

**MINUTES**  
**REGULAR PENSION BOARD MEETING**  
**CITY OF DELRAY BEACH POLICE OFFICERS' RETIREMENT FUND**  
**SEPTEMBER 20, 2019**

**1. CALL TO ORDER, ROLL CALL**

Chair Weber called the meeting to order at 9:04 a.m.

Board Members present: Chair Paul Weber, Barry Feldman, and Jeffrey Rasor. Board Member(s) absent: James Hoesley. NOTE: There is one (1) vacancy on the Board.

Also present: Board Attorney Janice Rustin (Lewis, Longman & Walker as designated by City Attorney), Investment Consultant Brendon Vavrica (AndCo Consulting), Joseph Mendell (Fiduciary First), and Pension Administrator Lisa Castronovo.

Guests: John Mainville, James Smith

**2. AGENDA ADOPTION**

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to adopt the September 20, 2019 regular Board meeting Agenda. In a voice vote by the members present, **Motion** passed 3-0.

**3. COMMENTS**

a. Public

James Smith, Chair, Delray Beach General Employees' Retirement Plan

b. Board of Trustees of Police Officers' Retirement System

Paul Weber stated he would like to see the Plan move to an "A" grade in the Leroy Collins report by 2030.

c. Active and Retired Members of the Plan

None

**4. CONSENT AGENDA**

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to approve Consent Agenda Items 4.a.-d. In a voice vote by the members present, **Motion** passed 3-0.

**5. REPORTS**

a. Fiduciary First Quarterly Report – Joseph Mendell

Report made part of these Minutes

Mr. Mendell reported that per the Board's direction, in December 2019, ICMA-RC will equitably distribute the Administrative Allowance Account balance as of March 31, 2019 to the DROP participants.

Mr. Mendell reviewed the June 30, 2019 Quarterly Report noting specifically: 1) the majority of the investment funds performed as expected for the quarter, 2) close to 50% of members' funds in the DROP at ICMA-RC were held in cash/cash alternatives but that the majority of those with money in cash were over age 65, and 3) three funds – Fidelity Puritan, Fidelity Diversified International, and Fidelity Select Technology – appeared on the watch list for the first time (Diversified International) or second time (Puritan and Select Technology) in the quarter ended June 30, 2019.

b. AndCo Consulting – Brendon Vavrica

i. Portfolio Performance Review – Quarter End March 31, 2019

Report made part of these Minutes.

Mr. Vavrica presented the Investment Performance Review Report for the quarter ended June 30, 2019 noting that though the Fund did well, the quarter was very volatile with several ups and downs. The Fund's net return was 3.57% for the quarter and 3.34% fiscal year-to-date.

Mr. Vavrica briefly reviewed the presentation Mr. Gilbert Garcia from fixed income manager Garcia, Hamilton & Associates made to the General Employees' Retirement Plan Committee at their August meeting. At that meeting, Mr. Garcia stated his belief that interest rates will remain stable or increase thereby making his current short-term investment decisions correct whereas most other fixed income managers are wrong.

ii. August 2019 Flash Report

Report made part of these Minutes

Mr. Vavrica noted that the markets continued their volatility into July and August which was reflected by the fiscal year return through August at 2.81%. Mr. Vavrica stated that as of the date of the meeting, September 20<sup>th</sup>, it was his hope that the Fund would finish the fiscal year with a net return around 5.0%.

iii. Review Vanguard Fund Balance and Reallocation

Letters made part of these Minutes

Mr. Vavrica reported, and Ms. Castronovo confirmed, that the State Premium Tax of \$836K would be deposited into the Fund's receipts and disbursements ("R&D") account in the next couple of days. Mr. Vavrica recommended that the Premium Tax money stay in the R&D account to pay the October 1, 2019 benefit payments.

Mr. Vavrica reviewed the letter he drafted to Salem Trust instructing them how to disburse the annual contribution from the City that was expected to be deposited in the R&D account on October 1, 2019. Mr. Vavrica recommended retaining \$2.1M in the Vanguard Total Stock Market fund (to cover six months of benefit payments) and to transfer the remaining balance (approximately \$4.84M) as follows: 1) \$250K to Vanguard Mid-Cap Index fund, 2) \$521K to Clarkston Partners, 3) \$482K to Blackrock, 4) \$1.1M to Harding Loevner, 5) \$1.252K to Polen Capital, and 6) \$1.252K to BNY Mellon.

Discussion ensued regarding how the State's Premium Tax money is to be used by the Plan when it is received – to offset the City's required contribution or to reduce the unfunded actuarial accrued liability.

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to adopt both investment directive letters as presented by Mr. Vavrica. In a voice vote by the members present, **Motion** passed 3-0.

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## 6. ADMINISTRATIVE ITEMS

### a. Administrative Expense Budget for 2019-20

This item was taken out of order.

Ms. Castronovo provided a draft Administrative Expense Budget for fiscal year 2019/20 with a proposed budget of \$375,000. Ms. Castronovo explained that after she presented a similar Administrative Expense Budget to the Firefighters' Board of Trustees, they chose a maximum total budget of \$350,000 after determining that the actual expenses for fiscal year end 2019 were considerably less than the established \$350,000 budget for the same year. The actual expenses for the Police Officers' Plan through August 31, 2019 were over \$111, 000 less than the \$350,000 maximum budget set for fiscal year end 2019.

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to adopt an Administrative Expense Budget of \$350,000 for fiscal year end 2020. In a voice vote by the members present, **Motion** passed 3-0.

## 5. REPORTS (continued)

### b. AndCo Consulting, Investment Consultant (continued)

Ms. Castronovo told the Board she provided them a copy of GRS's cashflow analysis and AndCo's Asset Allocation Analysis for their keeping and review since the items would be presented and discussed at the Board's November meeting. Mr. Smith (representing the the General Employees' Retirement Committee) stated he requested GRS to update their cashflow analysis to reflect the actual adopted rate of return for fiscal year end September 30, 2019 and that the City would make its contribution on October 1<sup>st</sup> each year.

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, for Ms. Castronovo to contact GRS to direct them to use in their cashflow analysis the actual rate of return for September 30, 2019 and to base the analysis on the assumption that the City would make its contribution on October 1<sup>st</sup> each year. In a voice vote by the members present, **Motion** passed 3-0.

### c. Lewis, Longman & Walker – Janice Rustin

Ms. Rustin provided a memorandum summarizing the procedures related to disability retirement benefits. Ms. Rustin recommended that the Board adopt a two-step hearing procedure that allows for an initial hearing based on documentary evidence and then a full hearing where the parties present and cross-examine witnesses. Ms. Rustin also recommended that the Board adopt a policy for following up on members who were currently receiving disability retirement benefits from the Plan.

## 6. ADMINISTRATIVE ITEMS

### b. Disability Application – Shannon Sniffen

This item was taken out of order.

Ms. Castronovo presented a memorandum regarding Police Officer Shannon Sniffen's June 10, 2019 duty disability application. Ms. Castronovo stated the Plan required the Board to arrange a physical examination of Ms. Sniffen by a medical board appointed by the Board of Trustees with such medical board to be comprised of at least one physician. Ms. Rustin provided the Board with fee quotes from two physicians.

Ms. Castronovo pointed out that the Plan required that all disability applicants must apply for disability benefits from both Social Security and Workers' Compensation. Ms. Castronovo reported she verified with the City's risk management team that Ms. Sniffen had applied for Workers' Compensation, but that she did not have verification that Ms. Sniffen had applied for Social Security disability benefits.

Lengthy discussion ensued. Topics of discussion included what constituted a disability from the Police Officers' Retirement Plan versus the General Employees' Retirement Plan, what was the projected cost to the Plan to process Ms. Sniffen's application (i.e. physicians' exam fee, cost to acquire Ms. Sniffen's medical records, cost of initial hearing, etc.), who would reach out to the various parties to gather the necessary documents and records, who would comprise the medical board.

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to appoint Dr. Michael Leighton as the medical expert, appoint Ms. Castronovo and Dr. Leighton as the Medical Board members, direct Ms. Rustin to contact Ms. Sniffen's attorney, and to not move forward with processing Ms. Sniffen's application until she demonstrated she had met the minimum application requirements of applying for and diligently pursuing disability benefits from Social Security and Workers' Compensation. In a voice vote by the members present, **Motion** passed 3-0.

**5. REPORTS (continued)**

c. Lewis, Longman & Walker – Janice Rustin (continued)

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to approve the disability hearing procedure. In a voice vote by the members present, **Motion** passed 3-0.

**MOTION** made by Mr. Rasor, seconded by Mr. Feldman, to send a letter every year in October to members receiving disability retirement benefits from the Plan to confirm their continued disability with the requirement that the letter be returned within 60 days from the date of the letter. In a voice vote by the members present, **Motion** passed 3-0.

a. Pension Administrator – Lisa Castronovo

Ms. Castronovo provided two financial items: 1) financial statement of the Retirement System as of March 31, 2019, and 2) a comparison of the 2018-19 administrative expense budget versus actual administrative expenses through August 31, 2019.

Ms. Castronovo told the Board members to let her know if they wanted to attend either the upcoming FPPTA Fall Trustees School or the Division of Retirement's annual Police Officers' and Firefighters' Pension Conference.

**6. ADMINISTRATIVE ITEMS**

b. Miscellaneous Items

Ms. Castronovo requested Board approval for her attendance at the FPPTA Fall Trustees' School with the cost of her attendance to be split evenly with the Police Officers' Board of Trustees.

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**MOTION** made by Mr. Rasor, seconded by Mr. Feldman, to approve Ms. Castronovo's attendance at the FPPTA Fall Trustees' School with the cost of her attendance to be split evenly with the Firefighters' Retirement Plan. In a voice vote by the members present, **Motion** passed 3-0.

Ms. Castronovo directed the Board's attention to the sample Funding Policy she provided in their backup material. The Board agreed they wanted to hear more details about the funding policy and its purpose and instructed Ms. Castronovo to request Jeffrey Amrose to attend the November meeting to explain and answer any questions they may have.

The Board discussed the need to have GRS perform an experience study as was being done for both the General Employees' Retirement Plan and Firefighters' Retirement System.

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to direct GRS to perform an experience study not to exceed the amount quoted in GRS's June 28, 2019 letter to the Firefighters' Board of Trustees for their experience study. In a voice vote by the members present, **Motion** passed 3-0.

#### ADJOURNMENT

**MOTION** made by Mr. Rasor, seconded by Mr. Feldman, to adjourn the meeting. Meeting adjourned at 12:00 p.m.

I, Paul Weber, the undersigned, am the Chairman of the Board of Trustees of the City of Delray Beach Police Officers' Retirement System ("Board"). The information provided herein is the Minutes of the September 20, 2019 regular meeting of said body. These Minutes were formally approved and adopted by the Board on November 20, 2019.

Paul Weber  
Board of Trustees, City of Delray Beach  
Police Officers' Retirement System

NOTE TO THE READER: If the Minutes you have received are not complete as indicated above, this means these are not the official minutes of the Board of Trustees of the City of Delray Beach Police Officers' Retirement System. Minutes will become official Minutes only after they have been reviewed and approved, which may involve some amendments, additions or deletions to the Minutes as set forth above.

NOTE: upon official approval by the Board of Trustees, the Minutes will be posted on the City of Delray Beach website at: [www.delraybeachfl.gov](http://www.delraybeachfl.gov).