

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF DELRAY BEACH POLICE OFFICERS' RETIREMENT FUND
MAY 12, 2021**

Chair Weber read a prepared script. Script made part of these Minutes.

1. CALL TO ORDER, ROLL CALL

Chair Weber called the meeting to order at 11:00 a.m.

Board Members present via communication media technology: Chair Paul Weber, Vice-Chair Jim Hoesley (departed at 2:12 p.m.), Secretary Jeffrey Rasor, and Scott Privitera. Trustee Meer Deen was absent.

Also present via communication media technology: Board Attorney Janice Rustin (Lewis, Longman & Walker as designated by City Attorney), Scott Porter (Caler, Donten, Levine, Cohen, Porter & Veil, P.A.), Jeffrey Amrose (Gabriel, Roeder, Smith & Company), Brendon Vavrica (AndCo Consulting), and Pension Administrator Lisa Castronovo.

Guests present via communication media technology: John Lege, John Mainville

2. AGENDA ADOPTION

MOTION made by Mr. Hoesley, seconded by Mr. Rasor, to adopt the May 11, 2021 Agenda. In a roll call vote of the members, **Motion** passed 4-0.

3. COMMENTS

- a. Public
None
- b. Board of Trustees of Police Officers' Retirement System
None
- c. Active and Retired Members of the Plan
None

4. CONSENT AGENDA

- a. February 17, 2021 Regular Meeting Minutes
- b. Warrant Ratification (#247)
- c. Warrant Approval (#248)
- d. Ratify/Approve – Refunds/Benefit Enhancements/New Retirement/DROP/Vested/Death Annuities

MOTION made by Mr. Hoesley, seconded by Mr. Rasor, to approve Consent Agenda Items 4.a.-d. In a roll call vote of the members, **Motion** passed 4-0.

5. REPORTS

- a. AndCo Consulting – Brendon Vavrica
 - i. Portfolio Performance Review – Quarter End March 31, 2021
Report made part of these Minutes.

Mr. Vavrica reported the System's net rate of return for quarter ended March 31, 2021, was 4.07% compared to its benchmark of 2.47%. For the fiscal year through March 31, 2021, the System's rate of return was 15.91% with all asset classes performing well. The System's market value increased from \$126.4M on December 31, 2020, to \$129.4M on March 31, 2021.

Mr. Vavrica noted that large cap equity manager Boston/BNY Mellon had come back strong after a bit of underperformance in 2020 and that Polen Capital was doing okay by slightly outperforming their respective benchmark since their inception in early 2019. Mr. Vavrica reminded the trustees that even though Polen was behind its benchmark for the year it was not unexpected as they were a conservative manager and as such would slightly underperform in high growth quarters but outperform in sideways or down quarters. Mr. Hoesley asked Mr. Vavrica to look more closely at Polen Capital and Clarkston Partners due to their recent underperformance. Mr. Vavrica replied that Clarkston Partners, like Polen Capital, was selected by the Board for their defensive investment strategy that would outperform in down markets while they would lag somewhat in up markets. Since inception in early 2018, Clarkston Partners outperformed its benchmark 13.1% vs. 9.1%.

ii. Flash Report – April 2021

Due to the timing of the Board meeting, Mr. Vavrica did not have a flash report to present, but he reported the System's market value was 4.12% higher (approximately \$5M) on May 10, 2021 than it was on March 31, 2021.

iii. Value Equity Managers Review & Discussion

Report made part of these Minutes

Mr. Vavrica presented information on five large cap equity value investment managers: Brandywine Global Investment Management, Dodge & Cox, MFS Investment Management, Vanguard Group (subadvisor Wellington Management) and existing manager Mellon Investments Corporation. Mr. Vavrica stated that though Mellon had struggled for a few quarters in 2019, it had outperformed its respective benchmark over the last several quarters. He agreed that of the five managers presented, Mellon was the lowest performer. Mr. Vavrica stated that both Mellon and Dodge & Cox were high-octane managers meaning they do very well in up markets, but also can do poorly in down markets as they are not very defensive. Of the five managers, Vanguard Group was the most defensive with Brandywine and MFS in between Mellon and Vanguard.

Mr. Hoesley asked Mr. Vavrica if he recommended changing from Mellon to one of the other four managers. Mr. Vavrica stated Mellon was a strong manager, but that the ride with Brandywine would likely be smoother though they would not capture the up-market as well as Mellon. Mr. Vavrica added that Mellon outperformed their benchmark through all of the trailing periods so from that metric they were doing very well, though they did take more risk. Mr. Vavrica said the question before the trustees was whether they wanted more down-side protection than what Mellon could provide.

Mr. Hoesley said he did not like the fact that Mellon had not been in the top quartile for several quarters which was where he believed all of the Fund's managers should be. Mr. Hoesley pointed out that Brandywine ranked fairly high in each trailing period without taking as much risk as Mellon and their fees were less than Mellon's. Mr. Hoesley stated he wanted to keep a large cap value manager and Mellon was okay, but he would like to switch to Brandywine.

MOTION made by Mr. Hoesley, seconded by Mr. Razor, to get a contract in place with Brandywine and transfer the monies held at Mellon to Brandywine once the contract was signed. If there was a problem getting a contract in place with Brandywine, hold off transferring any funds out of Mellon until further discussion at the next quarterly meeting. In a roll call vote of the members, **Motion** passed 4-0.

iv. Emerging Markets Equity Review & Discussion

Report made part of these Minutes

Mr. Vavrica presented information on four emerging markets equity investment managers: ABS Investment Management, RBC Global Asset Management, Wellington Management, and Wells Fargo Asset Management. Mr. Vavrica noted that emerging markets was the most volatile of all equity asset classes. Mr. Vavrica stated that Wellington and Wells Fargo were high-octane managers while ABS and RBC were both lower risk managers. Mr. Vavrica said one thing of interest was that ABS hired outside managers to manage their fund making them a bit more administratively cumbersome to work with.

Mr. Vavrica stated that any investment in emerging markets would be a new asset allocation for the Fund since the Fund was invested in emerging markets only through its investments with international equity manager Harding Loevner. Mr. Vavrica warned that the emerging markets equity asset class typically was the poorest performer of all equity classes since it was the most volatile.

Mr. Hoesley asked Mr. Vavrica from where would funding for emerging markets equity come. Mr. Vavrica recommended taking most of it from the current fifteen percent (15%) allocation to international equity and 1-2% from domestic equity. Mr. Hoesley said he would like to invest about \$4M in emerging markets with the funds coming from mostly from Harding Loevner and some from Fidelity mid-cap domestic equity. Mr. Vavrica said the entire amount could come from Harding Loevner which was at its target allocation of 15%. Discussion ensued.

MOTION made by Mr. Hoesley, seconded by Mr. Rasor, to allocate four percent (4.0%) of the total fund to emerging markets equity with three percent (3.0%) coming from international equity (Harding Loevner) and one percent (1.0%) from domestic equity (Fidelity Total Fund). In a roll call vote of the members, **Motion** passed 4-0.

v. Real Estate Diversification Review & Discussion

Report made part of these Minutes

Mr. Vavrica reported that based on the Trustees' decision made at the February 2021 Board meeting, \$620K had already been redeemed from American Core Realty and invested in a REIT.

Mr. Vavrica presented information on Carlyle Investment Management and Harrison Street Real Estate Capital who offer open-end real estate funds like that offered by American Realty. Though both funds were structured similarly to American Realty, neither fund had exposure to office space. Like American Realty, both would make capital calls when they were ready to invest it, which could take two to four quarters after a contract was signed.

Mr. Vavrica explained that REITs have a higher correlation to equity markets than open-end funds do but in the long-run, both open-end funds and REITs end up with similar rates of return. Mr. Vavrica recommended against moving money from American Realty, an open-end fund, to a REIT as a long-term investment. The only time he would recommend a REIT investment was if the money coming in was coming from an equity asset.

Mr. Hoesley asked Mr. Vavrica from where would funds come to invest in a new open-end fund. Mr. Vavrica stated that since he was comfortable with a ten percent (10%) allocation

to real estate, but the current real estate allocation was only 6.3%, monies to fund either Carlyle or Harrison Street would come from American Realty as it was redeemed with additional funds coming from domestic equity since the Fund was overweight in that asset class. Mr. Hoesley said he was comfortable with a \$5M investment in a new open-end fund. Chair Weber said he was concerned about how Harrison Street had dipped over the past couple of years. Mr. Rasor said he liked Carlyle Investment Management as it was more evenly spread across the board.

MOTION made by Mr. Hoesley, seconded by Mr. Rasor, to allocate \$5 million to Carlyle Investment Management from the Fidelity REIT as it becomes available with the other needed funds to come from the System's overweight position in domestic equity with the Chair's approval upon advisement of the investment consultant. In a roll call vote of the members, **Motion** passed 4-0.

vi. Investment Policy Update

Mr. Vavrica recommended increasing domestic equity target allocation to 49%, increasing the target allocation for international equity to 16% with a 12% allocation to the existing international allocation and a new 4% allocation to emerging markets, and leave the real estate allocation at 10%.

MOTION made by Mr. Rasor, seconded by Mr. Hoesley, to increase domestic equity target allocation to 49%, increase international equity target allocation to 16% (with 12% allocation to existing international allocation and new 4% allocation to emerging markets), and leave real estate allocation at 10%. In a roll call vote of the members, **Motion** passed 4-0.

b. Gabriel, Roeder, Smith & Company ("GRS") – Jeffrey Amrose

i. October 1, 2020 Actuarial Valuation Report
Report made part of these Minutes

Highlights of the October 1, 2020 Actuarial Valuation Report:

- The City's required contribution increased from \$8,325,653 for the 2020-21 fiscal year to \$8,416,213 for the 2021-22 fiscal year, an increase of \$90,560 and 3.43% as a percent of payroll. The components accounting for the change in the required contribution were a \$295,000 increase in the amortization payment on the Unfunded Actuarial Accrued Liability and a \$205,000 decrease in the Normal Cost.
- If the City wished to pay the 2021-22 required contribution on October 1, 2021, the first day of the fiscal year as done in the past, the contribution would be \$8,119,171.
- There were no benefit or actuarial assumption revisions.
- The plan experienced a net actuarial loss of \$1,956,000 for the year meaning actual experience was less favorable than anticipated. The loss was due primarily to more retirements and fewer withdrawals than expected. The losses were slightly offset by a small investment gain (6.8% compared to 6.75% expected).
- The funded ratio on October 1, 2020 was 63.6% compared to 62.2% on October 1, 2019.
- The market value of assets exceeded the actuarial value of assets by \$412,000. The excess would gradually be recognized over subsequent years resulting in decreased required contributions.
- The estimated required City contribution for fiscal year end 2023 is \$8,650,000 assuming a 5.67% increase in total covered payroll and no gains, losses, or assumption changes.

Mr. Hoesley asked Mr. Amrose for his opinion on the City issuing a pension bond obligation. Mr. Amrose said he had seen bond obligations work really well but also had seen them fail miserably. Mr. Amrose added that if the returns were not there, bond obligations were not worth it. If the City had issued them ten years ago, it would have been a good move, but if it had done it three – four years ago, everyone would be very upset right now.

Mr. Amrose concluded the actuarial valuation presentation by stating in his opinion the trustees had done a good job adjusting the actuarial assumptions to help even out future actuarial gains and losses with the result of such adjustments showing up this year with a more reasonable increase in the required contribution from last year to this year.

MOTION made by Mr. Razor, seconded by Mr. Hoesley, to accept the October 1, 2020 Actuarial Valuation Report. In a roll call vote of the members, **Motion** passed 4-0.

MOTION made by Mr. Privitera, seconded by Mr. Hoesley, to adopt a rate of return of 6.75% for this year and the next several years. In a roll call vote of the members, **Motion** passed 4-0.

Mr. Amrose reported that his team had completed programming the System's benefit provisions into the new pension administration software and was currently working with Ms. Castronovo on extracting the member data. Once the member data was uploaded, they would start testing the system and benefit estimator.

c. Caler, Donten, Levine, Cohen, Porter & Veil

i. September 30, 2020 Audit Report

Report made part of these Minutes

Mr. Porter reviewed the draft September 30, 2020 Audited Financial Statement report emphasizing that the auditor's opinion was "unmodified" which was the best opinion that can be issued. Upon the completion of his report overview, Mr. Porter stated there were no material weaknesses, significant deficiencies, or non-compliance issues.

MOTION made by Mr. Hoesley, seconded by Mr. Privitera, to accept the September 30, 2020 Audit Report. In a roll call vote of the members, **Motion** passed 4-0.

d. 2020 Annual State Report – Lisa Castronovo

Report made part of these Minutes

Ms. Castronovo stated she needed Board approval to submit the 2020 Annual State Report to the Florida State Division of Retirement now that the September 30, 2020 Audit Report was accepted. Ms. Castronovo said she was comfortable with the information contained in the 2020 Annual Report and that it had been reviewed by Scott Porter and his team at Caler, Donten, Levine. Ms. Castronovo reminded the Board the State uses the information provided in the annual report to issue Chapter 185 premium tax distributions.

MOTION made by Mr. Razor, seconded by Mr. Hoesley, that the information provided for the 2020 State Report had been reviewed by the Board and was approved to be submitted to the State. In a roll call vote of the members, **Motion** passed 4-0.

e. Lewis, Longman & Walker – Janice Rustin

Ms. Rustin reminded the trustees that they have to file their financial information with the State by June 30, 2021.

Ms. Rustin reported that everything needed for the Board to consider Michael Barbire's disability application was ready, she was waiting for the independent physician's report for Marques Brown after which everything for the Board to consider his disability application would be ready, and Christine Suarez was scheduled to see the Board-selected independent clinical psychologist the following week.

f. Pension Administrator's Report – Lisa Castronovo

Ms. Castronovo: 1) provided the trustees with the financial statement of the Retirement System as of September 30, 2020 and with the 2020-21 administrative expense budget versus actual expenses through May 5, 2021; 2) directed the trustees to the Agenda backup material where they could find NFP's March 31, 2021 Executive Summary of the DROP; 3) reported that all 139 benefit verification letters had been returned so she did not suspend any retirees' or beneficiaries' benefits; 4) requested the Board to share the cost for Pension Specialist Elizabeth Brown to acquire her notary certification and for herself to attend FPPTA's 37th Annual Conference in Orlando in late June 2021.

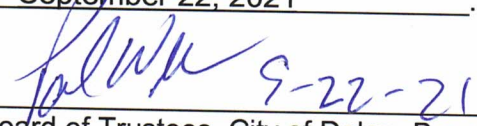
MOTION made by Mr. Privitera, seconded by Mr. Rasor, for Ms. Castronovo to attend FPPTA's 37th Annual Conference if the City started letting City employees attend conferences that required overnight stays. In a roll call vote of the members, **Motion** passed 3-0.

MOTION made by Mr. Privitera, seconded by Mr. Rasor, to share the cost with the City's two other pension plans for Ms. Brown to acquire a notary certification. In a roll call vote of the members, **Motion** passed 3-0.

ADJOURNMENT

MOTION made by Mr. Privitera, seconded by Mr. Deen, to adjourn the meeting. Meeting adjourned at 2:27 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 May 12, 2021 regular meeting of said body. These Minutes were formally approved and adopted by the Board on September 22, 2021.


9-22-21
Board of Trustees, City of Delray Beach
Police Officers' Retirement System

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**MINUTES
SPECIAL BOARD MEETING
CITY OF DELRAY BEACH POLICE OFFICERS' RETIREMENT SYSTEM
THURSDAY, MAY 20, 2021**

1. Call to Order, Roll Call

Chair Weber called the meeting to order at 9:07 a.m.

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

Also present: Board Attorney Janice Rustin (Lewis, Longman & Walker as designated by City Attorney) and Pension Administrator Lisa Castronovo.

Guests present: Michael Barbire, Marques Brown, Vincent Gray, Michael Moschette, Eddie DeMicco.

2. Agenda Adoption

MOTION made by Mr. Privitera, seconded by Mr. Rasor, to adopt the May 20, 2021 Agenda. In a voice vote of the members present, **Motion** passed 5-0.

3. Comments

a. Public Comments

None

b. Board of Trustees of Police Officers' Retirement System

None

c. Active and Retired Members of the System

None

4. Initial Disability Hearings

Ms. Rustin reviewed the general ground rules for initial disability hearings informing them that since only four of the five trustees were present, three of the four must approve or deny the disability application. Further, the trustees needed to remember that workers' compensation requirements were different than pension disability requirements and thus the trustees did not have to base their pension disability decision on anything determined or awarded by workers' compensation. Both disability applications before the Board were for line-of-duty disabilities. Finally, the date of disability could be the date of the initial hearing, the date of the injury, the date when sick and vacation pay were exhausted, or the date it was determined the officer could no longer do his job.

a. Michael Barbire

Mr. Barbire addressed the Board and explained that the probability of his recovery from his disability was slim with the prognosis that it likely would get worse. Mr. Barbire stated he likely could shoot a gun but probably would fail the defensive tactics training classes that were required to stay employed by the City as a police officer. Mr. Barbire concluded by stating he did not want to give up his career especially considering he recently had been promoted to detective.

Ms. Rustin said the independent physician's opinion was that the stroke suffered by Mr. Barbire most likely happened due to hardening of the arteries which would in turn be covered by the Florida's Heart and Lung Bill.

When asked by Mr. Privitera when and where the stroke occurred, Mr. Barbire said it was on an airplane in flight on June 11, 2019. Mr. Barbire explained that about two weeks before the flight, he had a weightlifting incident in which he felt a pop in his hip but after which he had no residual pain. When asked how the doctor linked the two incidents, Mr. Barbire stated the doctor did so based on all submitted evidence. The City's Risk Manager Eddie DeMicco said there was enough evidence for Risk Management to link the stroke and the weightlifting incident and make Mr. Barbire's worker's compensation claim compensable.

Mr. Barbire continued his summary of the stroke stating that prior to it he had been a regular smoker, but since the stroke occurred, he stopped smoking, was eating right and exercising regularly, which he intended to do for the rest of his life. He said his prognosis for recovery was not good with the neuropathy expected to only get worse. Mr. Barbire stated the doctors had not suggested any operation or corrective procedures other than possibly attaching an electrode to his spinal cord, which he was not sure he wanted to try since the procedure would be experimental with no guarantee of relief.

Chair Weber asked how was the Board to make the distinction between a line of duty and a non-line of duty disability. Mr. Barbire said that since the City had made his worker's compensation claim compensable, he was pursuing a line of duty disability retirement under the pension plan. Mr. Barbire added that it had been proven that he had hardening of the arteries with ortho-sclerosis in place, though undetected, before the weightlifting incident and stroke.

Ms. Rustin reminded the Trustees that just because the City found Mr. Barbire's disability to be in the line of duty for worker's compensation, such decision was not binding on them. Ms. Rustin also reminded the Trustees that they could grant Mr. Barbire a disability benefit if they found him to be totally and permanently disabled. She added that the independent physician hired by the Board said that Mr. Barbire was totally and permanently disabled under Florida's Heart and Lung Bill.

MOTION made by Mr. Privitera, seconded by Mr. Rasor, that Mr. Barbire satisfied the conditions of the disability application as required by Ordinance Section 33.64(E)(2) and thus his application was proper. In a voice vote by the members present, **Motion** passed 4-0.

Per Ordinance Section 33.62(E)(1), disability is as "an injury, disease or condition which totally and permanently incapacitates a member, either physically or mentally, from his regular and continuous duty as a police officer." Further, the minimum standard under Section 185.18(2), Florida Statutes, provides that a police officer is considered totally and permanently disabled if he or she is wholly prevented from rendering useful and efficient service as a police officer and is likely to remain so disabled continuously and permanently. In general, the rule of thumb is that if, as a result of injury, an officer cannot perform those actions required to be certified as a police officer, he or she is most likely disabled.

MOTION made by Mr. Deen, seconded by Mr. Privitera, that Mr. Barbire satisfied the definition of disability as defined in Ordinance Section 33.62(E)(1) and Section 185.18(2), Florida Statutes. In a voice vote by the members present, **Motion** passed 4-0.

MOTION made by Mr. Deen, seconded by Mr. Rasor, that Mr. Barbire's disability was a service incurred disability. In a voice vote by the members present, **Motion** passed 4-0.

MOTION made by Mr. Privitera, seconded by Mr. Deen, to approve Mr. Barbire's disability application. In a voice vote by the members present, **Motion** passed 4-0.

Pursuant to Ordinance Section 33.62(E)(4), the date of disability may be the date of injury causing the disability, the date when the member can no longer perform his or her regular and continuous duties, the date when his sick pay and vacation pay are exhausted, or such other date as determined by the Board.

MOTION made by Mr. Razor, seconded by Mr. Deen, that Mr. Barbire's disability date for benefit purposes was May 20, 2021, with the monthly disability benefit to start June 1, 2021. In a voice vote by the members present, **Motion** passed 4-0.

b. Marques Brown

On Officer Marques Brown's behalf, Police Lt. Vincent Gray summarized his disability application. Lt. Gray explained that Officer Brown's medical reports clearly showed his injury was duty-related due to an incident on December 21, 2018. On that date, while scaling a wall, Officer Brown injured his knee, finding out in 2019 that he had suffered a posterior meniscus tear requiring surgery. Since the date of the injury, doctors determined Officer Brown could no longer perform all his duties as a police officer. Officer Brown was at 10% maximum medical improvement (MMI). Officer Brown's worker's compensation doctor reported Officer Brown was no longer able to pursue suspects, get in and out of cars, do heavy lifting, and many of the other duties required of police officers.

When asked, Officer Brown said meniscus tear surgery was not successful and that he was told as he was being released after the surgery that his knee was pretty bad and he would not be able to run normally again for pleasure, but he could run if he had to for work. When asked by Mr. Razor what he did after the surgery knowing it wasn't successful, Officer Brown replied he went to physical therapy and received steroid injections. Mr. Razor noted that Officer Brown did not seek medical services immediately after the injury. Officer Brown said he initially thought the injury was a sprain thus explaining the delay. He did not have the surgery until December 2019. After the surgery, he was out of work for three months. Upon returning to work, he was assigned sedentary duty. Officer Brown said that at no point was a second surgery recommended. Officer Brown concluded by stating a follow-up MRI in June 2020 showed the meniscus tear was still present indicating the first surgery did not repair it.

Risk Manager DeMicco said there was concern in his office about the competency of the first surgeon. Both the City's worker's compensation attorneys and Officer Brown's attorneys were negotiating if the pain Officer Brown continued to experience was due to arthritis or the result of a bad surgery.

Chair Weber said he would like to see more information regarding the surgery and all follow-up visits, procedures, scans, MRI's in order to be able to make a fully educated decision in this case. Mr. Razor asked if a motion could be made to table Officer Brown's initial disability hearing until all information mentioned by Chair Weber was provided to the Board's independent physician (who had stated that he would like to see more detailed reports). Ms. Rustin reminded the Trustees they could deny the application sending the application to a formal hearing at which more evidence could be presented or they could table the initial hearing until all information had been thoroughly reviewed by the Board's independent physician and presented to the Board.

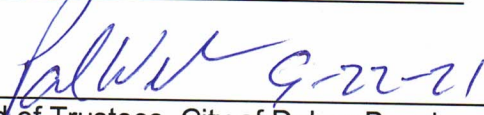
Discussion ensued. The Trustees voiced their collective concern that Officer Brown had an MRI in June 2020 that showed the tear was not repaired but that Officer Brown had only found out the results of that MRI in the last couple of months.

MOTION made by Mr. Privitera, seconded by Mr. Rasor, to table Officer Brown's initial disability hearing until after the films and corresponding medical reports from Officer Brown's January 2019 MRI and June 2020 MRI were provided to the Board's independent physician along with a new MRI (to be paid for by the Retirement System) for the independent physician to thoroughly review and provide an updated report. In a voice vote by the members present, **Motion** passed 4-0.

ADJOURNMENT

MOTION made by Mr. Privitera, seconded by Mr. Deen, to adjourn the meeting. Meeting adjourned at 11:55 a.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 May 20, 2021 special meeting of said body. These Minutes were formally approved and adopted by the Board on September 22, 2021.



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

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MINUTES
SPECIAL PENSION BOARD MEETING
CITY OF DELRAY BEACH POLICE OFFICERS' RETIREMENT FUND
JULY 15, 2021

1. CALL TO ORDER, ROLL CALL

Chair Weber called the meeting to order at 8:34 a.m.

Board Members present: Chair Paul Weber, Vice-Chair Jim Hoesley (via telephone; joined at 8:37 a.m.), Secretary Jeffrey Rasor, Meer Deen (via telephone), and Scott Privitera.

Also present: Board Attorney Janice Rustin (Lewis, Longman & Walker as designated by City Attorney) and Pension Administrator Lisa Castronovo.

Guests: John Mainville, Gene Sapino

2. AGENDA ADOPTION

MOTION made by Mr. Privitera, seconded by Mr. Rasor, to adopt the July 15, 2021 Agenda. In a voice vote of the members present, **Motion** passed 4-0.

3. MAXIMUM BENEFITS

Ms. Rustin stated the reason for the special Board meeting was for the trustees determine the definition and interpretation of "annual starting benefit" as used in Ordinance Section 33.62 (*Benefit Amounts and Eligibility*). Ms. Rustin said when Gabriel, Roeder, Smith & Company ("GRS"), the System's actuaries, do their benefit calculations, they interpret "annual starting benefit" to be the same as "Normal Retirement Benefit" meaning the maximum \$108,000 annual benefit limit was applied to the Normal Retirement Benefit as calculated per Sections 33.62(B)(2) and 33.62(B)(4). Ms. Rustin said she understood that many police officers believed the \$108,000 maximum annual benefit applied to whichever benefit option the retiree selected (which was the "annual starting benefit"), not the Normal Retirement Benefit as calculated per Sections 33.62(B)(2) and 33.62(B)(4).

When Mr. Privitera asked what documentation provided the definition of normal retirement benefit and how it was calculated, Ms. Castronovo provided a summary of the various Ordinance provisions that defined normal retirement benefit and how it was calculated. Ms. Castronovo said the whole idea of the Ordinance providing how the normal retirement benefit is calculated is so that such benefit is "defined" at any point in time and that it is not a moving target subject to change based on who a member selects as their beneficiary. She added that if "annual starting benefit" was interpreted to mean whatever the optional form of benefit the member selects, it would open the plan up to manipulation. She stated that she, Jeff Amrose with GRS and legal were in agreement on how the maximum benefit limit was supposed to apply to the normal retirement benefit (calculated as applicable multiplier times final average earnings times total months and years of service) not to the actuarial equivalent optional benefit based on the normal benefit. Ms. Castronovo explained actuarial equivalence and how it is applied to the normal retirement benefit.

Lengthy discussion ensued. Mr. Rasor said that whatever was decided on what the maximum limit applied, such interpretation should apply to each and every officer who retires in the future. Mr. Rasor said it was his understanding that the maximum limit applied to whatever optional form of benefit selected by the member, not the Normal Retirement Benefit. Mr. Deen said he thought the maximum limit should be applied at the Normal Retirement Benefit calculation level, not at the optional form of benefit level. Chair Weber said some officers had made their retirement decision based on the understanding that the maximum limit was applied to the optional form of benefit, not the Normal Retirement Benefit. The trustees discussed how the issue could be addressed and clarified through upcoming collective bargaining negotiations.

Discussion turned to the officer immediately affected by the interpretation and implementation of "annual starting benefit." Ms. Rustin told the trustees they could allow the officer to retroactively enter the DROP on the date his Normal Retirement Benefit reached the maximum benefit limit (with the Plan to contribute to his DROP account the interest and earnings he would have received if he had entered the DROP on that earlier retroactive date). Alternatively, the trustees could interpret the provision however they best saw fit and then let the issue be addressed in upcoming collective bargaining negotiations.

Chair Weber asked Assistant Police Chief Gene Sapino to join the meeting. When asked if he would consider entering the DROP retroactively on the date the Normal Retirement Benefit reached \$108,000, Chief Sapino was not agreeable. Chief Sapino said he made his retirement date decision based on information provided by the City and since such information did not indicate the Normal Retirement Benefit would be limited to \$108,000, he assumed the limit would apply to the optional forms of benefits. He continued that based on this assumption, he waited to enter the DROP until such date his desired optional form of benefit met the \$108,000 limit. Mr. Sapino said he felt it was wrong the Board was now meeting to discuss the maximum benefit limit issue based on his benefit calculation when prior to his calculation everyone seemed to agree prior to his calculation being done that the limit applied to whichever benefit option he selected, not the Normal Retirement Benefit.

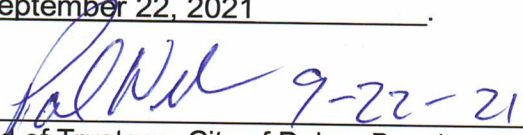
MOTION made by Mr. Privitera, seconded by Mr. Hoesley, that effective July 15, 2021, the maximum benefit limit of \$108,000 will apply to the Normal Retirement Benefit as calculated per Code of Ordinances Section 33.62. In a roll call vote of the members, **Motion** passed 4-1 (Mr. Rasor voted "no").

MOTION made by Mr. Rasor, seconded by Mr. Privitera, that for all retirements prior to July 15, 2021, the maximum benefit limit of \$108,000 will apply to the optional form of benefit as selected by the retiree. In a roll call vote of the members, **Motion** passed 4-1 (Mr. Deen voted "no").

ADJOURNMENT

MOTION made by Mr. Privitera, seconded by Mr. Rasor, to adjourn the meeting. Meeting adjourned at 9:32 a.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 July 15, 2021 special meeting of said body. These Minutes were formally approved and adopted by the Board on September 22, 2021.


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 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.