

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF DELRAY BEACH POLICE OFFICERS' RETIREMENT FUND  
NOVEMBER 20, 2019**

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

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

Board Members present: Chair Paul Weber, Barry Feldman, James Hoesley, and Jeffrey Rasor. There is one (1) vacancy on the Board.

Also present: Board Attorney Janice Rustin (Lewis, Longman & Walker as designated by City Attorney), Investment Consultant Brendon Vavrica (AndCo Consulting), Joseph Mendell (Fiduciary First), and Pension Administrator Lisa Castronovo.

Guests: Edward DeMicco, Vincent Gray, Andrew Arena, Shannon Sniffen, Jim Sniffen, John Mainville, Tom MacManus, Connor McGuire

**2. AGENDA ADOPTION**

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to adopt the November 20, 2019 regular Board meeting Agenda. In a voice vote by the members present, **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**

Chair Weber noted one of the Motions on page four of the September 20, 2019 Minutes was made and seconded by two members of the Firefighters' board and thus needed to be corrected to reflect the two Police Officers' Board members who made and seconded the Motion. Ms. Castronovo responded that she would correct the Minutes.

**MOTION** made by Mr. Feldman, seconded by Mr. Hoesley, to approve Consent Agenda Items 4.a.-e. with the revision of the Minutes to be made. In a voice vote by the members present, **Motion** passed 4-0.

**5. INITIAL HEARING – DISABILITY APPLICATION FOR SHANNON SNIFFEN**

Ms. Rustin suggested that this portion of the meeting be recorded.

**MOTION** made by Mr. Feldman, seconded by Mr. Hoesley, to record the Initial Hearing on the Disability Application for Shannon Sniffen part of the Board meeting. In a voice vote by the members present, **Motion** passed 4-0.

Ms. Rustin reminded the Board they adopted disability hearing procedures at their September Board meeting. The initial hearing on Shannon Sniffen's disability application would be conducted based on the adopted procedures.

Ms. Rustin told the Board that they could only consider documentary evidence which was limited to Ms. Sniffen's disability application, medical records, workers compensation file, leave forms, and the IME report. Further, the Board could not take any additional evidence at the initial hearing. Ms. Rustin stated that Ms. Sniffen was permitted to make a presentation limited to the information contained in her pension file, but that Ms. Sniffen could not introduce new evidence at the initial hearing. If desired, the Board could allow a City representative to make a presentation but again limited to information contained in Ms. Sniffen's pension file. Ms. Rustin recommended that the board allow Mr. Eddie DiMicco, the City's Risk Manager overseeing Ms. Sniffen's workers compensation claim, to make a presentation limited to her workers compensation file.

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to allow Mr. Eddie DiMicco to make a presentation as to Ms. Sniffen's workers compensation file. In a voice vote by the members present, **Motion** passed 4-0.

Ms. Rustin reminded the Board of the findings with which they were tasked:

- determine whether the application is proper;
- determine whether the member satisfied the definition of disability;
- determine whether the disability is a service-incurred disability or a non-service incurred disability; and
- determine the date of disability, which may be the date of injury causing the disability, the date when the member could no longer perform his regular and continuous duties, the date when his sick pay and vacation pay are exhausted or such other date as determined by the Board.

Part 1: Presentation of evidence

Ms. Sniffen:

Ms. Sniffen addressed the Board by briefly stating the reason she requested a duty-related disability benefit; specifically due to an on-the-job upper body injury that left her unable to fully and capably hold a firearm thus limiting her ability to fulfill her duties as a police officer.

Mr. DeMicco:

Ms. Rustin asked Mr. DeMicco the following questions:

Has Ms. Sniffen applied for and diligently pursued workers compensation? Mr. DeMicco: yes.

Has Ms. Sniffen qualified as disabled for the purposes of her workers compensation claim?

Mr. DeMicco: yes.

What is Ms. Sniffen's date of disability for purposes of her workers compensation claim? Mr.

DeMicco: March 6, 2013 for one claim and May 6, 2017 for another, more major claim.

What is Ms. Sniffen's present work status and when did it start? Mr. DeMicco: no work, December 18, 2018.

What is her present pay status? Mr. DeMicco: full pay status

Has she exhausted her sick pay or vacation pay? Mr. DeMicco: yes.

Ms. Castronovo:

Ms. Rustin asked Ms. Castronovo the following questions:

Did Ms. Sniffen submit a written application? Ms. Castronovo: yes.

Does the application contain written proof that she applied for workers compensation and social security disability benefits? Ms. Castronovo: yes.

Medical report:

Ms. Rustin entered into the record the medical report from the Board's independent medical examiner, Dr. Michael Leighton. Ms. Rustin stated that for Ms. Sniffen, Dr. Leighton performed an exam, reviewed her medical records, took x-rays and reviewed them. Dr. Leighton's findings were stated on last line of his report.

Part 2: Finding by motion

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, that Ms. Sniffen satisfied the conditions of the disability application as required by Ordinance Section 33.64(E)(2) and thus her 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. Hoesley, seconded by Mr. Rasor, that Ms. Sniffen 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. Feldman, seconded by Mr. Rasor, that Ms. Sniffen incurred a service-related disability. In a roll call vote, **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. Ms. Sniffen had been on "no work" status since December 2018 but had been receiving regular pay through the current date. Ms. Rustin recommended that the date of Ms. Sniffen's disability be November 20, 2019, the date of the initial hearing.

**MOTION** made by Mr. Rasor, seconded by Mr. Hoesley, that Ms. Sniffen's disability date for benefit purposes was November 20, 2019. In a voice vote by the members present, **Motion** passed 4-0.

Ms. Rustin stated the Board decision was final if Ms. Sniffen did not request a full hearing within thirty (30) days. If Ms. Sniffen did not request a full hearing by December 19, 2019, the final Order would be issued December 20, 2019. Ms. Rustin stated that, per the terms of the Ordinance, disability retirement benefit payments would start December 1, 2019. Ms. Sniffen stated she would not request a formal hearing.

## 6. REPORTS

### a. Fiduciary First Quarterly Report – Joseph Mendell

Report made part of these Minutes

Fiduciary First's name was changed to NFP.

Mr. Mendell stated that per the Board's direction, ICMA-RC would equitably distribute in December 2019 the Administrative Allowance Account balance as of March 31, 2019 to those DROP participants with account balances on the date of distribution.

Mr. Mendell reviewed the September 30, 2019 Quarterly Report noting specifically that the majority of the investment funds performed as expected for the quarter except for three: Fidelity Puritan, LSV Small Cap Value, and Fidelity Select Technology. There was some discussion regarding the need for the Fidelity Puritan fund since it was very similar to the target date funds. The most discussion centered around the need and desire to keep the Fidelity Select Technology fund given its volatility. Mr. Mendell asked the Board if they wished to continue with the fund given its highly focused, sector-specific nature coupled with its volatility. Chair Weber suggested keeping the asset class but switching from the specific Fidelity Select Technology to an indexed technology fund.

**MOTION** made by Mr. Feldman, seconded by Mr. Razor, to keep the technology asset class but to change it from Fidelity Select Technology to the S&P 1500 Information Technology fund. In a voice vote by the members present, **Motion** passed 4-0.

Mr. Mendell stated he would handle the change from Fidelity Select Technology to an indexed technology fund. Mr. Mendell concluded his presentation by stating he would bring to the next Board meeting more information regarding the target date funds and information specific to the Fidelity Puritan fund.

### b. AndCo Consulting – Brendon Vavrica

#### i. Portfolio Performance Review – Quarter End September 30, 2019

Report made part of these Minutes.

Mr. Vavrica presented the Investment Performance Review Report for the quarter ended September 30, 2019 noting that the rate of return, net of fees for the quarter was 0.92% and 4.38% for fiscal year end September 30, 2019 which, while short of the 7.00% actuarial assumed rate of return, was quite good considering the first quarter of the fiscal year was negative. Mr. Vavrica continued his presentation by reviewing how the various asset classes performed during the fiscal year noting that while all managers performed satisfactorily, Clarkston Partners had performed exceedingly well when compared to its benchmark with American Core Reality and Molpus Timber also outperforming their respective benchmarks.

#### ii. October 2019 Flash Report

Report made part of these Minutes

No discussion.

iii. Cashflow Projection and Asset Allocation Presentation

Report made part of these Minutes

Mr. Vavrica started his presentation by listing the disadvantages to “immunizing” a portion of the assets and aggressively investing the remainder: short-term costs to the City, higher fees, the assets not immunized are totally illiquid for up to seven years, run the risk that returns of the non-immunized assets will not be as good as expected, liquidity risk since the illiquid assets cannot be accessed, may be forced to sell other assets in a down market, administrative burden on both the investment consultant and pension administrator, and that by immunizing a portion of the fund at low interest rates (i.e. 2%), there would be a lot of pressure on the rest of the assets to return around 12%.

Mr. Vavrica said that embracing immunization puts a lot of pressure on alternative investments in the private market to perform well. Mr. Feldman asked if it would be feasible to immunize assets for only five years to which Mr. Vavrica responded that it would make the whole fund more susceptible to market timing because the shorter the window (five years versus ten years), the higher the risk the entire strategy would not work. Mr. Hoesley noted that in a higher interest rate market, the better immunization worked. Mr. Feldman stated he was neutral on the idea since the fund already had returns close to the assumed rate of return without going to more risk and illiquidity. Mr. Hoesley suggested that Mr. Vavrica bring experts from various alternative asset classes to a special meeting for all three pension boards.

**MOTION** made by Mr. Hoesley, seconded by Mr. Feldman, to hold a joint meeting sooner than later with the Firefighters’ and General Employees’ pension boards for AndCo to provide education on alternative asset classes. In a voice vote by the members present, **Motion** passed 4-0.

c. Lewis, Longman & Walker – Janice Rustin  
Ms. Rustin had nothing to report.

d. 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 2018-19 administrative expense budget versus actual administrative expenses through September 30, 2019, and 3) the 2019-20 administrative expense budget versus actual expenses through November 12, 2019. Ms. Castronovo reported that the Retirement System received the 2018 Premium Tax Distribution of \$835,929 on September 20, 2019 and the City’s 2019-20 contribution of \$6,917,364 on October 1, 2019 and that all funds were invested as per the Board’s September 20, 2019 direction.

**6. ADMINISTRATIVE ITEMS**

a. Annual Board Elections

**MOTION** made by Mr. Feldman, seconded by Mr. Hoesley, for Paul Weber to serve as Board Chairperson. In a voice vote by the members present, **Motion** passed 4-0.

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, for Jim Hoesley to serve as Board Vice-Chairperson. In a voice vote by the members present, **Motion** passed 4-0.

**MOTION** made by Mr. Feldman, seconded by Mr. Hoesley, for Jeffrey Rasor to serve as Board Secretary. In a voice vote by the members present, **Motion** passed 4-0.

b. 2020 Board Meeting Schedule

**MOTION** made by Mr. Feldman, seconded by Mr. Hoesley, to adopt the 2020 Board meeting schedule. In a voice vote by the members present, **Motion** passed 4-0.

c. Fiduciary Liability Insurance

Ms. Castronovo presented the Board with the 2020 fiduciary liability insurance quote of \$14,707 for \$5 million coverage.

**MOTION** made by Mr. Hoesley, seconded by Mr. Rasor, to accept the fiduciary liability insurance policy and pay \$14,707 for the coverage. In a voice vote by the members present, **Motion** passed 5-0.

d. Buyback Timing and Valuation

Ms. Rustin explained that it had been everyone's understanding that a police officer or firefighter could not purchase their past military or prior governmental service until they had been employed with the City for at least five years. In early 2019, however, it was brought to her attention by Firefighters' Retirement System Board member Craig Mahoney and Ms. Castronovo that the Code of Ordinances actually stated that while a police officer or firefighter could not include such service in their continuous service for pension benefit accrual purposes until they had been employed for five years, they could purchase the service immediately upon employment with the City.

Discussion ensued with a lot of it centering around who would be liable if one of the Police members sued regarding the past interpretation of the Ordinance. Mr. Feldman said it thought the Board should formally adopt Chair Weber's January 2019 email as sent to all Police Officers. Ms. Rustin agreed

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to interpret City Code of Ordinances Section 33.60(4) – Definitions "Continuous service (4)" to mean that a member is eligible to include up to three (3) years of prior military or governmental service as a police officer after the member has five (5) years of service. However, a member with such service may purchase such service at any time after employment by the City. This interpretation is effective January 22, 2019. In a voice vote by the members present, **Motion** passed 5-0.

Further, it was decided that the City should be directed to review its orientation documents specific to police officers to ensure the information shared with new police officers was consistent with the interpretation.

**MOTION** made by Mr. Feldman, seconded by Mr. Rasor, to inform Police Officer Joseph Jaworski that the prior service buyback amount he had been quoted was good through December 31, 2019. In a voice vote by the members present, **Motion** passed 4-0.

**ADJOURNMENT**

**MOTION** made by Mr. Feldman, seconded by Mr. Hoesley, to adjourn the meeting. Meeting adjourned at 12:38 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 November 20, 2019 regular meeting of said body. These Minutes were formally approved and adopted by the Board on February 25, 2020.

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 Minutes 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).