

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF DELRAY BEACH POLICE OFFICERS' RETIREMENT FUND  
SEPTEMBER 21, 2022**

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

Chair Weber called the meeting to order at 9:12 a.m.

Board Members present: Chair Paul Weber, Vice-Chair Jim Hoesley, Secretary Jeffrey Rasor, Meer Deen, and Scott Privitera.

Also present: Brendon Vavrica (AndCo Consulting), Pedro Herrera (Sugarman, Susskind, Braswell & Herrera as designated by City Attorney), Lisa Castronovo (City of Delray Beach), and Elizabeth Brown (City of Delray Beach)

Public attendees: Eddie DeMicco, Duane D'Angelo, Lynn Gelin, Vincent Gray, Michael Moschette, Marques Brown, Alan Aronson, Heather Hatch, Shari Hall, Alessandra Rote.

**2. AGENDA ADOPTION**

**MOTION** made by Mr. Hoesley, seconded by Mr. Rasor, to adopt the September 21, 2022 Agenda. In a voice vote by the members present, **Motion** passed 5-0.

**3. FORMAL DISABILITY HEARING**

a. Marques Brown

Mr. Herrera stated the formal disability hearing was new and independent of the initial hearing the trustees heard in the past so the trustees should listen to the information presented as though hearing it for the first time. Mr. Herrera continued stating trustees would have to make one of three motions at the end of the hearing: approve, Ofc. Brown's request for a disability retirement, deny the request, or table a decision to another meeting. If the Board denied Ofc. Brown's application, Ofc. Brown's would be entitled to file an appeal of their decision with the 15<sup>th</sup> judicial circuit court. Mr. Herrera said he was the Board's attorney so the trustees could ask him anything regarding the hearing's procedures.

Ms. Hatch and Mr. Aronson presented the Board's case and Mr. Brown's case, respectively, with opening and closing statements. After the respective presentations, the trustees discussed the case.

**MOTION** made by Mr. Rasor, seconded by Mr. Privitera, to deny Mr. Brown's disability retirement application. In a roll call vote of the trustees, **Motion** passed 5-0.

The meeting paused at 11:05 AM and reconvened at 11:23 AM.

**4. COMMENTS**

a. Public Comments - None

b. Board of Trustees of Police Officers' Retirement System

Mr. Rasor asked Ms. Castronovo the status of the annual disability verification letters. Ms. Castronovo said that per the Board's direction at their June 2022 meeting, she forwarded the completed verification documents to Mr. Herrera for him to render an opinion on whether he felt follow-up independent physician were warranted for any of the retirees. Mr. Herrera stated his opinion that no one required follow-up appointments.

Discussion ensued regarding how to follow up with retirees if the Board or Mr. Herrera thought a disability retiree should be seen by an independent physician. Mr. Herrera said since the Ordinance allows it, the trustees can direct the retiree be seen by an independent physician at any time. If the independent physician selected by the trustees was local, but

the retiree no longer lives in the area, the pension fund would have to pay the retiree's travel expenses. For the annual disability verification purposes, the retirees can have whoever they are seeing to verify their continued disability wherever they are; the verification does not have to take place in Delray Beach, Palm Beach County, or Florida.

Mr. Rasor said he wanted disability retiree Terry Jones seen by an independent, local physician selected by the Board. Mr. Hoesley said that since Mr. Jones lives in Michigan, perhaps he could be seen by an orthopedic doctor at the University of Michigan. Mr. Rasor said he preferred that Mr. Jones be seen by a physician in Florida, preferably near Delray Beach.

**MOTION** made by Mr. Rasor, seconded by Mr. Hoesley, to direct Terry Jones be seen as soon as possible by an orthopedic doctor in the state of Florida by no later than March 21, 2023, with all reasonable travel expenses paid by the pension fund as provided by the Board's Travel Policy. In a voice vote of the members present, **Motion** passed 5-0.

c. Active and Retired Members of the System - None

## 5. CONSENT AGENDA

- a. June 22, 2022 Regular Meeting Minutes
- b. Warrant Ratification (#260)
- c. Warrant Approval (#261)
- d. Ratify/Approve – Refunds/Benefit Enhancements/New Retirement/DROP/Vested/Death Annuities
- e. Administrative Expense Budget for 2022-23

**MOTION** made by Mr. Deen, seconded by Mr. Rasor, to approve the Consent Agenda. In a voice vote by the members present, **Motion** passed 5-0.

## 6. REPORTS

- a. AndCo Consulting – Brendon Vavrica
  - i. Portfolio Performance Review – Quarter End June 30, 2022  
Report made part of these Minutes.  
Mr. Vavrica reported AndCo Consulting was the recipient of the Greenwich Quality Leader Award for mid-sized investment consulting firms. Coalition Greenwich is a global provider of data, analytics, and insights to the financial services industry and provides institutional investors with actionable data to inform their decision-making.  
  
Mr. Vavrica reported the Retirement System's net rate of return for the quarter ended June 30, 2022, was -12.0% compared to its benchmark of -11.8%. For the fiscal year through June 30, 2022, the System's net rate of return was -13.0%. All asset classes performed poorly in the quarter. The Plan's market value decreased from \$134.3M on March 31, 2022, to \$116.2M on June 30, 2022.
  - ii. Flash Report – August 2022  
Report made part of these Minutes.  
For the month ended August 31, 2022, the System's return, net of fees, was -3.6% vs. the benchmark of -2.9%. Fiscal year to date was -10.8% vs. the benchmark of -8.5%. Mr. Vavrica reported specifically 1) Clarkston Partners, active domestic value equities manager, continues to significantly outperform its benchmark while Polen Capital, the active domestic growth equity manager, underperformed, 2) international equities and

emerging markets significantly underperformed, 3) real estate continued with very strong month-to-month returns, and 4) the alternative investments are experiencing very good returns which helps offset underperformance of the traditional asset classes.

iii. Cashflow Projections

Between the State and the City, the System would receive \$8,779,000 in contributions by mid-October. Chair Weber asked Mr. Vavrica if he was nervous about the amount of money the System had lost in recent months. Mr. Vavrica responded he wasn't happy, but he wasn't nervous. Mr. Vavrica noted with the market as depressed as it was, "now" was a good time to be investing the \$8.8M as more assets can be purchased than if the market was at its peak.

Mr. Vavrica stated that since the real estate and alternative investments were on target, he recommended allocating the incoming contributions among the assets currently underweight. The asset most underweight was core fixed income. Mr. Hoesley suggested dollar cost averaging to equity growth to pick up the losses the System had recently incurred and to limit the allocation to fixed income due to its volatility. Mr. Vavrica said the Firefighters' Retirement System Board chose to do dollar cost averaging over a six-month time period and will put money to work on a market value basis. Mr. Hoesley said he wanted to be more aggressive than the Firefighters' Board and place more funds growth equity now, specifically with RhumbLine. Mr. Rasor suggested putting \$2M in core fixed income with the rest of the incoming contributions invested in domestic equity.

**MOTION** made by Mr. Rasor, seconded by Mr. Deen, of the incoming City contribution, leave \$2.0M in cash, transfer \$3.0M to Polen Advisors, \$1.0M to RhumbLine Large Cap Growth Fund, \$1.5M to Mass Mutual Small Cap Opportunities Fund, and \$1.2 to Clarkston Partners Fund. In a voice vote by the members present, **Motion** passed 5-0.

b. Sugarman, Susskind, Braswell & Herrera – Pedro Herrera

i. Gabriel, Roeder, Smith & Company Actuarial Services Contract

Mr. Herrera and Ms. Castronovo explained how the Board's actuarial services contract with Gabriel, Roeder, Smith & Company ("GRS") was due for renewal, and, per the existing contract, the Board could extend the contract for one year if they wished. Ms. Castronovo explained that since the General Employees' Retirement Committee extended their contract with GRS, the Police Board did not have a choice in the matter if they wished to abide by the Safe Harbor Agreement they had in place with the City.

**MOTION** made by Mr. Privitera, seconded by Mr. Rasor, to extend the contract for actuarial services with Gabriel, Roeder, Smith & Company for a year, with the fee not to increase by more than 3% for fiscal year end 2023 over that for fiscal year end 2022. In a voice vote by the members present, **Motion** passed 5-0.

ii. Disability Policy and Procedures

The trustees agreed to give disability retirees sixty days to return their continued-disability documentation that is sent to them annually.

The trustees asked Mr. Herrera what could be done to prevent frivolous disability claims from being filed. Mr. Herrera responded there was not much that could be done since each System member had the right to submit a disability application. If the trustees determine the application was a frivolous claim, then the application could be denied at the initial hearing. Mr. Rasor said he wanted to get the word out to all System members

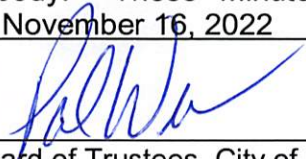
that getting a disability application approved was not easy or guaranteed. Mr. Herrera said he would provide an updated disability policy and procedures. For all on-duty injury-related claims, Mr. Rasor said he wants included in the disability application paperwork the on-duty injury report the officer initially files with the City upon injury.

- c. Pension Administrator  
No report.

## ADJOURNMENT

**MOTION** made by Mr. Hoesley, seconded by Mr. Rason, to adjourn the meeting. Meeting adjourned at 1:16 p.m.

I, Paul Weber, the undersigned, am the Chair 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 21, 2022 regular meeting of said body. These Minutes were formally approved and adopted by the Board on November 16, 2022.

  
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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 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).