

**MINUTES
REGULAR RETIREMENT COMMITTEE MEETING
CITY OF DELRAY BEACH GENERAL EMPLOYEES' RETIREMENT PLAN
FEBRUARY 11, 2021**

1. Call to Order

Chair Ellingsworth called the meeting to order at 1:02 p.m.

Due to the virtual nature of the Board meeting, Chair Ellingsworth read a prepared script. Script made part of these Minutes.

Roll Call

Committee Members present: Chair Howard Ellingsworth, Adam Frankel, Thomas MacManus (joined at 1:12 p.m.), Joanna Oberhofer, and Laura Thezine.

Also present: Pension Administrator Lisa Castronovo and Pension Specialist Elizabeth Brown.

Also present via communication media technology: Board Attorney Janice Rustin (Lewis, Longman & Walker as designated by City Attorney), Investment Consultant Brendon Vavrica (AndCo Consulting), DROP Investment Consultants Jamie Hayes and Matt Dickey (NFP), Pension Administrator Lisa Castronovo, and Pension Specialist Elizabeth Brown.

Guests present via communication media technology: Kelly Brandon, Duncan Tavares

Agenda Adoption

MOTION made by Mr. Frankel, seconded by Ms. Thezine, to adopt the February 11, 2021 Agenda. In a roll call vote of the members, **Motion** passed 4-0.

2. Public Comments

There were no public comments.

3. New Retirement Committee Member Introduction

The Retirement Committee welcomed Ms. Oberhofer.

4. Consent Agenda

- A. November 19, 2020 Regular Meeting Minutes
- B. Fiduciary Liability Insurance for 2021-22
- C. Ratification of Plan Expenses and Termination Refunds
- D. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

MOTION made by Mr. Frankel, seconded by Ms. Thezine, to approve the Consent Agenda. In a roll call vote of the members, **Motion** passed 4-0.

5. NFP Retirement, Inc. December 31, 2020 Quarterly Report – Matt Dickey

Report made part of these Minutes.

Mr. Dickey reviewed the December 31, 2020 quarterly report noting the current fund lineup was strong with a large variety of investment options available to DROP participants from fully passive to fully active strategies and any combination in between. Mr. Dickey said the majority of the DROP participants' assets continued to be in cash or target date funds which was not unexpected in a DROP account.

Mr. Dickey said three funds which had previously been discussed – Fidelity Diversified International, LSV Small Cap Value, and Janus Henderson Small Cap Value T – would be liquidated and moved

to similar, but better performing funds once all required legal documents were completed. Fidelity Diversified International would be moved to MFS International Growth and both LSV Small Cap Value and Janus Henderson Small Cap Value would be moved to American Century Small Cap Value.

6. AndCo Consulting – Brendon Vavrica

A. Portfolio Performance Review – Quarter End December 31, 2020

Report made part of these Minutes.

Mr. Vavrica provided an update on AndCo noting the company had made significant investments in itself in 2020 by adding two new employees to its research team, advancing two employees to partners, and enhancing its company-wide technology.

Turning to investment performance, Mr. Vavrica stated that for all asset classes, the investment performance in calendar year 2020 was remarkable considering how poorly the year started. Of particular note was fixed income's strong 2020 calendar year performance which was atypical considering equity returns were equally as strong in the same timeframe. Actions taken by the federal government in early 2020 and the rollout of vaccines in late 2020 helped the market rebound from the negative returns it experienced at the beginning of the year. Mr. Vavrica noted that in the final quarter of 2020 and for the first time in many quarters, domestic value stocks outperformed domestic growth stocks.

The General Employees' Retirement Plan ("Plan") assets increased from \$140M on September 30, 2020 to \$160M on December 31, 2020. \$3M of the \$20M increase came from the City's annual contribution and the other \$17M came from investment returns. This dollar increase translated into an 12.8% total net fund increase.

B. Flash Report – January 2021 and February 2021 Estimate

There was no January 2021 flash report. Mr. Vavrica stated that the Plan was up about 16.5% through 2/11/2021 with assets of approximately \$166M.

C. Review Near Term Cash Requirements and Possible Asset Rebalancing

Mr. Vavrica stated that there is \$2.3M available as of February 11, 2021, so there was no need to transfer money into the cash account.

7. Legal Items

A. Travel Policy

Ms. Rustin stated that an updated Travel Policy was included in the backup materials and it just required formal adoption.

MOTION made by Mr. MacManus, seconded by Mr. Frankel, to adopt the Travel Policy. In a roll call vote of the members, **Motion** passed 5-0.

B. Overpayment of Survivor Benefits

Ms. Rustin reminded the Committee that survivor death benefits cease once a surviving beneficiary remarries or dies. She then explained how Ms. Castronovo had notified her about a surviving beneficiary who remarried in late 2019 but did not inform the Pension office of such remarriage until January 2021. While Ms. Castronovo immediately ceased the payment of the monthly benefits, it was necessary to now pursue recouping the monthly benefits that were paid November 2019 – January 2021. In addition to recouping the overpaid benefits, Ms. Rustin recommended that such repayment include interest. Ms. Rustin said she was seeking Committee input regarding the interest rate to charge and the time period to recoup the benefits.

Chair Ellingsworth asked if any other city had existing language as to how overpayments should be returned to which Ms. Rustin responded that typically they do and usually the plan's assumed rate of return was the interest charged.

Chair Ellingsworth asked if the Committee had the ability to lien the beneficiary's property or any other legal recourse. Ms. Rustin replied the Committee most likely did not have any legal recourse without going through the courts. Mr. MacManus suggested a repayment period of 20-24 months with Chair Ellingsworth adding that using the Plan's actuarial assumed rate of return (6.75%) was reasonable. The Committee collectively Need to put together a survivor benefit application.

Motion: TM, AF Recoup of overpymt using plan's assumed ror in order to make the plan whole with recoupment period not to exceed 24 months 5-0

MOTION made by Mr. MacManus, seconded by Mr. Frankel, in order to make the Plan whole, recoup the overpayment of survivor benefits using the Plan's actuarial assumed rate of return (6.75%) with the recoupment period not to exceed 24 months. In a roll call vote of the members, **Motion** passed 5-0.

8. PENSION ADMINISTRATOR REPORT

Mr. Vavrica stated that per a discussion with Ms. Castronovo he requested BNYMellon to amend their service contract to have them invoice their quarterly management fee in arrears rather than in advance. Mr. Vavrica stated the change in invoicing methods did not make a difference in the amount the Plan paid but such change was suggested since this one invoice was the only one of all of the manager invoices done in advance rather than arrears.

MOTION made by Mr. Frankel, seconded by Ms. Oberhofer, to adopt BNYMellon's amendment that had them invoice their management fees in arrears rather than in advance. In a roll call vote of the members, **Motion** passed 5-0.

Ms. Castronovo provided a detail of the actual administrative and investment-related expenses for October 1, 2020 through February 4, 2021. Ms. Castronovo reported that the Pension office mailed 326 benefit verification letters of which 216 had been returned.

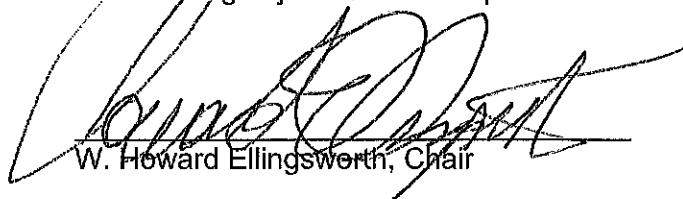
9. OTHER BUSINESS

A. Summary Plan Description

Ms. Castronovo reported that she and Ms. Rustin had worked on updating the summary plan description ("SPD") but neither of them were happy with what they drafted and thus wanted to continue working on it and would present a draft for review at the next Committee meeting.

10. ADJOURNMENT

The meeting adjourned at 2.45 p.m.


W. Howard Ellingsworth, Chair

5/21/2021
Date