letter as part of the audit process. Mr. Levinson reviewed and approved for legal content.

Mr. Chuck Landers was questioned about the state report filing. He said his firm had no intention to file annual reports any longer. It was noted that GRS Consulting has filled the void created by Saltmarsh.

Mr. Chuck Landers concluded his attendance by reporting that Ms. Bittinger was retiring from the firm. All present wished her well in the future and thanked her for all her efforts over the years.

INVESTMENT MONITOR'S REPORT:

Mr. West began his presentation by thanking the Board for the opportunity to serve the Fund. As we start 2022, we are 87 team members strong with plans to grow. We are targeting several new positions for the year as we thoughtfully continue to invest in our firm to provide the quality services you expect from AndCo. These talent enhancements cover multiple departments including Research and Client Solutions, which will strengthen our alternative and public market research as well as our client service. We are also looking to add team members to our Consulting, Finance, Marketing, and IT departments.

Mr. West advised that on December 31, 2021 the Fund's value was \$175,715,211, up from \$164,925,693 of September 30, 2021.

Market Review:

Mr. West reported that the US economy faced headwinds from the Omicron variant during the quarter which likely had a negative impact on economic growth. Fortunately, despite higher transmission rates, the variant appears to be less likely to result in hospitalizations or significant health risks.

Even with the variant, the demand for goods and services remained strong during the quarter and market expectations for 4th quarter US GDP growth range from 4% to 7%.

The US labor market is nearing full employment with the unemployment rate falling to 3.9% in December. The pace of job growth slowed during the quarter with a three-month average of roughly +365,000. Despite the continued improvement in the labor market, workers are continuing to leave their employers in record numbers. This condition means the number of jobs available exceeds the number of unemployed workers. As a result, wage growth remains strong as employers compete to fill job openings.

⁸ September 30, 2021.

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Persistently higher inflation readings forced the Fed to announce it was planning to end its bond purchase program earlier than expected. In addition, the Fed's December statement suggested that it could also begin raising short-term interest rates sooner than expected.

Equities: US equities rose to all-time highs during the 4th quarter as investors expressed optimism about future economic growth and continued monetary support from the Fed. Large cap growth was the best performing domestic segment of the equity market relative to other US market capitalizations and styles.

International equities lagged far behind their US counterparts during the 4th quarter. A key contributor to the muted performance was US dollar strength, which rose against both the Euro and Yen developed market currencies and most emerging market currencies. Emerging markets came under pressure as the Chinese property developer Evergrande defaulted during the quarter.

Comparative Performance:

	QTR	FYTD	1 YR	3 YR	5 YR	7 YR	10 YR	Inception	Inception Date
Total Fund (Net)	3.93 (63)	3.93 (63)	13.46 (48)	16.71 (22)	12.45 (11)	10.18 (5)	10.88 (8)	6.86 (57)	01/01/2002
Total Fund Policy	5.30 (14)	5.30 (14)	15.08 (20)	16.34 (27)	11.85 (23)	9.74 (12)	10.51 (15)	7.10 (42)	
Difference	-1.37	-1.37	-1.62	0.37	0.60	0.44	0.37	-0.24	
All Public Plans-Total Fund Median	4.24	4.24	13.28	15.27	11.01	8.64	9.54	6.99	

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

Mr. West proposed a 3% strategic rebalance from bonds to equities. Schroders Core Fixed Income is directed to raise \$3,000,000 for transfer to R&D. Transfer \$5,000,000⁹ from R&D & BUY \$2,500,000 Vanguard 500 Index Fund & BUY \$2,500,000 VANGUARD S&P MID-CAP 400 INDEX. Mr. Flechaus placed the foregoing in a form of a motion made the motion, which was seconded by Mr. Cale. All Trustees voted yes, and the motion was passed 4-0.

Mr. West outlined his recommendation to enter the queue for Intercontinental Real Estate for an additional \$2 million commitment. Mr. Flechaus placed the foregoing in a form of a motion made the motion, which was seconded by Mr. Cale. All Trustees voted yes, and the motion was passed 4-0.

In a spirit of transparency, the Board of Trustees has posted the entire investment review on-line at: <http://bbffp.org/docs/investments/2021-12-31%20Boynton%20Beach%20Firefighters%20Quarterly%20Report.pdf#zoom=100>

Mr. West cited the retirement of Mr. Hapgood from Intercontinental and his replacement with Mr. Tim Nash.

Mr. Flechaus asked about what he perceived as under performance from Anchor Capital. Mr. West cited he can invite the manager to come to a future meeting.

ATTORNEY'S REPORT:

- Mr. Levinson complimented the Board for the action taken for the 175-chapter audit.
- Brief legislative updated provided. Nothing of substance for pension funds.

⁹ 2 million from R&D and 3 million from Schroders Transfer requested.

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PLAN ADMINISTRATOR:

DROP Entry: Mr. Williams presented the drop election options for Mr. Kolesar, Mr. Raybuck and Mr. Brant. After review, Mr. Cale made the motion to approve the foregoing. The motion was seconded by Mr. Flechaus. All Trustees voted yes, and the motion was passed 3-0-1 (Mr. Raybuck abstained – Form 8 Completed.)

OPEN DISCUSSION:

The Boynton Beach Firefighter Benevolent Association is hosting its 16th Annual Fishing Tournament and Chili Cook-off to be held on Saturday, April 23, 2022 at Boat Club Park in Boynton Beach (South of Gateway Blvd. on the east side of Federal Highway). Proceeds from this tournament will benefit the Kiwanis Club of Boynton Beach and the Boynton Beach Firefighter Benevolent Association.

Link:

http://bbffp.org/docs/announcements/bbffp_sponsorLetter_2022.pdf#zoom=100

ADJOURN:

Meeting adjourned at 11:44 A.M.

DocuSigned by:

Jon Raybuck

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FOR THE BOARD