

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF DELRAY BEACH EMPLOYEES' RETIREMENT FUND
THURSDAY, SEPTEMBER 13, 2018**

CALL TO ORDER

Chair James Smith called the meeting to order at 2:00 p.m.

1. ROLL CALL

Board Members present: James Smith, William H. Ellingsworth, Kimberly Ferrell, and Thomas MacManus. Chair Smith asked the secretary to record an excused absence for new member Adam Frankel since he had an out of town trip planned before he was appointed to the Committee that he could not change. Also present: Gabriel, Roeder, Smith & Company ("GRS") Actuarial Consultant Jeffrey Amrose (late), AndCo Consultant Brendon Vavrica, City of Delray Beach ("DB") Assistant Finance Director Laura Thezine, DB Treasurer Jeffrey Lowe, DB Assistant City Attorney II Janice Rustin (late), followed by DB Pension Administrator Nancy Graham.

2. INTRODUCTION OF NEW PENSION ADMINISTRATOR, NANCY GRAHAM

James Smith said it was his pleasure to introduce Nancy Graham as the new Pension Administrator. In her remarks to the Board, she stated she has vast experience as a professional actuary/financial analyst ranging from the review of statutory annual statements to financial, investigative and fraud analysis for the Florida Attorney General and Chief Financial Officer. Continuing, she said her experience includes working with actuarial products, such as reserving, pricing, product development and reinsurance. Named outstanding by the Office of the Attorney General, American Correctional Association, Mathematical Association of America, and Society of Actuaries. Scholastically, she has successfully completed accredited exams from both the Casualty Actuarial Society and the Society of Actuaries. Nancy concluded by stating that she attended the American Academy of Actuaries and the Casualty Actuarial Society Casualty Loss Reserve Seminar in 2016.

James Smith added that Nancy Graham's expertise in the actuarial and insurance field are a much, added benefit for the Board. Continuing, he stated that although Nancy Graham did not have the benefit of on-the-job training from the prior Pension Administrator, Nancy is quickly getting up to speed. Her supervisor, Laura Thezine and the other Pension Administrator, Lisa Castronovo, have been extremely helpful in getting Nancy pointed in the right direction. James Smith thanked Kimberly Ferrell for fighting for the two Pension Administrator positions and hiring two good people. In the two months that Nancy Graham has been on board, James Smith said that he has found her eager to learn, take initiative, is responsive to suggestions and requests, and is very competent. He further stated that he hopes that Nancy Graham will be our Pension Administrator for a very long time. Kimberly Ferrell agreed.

3. ELECTION OF SECRETARY

MOTION made by William H. Ellingsworth, seconded by Thomas MacManus, to elect Kimberly Ferrell as the Secretary for the General Employees' Retirement Fund Board of Trustees. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

4. APPROVAL OF THE GENERAL EMPLOYEES' PENSION BOARD AGENDA FOR SEPTEMBER 13, 2018

James Smith handed the gavel to William H. Ellingsworth. Attorney Janice Rustin asked the Board to defer her presentation on the Sunshine Law until the next meeting.

MOTION made by James Smith, seconded by Thomas MacManus, to approve the September 13, 2018, Regular Pension Board Meeting Agenda, with the Sunshine Law presentation deferred to the next meeting. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

5. APPROVAL OF THE GENERAL EMPLOYEES' PENSION BOARD MINUTES

MOTION made by William H. Ellingsworth, seconded by Thomas MacManus, to approve the Regular Pension Board Meeting minutes of June 21, 2018. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

6. COMMENTS FROM THE PUBLIC

None.

7. CONSENT AGENDA

A. Approval of Invoices:

1. Garcia Hamilton & Associates, L.P.	\$11,481.51
2. Gabriel, Roeder, Smith & Company	\$ 8,922.00
3. Gabriel, Roeder, Smith & Company	\$ 2,000.00
4. Garcia Hamilton & Associates, L.P.	\$13,096.21
5. The Boston Company	\$14,566.98
6. AndCo Consulting, LLC	\$ 8,200.55

B. Approval of DROP Retirement(s):

1. Name:	Haskel Davis
Age:	60
Monthly Pension Amount:	\$1,341.22
Benefit Commenced:	July 1, 2018
Benefit Requested:	Ten Year Certain & Life Thereafter Annuity

C. Approval of Deferred Retirement(s):

NONE

D. Approval of Normal Retirement(s):

1. Name:	Karch, Linda
Age:	63
Monthly Pension Amount:	\$ 656.88
Benefit Commenced:	August 1, 2018
Benefit Requested:	100% Joint and Survivor

E. Approval of Termination Refund(s):

1. Gabriel Dormeus (Parks & Recreation)	\$17,592.79
2. Xavier Falconi (Public Works)	\$ 2,089.68
3. Jamal Duncan (Water Sewer)	\$ 1,337.36
4. Michael Canterbury (Ocean Rescue)	\$ 252.92
5. Luis Eduardo Patino (IT)	\$10,812.49
6. Annie McClary (Code Enforcement)	\$ 3,067.50
7. Angela Rose (Code Enforcement)	\$11,346.61
8. Janelle M. Brooks (Finance/Administration)	\$ 4,514.67

F. Approval of Beneficiary Disbursement(s):

1. Eleanor Hickman, beneficiary of Johnny Hickman, in the amount of \$844.02 effective July 1, 2018.

MOTION made by Thomas MacManus, seconded by William H. Ellingsworth, to approve the Consent Agenda. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

8. DELRAY ASSISTANT CITY ATTORNEY

a. REVIEW OF SUNSHINE LAW

Deferred as an agenda item until the next Board of Trustees meeting.

b. CYBER LIABILITY INSURANCE OPINION

Attorney Janice Rustin suggested that we obtain a separate cyber security policy to cover defense.

James Smith suggested that Nancy Graham invite Regina Lucente, the insurance broker for the City of Delray Beach, to our next meeting.

On behalf of the Board, James Smith thanked Attorney Janice Rustin for all her help to the General Employees' Retirement Plan Board of Trustees over the past four years. Also thanking her for being the unsung heroine in the successful split of the Police and Fire retirement plans. As a result of her efforts, along with AndCo Consultant Brendon Vavrica, the Police and Fire pension boards will now save tens of thousands of dollars each year in money management fees.

9. PENSION ADMINISTRATOR REPORT

a. UPDATE ON CURRENT PROJECTS

Nancy Graham discussed the survey conducted regarding general and fiduciary liability coverage of local government agency pension boards/funds. Cybersecurity coverage is also included in the surveys.

James Smith also mentioned that the City of Delray Beach's website will be updated before the next Board meeting in the area of Pension Administration. For instance, the Mission statement needs to be updated as does the comment concerning the Experience Study.

b. REVIEW FUTURE PROJECTS

c. OTHER ITEMS

10. REVIEW PLAN'S PERFORMANCE

a. QUARTER ENDING JUNE 30, 2018

AndCo Consultant Brendon Vavrica discussed the Investment Performance Review for the period ending June 30, 2018.

The domestic equity markets were very strong for the quarter, with the S&P 500 up 3.4%. International stocks had a difficult time given the strong dollar and growth concerns related to tariff/trade war discussions. Interest rates continued to move higher resulting in flat to negative returns for bonds.

The plan assets were \$130,226,996 and all asset classes are within their normal ranges meaning that no rebalancing is needed at this time. For the quarter, the plan returned 2.03% vs 2.04% for the benchmark and placed in the 19th percentile. For the FYTD, the plan has returned 6.58% vs 5.58% and 10.32% vs 8.95% for the 1-year. Most managers were at or above their benchmark returns with the exceptions of Harding Loevner, Westwood, and Blackrock who underperformed for the quarter.

- **MOTION** made by James Smith, to deposit the City's annual payment into Vanguard Total Fund as proposed; seconded by Kimberly Ferrell. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

b. AUGUST FLASH REPORT

Brendon Vavrica reviewed the report and answered the questions asked by the Board.

c. ASSET ALLOCATION REBALANCING, POSSIBLE NEW INVESTMENT(S) AND CASH DISBURSEMENTS

11. REVIEW OF THE PLAN'S OCTOBER 1, 2017 ACTUARIAL VALUATION REPORT

A. REVIEW OF ACTUARIAL VALUATION REPORT (GRS Actuarial Consultant, Jeffrey Amrose ("Amrose"), report made part of these minutes.)

Improvements to the October 1, 2017 Actuarial Valuation Report:

- An explanation has been included as to why the Required Employer Contribution Dollar Amount increased 11.7%, even though there was a 12.8% gain in the market value of current assets.
- The report now provides an estimate of the City Contribution for next year.
- Specifically describe the source of the Unfunded Actuarial Accrued Liability. Furthermore, provide the annual amortization schedule for each year through 2042.

Jeff Amrose reviewed the changes made and answered the questions asked by the Board.

B. CONSIDERATION OF REDUCING THE ASSUMED RATE OF RETURN (GRS Actuarial Consultant, Jeffrey Amrose, report made part of these minutes.)

The Board decided to postpone the Rate of Return discussion and possible action to the meeting scheduled for May 2019. Exhibit 4 is included.

C. DISCUSSION OF THE NEED FOR CONDUCTION AN EXPERIENCE STUDY (GRS Actuarial Consultant, Jeffrey Amrose)

MOTION made by William H. Ellingsworth to have GRS conduct an Experience Study at a cost of \$15,000 noting that it has been 12 years since the last study was done. This was seconded by Thomas MacManus. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

12. SALEM TRUST PRESENTATION (Karen Russo, Senior Vice President and Regional Manager)

The Board confirmed their direction to Salem Trust Company for processing class actions on behalf on the General Employees' Retirement Plan. The Board choose to have Salem Trust provide complete class action service on their behalf. After any claim is settled, CCC will deduct from the monetary award, a current fee equal to 12% of the award. Salem will deposit the net proceeds to the pension plans account.

MOTION made by William H. Ellingsworth to continue to have Salem Trust provide complete action service on behalf of the pension plan. This was seconded by Thomas MacManus. In a voice vote by the members present, all members voted in favor. **Motion** passed 4-0.

13. SUGGESTIONS FOR AGENDA ITEMS FOR NOVEMBER 15, 2018 MEETING

Previously discussed.

14. ADJOURNMENT

MOTION made by Chair James Smith to adjourn the meeting. **Motion** passed 4-0. Meeting adjourned at 4:40 p.m.



Kimberly Ferrell, Secretary



Date