

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF DELRAY BEACH FIREFIGHTERS' RETIREMENT FUND  
NOVEMBER 21, 2019**

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

Chair Giaccone called the meeting to order at 9:03 a.m.

Board Members present: Chair Gregory Giaccone, Thomas Glanfield, Alan Kirschenbaum, Craig Mahoney (arrived at 9:17 a.m.) and Jack Warner.

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

Guests: Tom MacManus, John Mainville, and a citizen journalist

**2. AGENDA ADOPTION**

**MOTION** made by Mr. Warner, seconded by Mr. Kirschenbaum, to adopt the November 21, 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**

- a. September 12, 2019 Regular Meeting Minutes
- b. Warrant Ratification (#236)
- c. Warrant Approval (#237)
- d. Ratify/Approve - Refunds/Benefit Enhancements/New Retirements/DROPs/Vested/Death Annuities
- e. Ratify/Approve - Deposits

**MOTION** made by Mr. Warner, seconded by Mr. Kirschenbaum, to approve Consent Agenda Items 4.a.-e. In a voice vote by the members present, **Motion** passed 4-0.

**5. 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 in December 2019, ICMA-RC would equitably distribute 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. Mr. Mendell said there was no need at the moment to be concerned about the LSV Small Cap Value fund since the past quarter was the first time it had underperformed. The most discussion centered around the need and desire to keep the Fidelity Select Technology fund. Mr. Mendell again asked the Board if they wished to continue with the fund given its highly focused, sector-specific nature coupled with its volatility.

**MOTION** made by Mr. Kirschenbaum, seconded by Mr. Warner, to keep the technology asset class but to change it from Fidelity Select Technology to an indexed technology fund. In a voice vote by the members present, **Motion** passed 5-0.

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 0.85% and 4.62% 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, only American Core Reality and Molpus Timber outperformed their respective benchmarks.

ii. October 2019 Flash Report

Report made part of these Minutes

No discussion.

iii. Private Equity, Direct Lending and Value-added Real Estate Educational Presentation

Mr. Glanfield asked the Board if they as a Board should be satisfied with just hitting the actuarial assumed rate of return (the benchmark) when other funds throughout the county and state not only hit the benchmark but exceeded it. Mr. Vavrica responded by questioning does it matter how other funds perform compared to their respective benchmarks if this fund's benchmark was consistently met. Mr. Glanfield countered that since this particular fund was underfunded, shouldn't the Board aim to hit higher than the benchmark. Discussion ensued.

Mr. Vavrica shared that the Police Officers' Board asked him to attend a special meeting in early 2020 at which he would bring in other AndCo consultants to provide specific information about alternative investments. Mr. Warner, Mr. Glanfield and Mr. Kirschenbaum all agreed that while a meeting to learn about alternative investments would be good, they would prefer the fund to move into higher-yielding equity investments rather than into alternative, private-market investments.

**MOTION** made by Mr. Warner, seconded by Mr. Kirschenbaum, to hold a workshop in early 2020 to discuss investment opportunities in both private and public markets, and to discuss assets allocations with the other two Boards. In a voice vote by the members present, **Motion** passed 5-0.

c. Lewis, Longman & Walker – Janice Rustin

Ms. Rustin informed the Board that it had recently been brought to her attention that there were four high-ranking Fire employees who opted out of the Retirement System upon their hiring but who were not, per State statutes, allowed to do so. Ms. Rustin stated she was working closely with City officials to determine how to move the four employees back into the Retirement System. Ms. Rustin stated there would be an actuarial impact on the fund when the employees were moved back to the Retirement System, but the impact should not be too severe.

Mr. Warner stated he attended the 49<sup>th</sup> Annual Police Officers' and Firefighters' Pension Conference and was very impressed with the educational sessions he attended regarding DROPs, PLOPs, the State's administration of the Florida Retirement System, and cyber insurance.

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 \$1,129,759 on September 20, 2019 and the City's 2019-20 contribution of \$6,941,701 on October 1, 2019 and that all funds were invested as per the Board's September 12, 2019 direction.

When asked about the status of the actuarial experience study, Ms. Castronovo responded that she had not yet been able to locate and gather the needed data and short of asking the prior actuary, Foster & Foster, for the data supplied to them when they were the actuaries, she did not know how she would get the data. Mr. Warner suggested that Ms. Castronovo ask the current actuaries, Gabriel, Roeder, Smith & Company, to directly request the data from Foster & Foster.

**6. ADMINISTRATIVE ITEMS**

a. Annual Board Elections

**MOTION** made by Mr. Warner, seconded by Mr. Kirschenbaum, for Gregory Giaccone to serve as Board Chairperson. In a voice vote by the members present, **Motion** passed 5-0.

**MOTION** made by Mr. Warner, seconded by Mr. Kirschenbaum, for Craig Mahoney to serve as Board Vice-Chairperson. In a voice vote by the members present, **Motion** passed 5-0.

**MOTION** made by Mr. Glanfield, seconded by Mr. Kirschenbaum, for Jack Warner to serve as Board Secretary. In a voice vote by the members present, **Motion** passed 5-0.

b. 2020 Board Meeting Schedule

**MOTION** made by Mr. Warner, seconded by Mr. Glanfield, to adopt the 2020 Board meeting schedule. In a voice vote by the members present, **Motion** passed 5-0.

c. Fiduciary Liability Insurance

Ms. Castronovo presented the Board with the 2020 fiduciary liability insurance quote of \$14,409 for \$5 million coverage.

**MOTION** made by Mr. Warner, seconded by Mr. Glanfield, to accept the fiduciary liability insurance policy and pay \$14,409 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 Mr. 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. Ms. Rustin suggested the Board make a motion that clarified the issue to match the administration of the Ordinance to what it stated.

**MOTION** made by Mr. Mahoney, seconded by Mr. Kirschenbaum, to interpret City Code of Ordinances Section 33.74 – 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 firefighter 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 11, 2019. Further, direct the City to review its orientation documents specific to firefighters to ensure the information shared with new firefighters is consistent with this interpretation. In a voice vote by the members present, **Motion** passed 5-0.

**ADJOURNMENT**

**MOTION** made by Mr. Warner, seconded by Mr. Mahoney, to adjourn the meeting. Meeting adjourned at 11:38 a.m.

I, Gregory Giaccone, the undersigned, am the Chair  
of the Board of Trustees of the City of Delray Beach Firefighters' Retirement System ("Board").  
The information provided herein is the Minutes of the November 21, 2019 regular meeting  
of said body. These Minutes were formally approved and adopted by the Board on  
February 20, 2020.

  
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Board of Trustees, City of Delray Beach  
Firefighters' 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 Firefighters' 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).