

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF DELRAY BEACH POLICE OFFICERS' RETIREMENT FUND  
NOVEMBER 18, 2020**

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

Chair Weber called the meeting to order at 9:02 a.m.

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

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

Guests present via communication media technology: John Mainville, Marie Kalka

**2. AGENDA ADOPTION**

**MOTION** made by Mr. Privitera, seconded by Mr. Rasor, to adopt the November 18, 2020 Agenda. In a voice vote by the members, **Motion** passed 5-0.

**3. COMMENTS**

- a. Public  
None
- b. Active and Retired Members of the Plan  
None
- c. Board of Trustees of Police Officers' Retirement System  
Chair Weber resigned his position from the Board.

**4. ADMINISTRATIVE ITEMS**

- a. Selection of Fifth Board Member

**MOTION** made by Mr. Hoesley, seconded by Mr. Privitera, to select Paul Weber as the Board of Trustees' fifth member. In a voice vote by the members, **Motion** passed 4-0.

- b. Annual Board Officers' Election

**MOTION** made by Mr. Privitera, seconded by Mr. Rasor, for Paul Weber to serve as Board Chairperson. In a voice vote by the members present, **Motion** passed 5-0.

**MOTION** made by Mr. Weber, seconded by Mr. Rasor, for Jim Hoesley to serve as Board Vice-Chairperson. In a voice vote by the members present, **Motion** passed 5-0.

**MOTION** made by Mr. Privitera, seconded by Mr. Deen, for Jeffrey Rasor to serve as Board Secretary. In a voice vote by the members present, **Motion** passed 5-0.

- c. 2021 Board Meeting Schedule

The Trustees discussed the proposed dates and changed two meeting dates.

**MOTION** made by Mr. Rasor, seconded by Mr. Deen, to adopt the 2021 quarterly Board meeting schedule. In a voice vote by the members present, **Motion** passed 5-0.

- d. Administrative Expense Budget for 2020-21

Ms. Castronovo provided a draft Administrative Expense Budget for fiscal year 2020-21 with a proposed budget of \$350,000. The actual expenses for the Police Officers' Plan

through September 30, 2020 was \$227,000 versus the \$350,000 maximum budget set for fiscal year end 2020.

**MOTION** made by Mr. Razor, seconded by Mr. Hoesley, to adopt an Administrative Expense Budget of \$350,000 for fiscal year end 2021. In a voice vote by the members present, **Motion** passed 5-0.

e. Paperless Meetings & Electronic Devices

Ms. Castronovo told the Board that the General Employees' Retirement Committee approved the purchase of electronic devices (laptop or tablet) for any Committee member who would like one for exclusive Committee purposes. While they approved the purchase, to date no one had requested such purchase. Ms. Castronovo suggested that if there was interest from all three Retirement boards for such purchase, she could purchase up to six total devices to be shared by the boards with the cost split evenly between them.

After discussion, the Board collectively agreed that they did not need a device specific for Board purposes and thus did not want to pursue the purchase of any devices.

c. Fiduciary Liability Insurance

Ms. Castronovo stated that she had reached out through normal channels to get an insurance quote, but to date had not received the quote. Ms. Castronovo suggested the Board conditionally accept the policy for \$5 million coverage and pay its respective premium as long as such premium did not exceed \$17,500.

**MOTION** made by Mr. Hoesley, seconded by Mr. Privitera, to accept the fiduciary liability insurance policy for \$5 million coverage and pay the premium as long as it did not exceed \$17,500. In a voice vote by the members present, **Motion** passed 5-0.

**5. CONSENT AGENDA**

- a. September 16, 2020 Regular Meeting Minutes
- b. Warrant Ratification (#242-243)
- c. Warrant Approval (#244)
- d. Ratify/Approve – Refunds/Benefit Enhancements/New Retirement/DROP/Vested/Death Annuities
- e. Board of Trustee Elections Police & Procedures

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

**6. REPORTS**

- a. NFP Retirement Inc. September 30, 2020 Quarterly Report – Jamie Hayes and Matt Dickey  
Report made part of these Minutes

Ms. Rustin stated that ICMA-RC presented an amendment to the initial Administrative Services Agreement that provided their fees could be paid by the Administrative Allowance Account to which she made standard revisions which ICMA-RC accepted.

**MOTION** made by Mr. Razor, seconded by Mr. Hoesley, to accept and sign ICMA-RC's amendment to the initial agreement. In a voice vote by the members, **Motion** passed 5-0.

Mr. Dickey reviewed the September 30, 2020 quarterly report noting that overall the DROP participants were offered a very good lineup of investment products. Mr. Dickey noted that the majority of the DROP participants' assets continued to be in cash or target date funds which was not unexpected in a DROP account.

- b. AndCo Consulting – Brendon Vavrica
  - i. Portfolio Performance Review – Quarter End September 30, 2020

Report made part of these Minutes.

Mr. Vavrica presented the Investment Performance Review Report for quarter end September 30, 2020 remarking no one would have expected immediately after the March 31, 2020 calendar quarter that any retirement fund would see investment returns anywhere near their actuarial assumed rate of return, yet it happened across the nation. Mr. Vavrica pointed out one notable item of interest in the overall markets: the 43 basis point difference between growth equity returns (36.1%) and value equity returns (-5.7%).

Regarding the Police Officers' Retirement System in particular, the net rate of return was 8.7% which, while trailing the total fund benchmark of 10.4%, exceeded the 6.75% assumed rate of return. The Retirement System's total assets on September 30, 2020 was \$106.6M compared to \$92.5M on March 31, 2020. Due to excellent returns experienced by growth equity investments, the Retirement System was overweight in equities. While value equity investments performed very poorly in both the quarter and year end September 30, 2020, two of the System's managers, Clarkston Partners and Harding Loevner, performed very well when compared to their benchmark.

Mr. Hoesley asked Mr. Vavrica if the Retirement System could get out of its American Core Realty investment. Mr. Vavrica responded that it could but it would take 6-12 months to do so. Mr. Vavrica stated that core realty investments were a good alternative investment to fixed income investments. Mr. Hoesley reiterated that he would really like to see the Retirement System get out of the investment and move the funds to equity. Mr. Vavrica stated he would bring information to the next meeting regarding American Core Realty's specific investments.

- ii. October 2020 Flash Report
- Report made part of these Minutes

Mr. Vavrica reviewed the October 2020 investment returns noting the System's total net return for October was -1.52% compared to the benchmark of -1.41%. Mr. Vavrica stated that through November 17, 2020, however, the Retirement System was up 6.8% for the fiscal year due primarily to value equity investments starting to outperform growth equity investments.

Mr. Vavrica noted that at their September 2020 meeting, the Board approved the liquidation of the Templeton global bond fund and the purchase of a specific Loomis Sayles global bond share class. However, upon requesting Salem Trust to make the specific Loomis Sayles purchase, Salem Trust stated they did not have access to the

specific share class requested but did to another very similar one. Mr. Vavrica stated the alternate share class had been purchased.

**MOTION** made by Mr. Rasor, seconded by Mr. Privitera, to ratify the purchase of the Loomis Sayles global bond fund share class available to Salem Trust. In a voice vote by the members, **Motion** passed 5-0.

iii. Fidelity as possible alternative to Vanguard Index Fund

Reports made part of these Minutes

Per the Board's request at their September 2020 meeting, Mr. Vavrica presented two analytical reports regarding Fidelity Mid Cap index fund vs. Vanguard Mid Cap index fund investments. Mr. Vavrica stated that Fidelity's fees were about \$2000-3000 less than Vanguard's fees though over time (10 years), Vanguard outperformed Fidelity by about 5 basis points.

Mr. Hoesley asked Mr. Vavrica why the Retirement System should stay invested in both a mid cap fund and a large cap fund. Mr. Vavrica responded that the System should stay invested in mid cap as an offset to the large cap funds.

**MOTION** made by Mr. Rasor, seconded by Mr. Hoesley, to transfer the assets held in the Vanguard Total Stock Index fund to a similar index fund offered by Fidelity. In a voice vote by the members, **Motion** passed 5-0.

iv. Review Investment Policy draft

Draft Investment Policy and Asset Allocation Analysis Report made part of these Minutes

Mr. Vavrica presented the Board with various asset allocation strategies they could consider as a way to increase return while keeping risk close to where it currently is. Mr. Hoesley stated he would like to have a broader discussion on where interest rates are expected to head in the future. Mr. Hoesley added that he liked the idea of moving 4-5% of the Retirement Systems' fund out of traditional fixed income to high yield fixed income. Mr. Vavrica replied that he did not recommend taking money from Garcia Hamilton, the System's traditional fixed income manager, to fund a high yield investment since the System was already underweight in traditional fixed income. Mr. Vavrica instead recommended taking the money from the large cap growth fund. Mr. Vavrica continued that while he understood fixed income investments did not do a whole lot for the System, they did protect the System in market downturns (as it did in March 2020). Mr. Hoesley asked Mr. Vavrica to bring to the next quarterly meeting information regarding liquidating American Core Realty, high yield fixed income investments, and real estate investment trusts (REITs).

- d. Lewis, Longman & Walker – Janice Rustin
  - i. Disability Application – Christine Suarez

Ms. Rustin explained that she was in receipt of a duty-related disability application for Police Officer Christine Suarez who was requesting a disability for post-traumatic stress disorder (PTSD). Ms. Rustin stated she was not able to find a psychiatrist willing to meet with Officer Suarez so she instead reached out to psychologists, two of whom said they would meet with Officer Suarez: Dr. E. E. Griffith and Dr. Michael Collins.

Discussion ensued whether the Board wanted Officer Suarez to meet with Dr. Griffith since the City's Police Department used him for pre-employment screenings of potential police officers and for "fit for duty" evaluations. The Board further discussed whether they wanted Officer Suarez to meet with a psychologist or a psychiatrist given that the application was for a PTSD disability. The Board instructed Ms. Rustin to contact the City of Orlando to find out the name of the doctor they used for psychiatric evaluations of police officers after the Pulse nightclub shooting.

- ii. Virtual/Electronic Attendance Policy
- Ms. Rustin presented the Board with a policy adopted by the General Employees' Retirement Committee regarding attending meetings virtually via telephone or other electronic means. The approved policy set forth the Committee's electronic attendance policy and procedures to be followed when a Committee member was unable to attend a Committee meeting. Ms. Rustin asked the Board if they would like to adopt a similar policy for themselves.

**MOTION** made by Mr. Hoesley, seconded by Mr. Rasor, to adopt a virtual/electronic attendance policy similar to that adopted by the General Employees' Retirement Committee. In a voice vote by the members, **Motion** passed 5-0.

- e. Pension Administrator – Lisa Castronovo

Ms. Castronovo provided three financial items: 1) financial statement of the Retirement System as of June 30, 2019, 2) a comparison of the 2019-20 administrative expense budget versus actual administrative expenses through September 30, 2020, and 3) the 2020-21 administrative expense budget versus actual expenses through November 11, 2020. Ms. Castronovo reported that the Retirement System received the 2019 Premium Tax Distribution of \$868,062 on October 6, 2020 and the City's 2020-21 contribution of \$8,033,015 on October 1, 2020 with all funds invested as per the Board's September 16, 2020 direction. Ms. Castronovo reported that she acquired her notary certification as well as a City purchase card to be used for conference attendance and travel-related expenses.


Ms. Castronovo told the Trustees that while she and Ms. Rustin were drafting a travel policy for the General Employees' Retirement Committee, they noted that the Board's travel policy was not only out-of-date (last updated in 2007), it was for the Police & Firefighters' board of trustees. Ms. Castronovo recommended that the Board allow her and Ms. Rustin to draft a new travel policy that they could present at the next quarterly meeting. The Board agreed.

The Board instructed Ms. Castronovo to notify Matt Dickey and Jamie Hayes, the NFP representatives, that they only wanted NFP to make annual in-person presentations rather than quarterly. Ms. Castronovo said she would inform NFP of the Board's wishes but said she thought it would be a good idea to have NFP prepare a quarterly "executive summary" for the Board's review so if there were any issues NFP thought should be considered, it could be presented on a quarterly basis via the summary.

**ADJOURNMENT**

**MOTION** made by Mr. Privitera, seconded by Mr. Deen, to adjourn the meeting. Meeting adjourned at 11:48 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 November 18, 2020 regular meeting of said body. These Minutes were formally approved and adopted by the Board on February 17, 2021.



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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).