

**MINUTES
REGULAR PENSION BOARD MEETING
CITY OF DELRAY BEACH EMPLOYEES' RETIREMENT FUND
THURSDAY, NOVEMBER 15, 2018**

CALL TO ORDER

Chair James Smith called the meeting to order at 1:00 p.m.

1. ROLL CALL

Board Members present: James Smith, William H. Ellingsworth, Kimberly Ferrell, Adam Frankel, and Thomas MacManus. Also present: AndCo Consultant Brendon Vavrica, City of Delray Beach ("DB") Assistant Finance Director Laura Thezine (attended Agenda Items 7-14), DB Assistant Director Human Resources Duane D'Andrea, DB Risk Manager Edward DeMicco (attended Agenda Items 1-7), DB Interim City Attorney Lynn Gelin (attended Agenda Item 9 only), Lewis Longman & Walker Attorney Janice Rustin, Relation Insurance Services Senior Account Manager Regina Lucente (attended Agenda Items 1-7), followed by DB Pension Administrator Nancy Graham.

2. WELCOMING OF NEW MEMBER, DELRAY BEACH CITY COMMISSIONER ADAM FRANKEL

On behalf of the General Board, Chair James Smith welcomed Delray Beach City Commissioner Adam Frankel to the Board by saying: In addition to his impressive legal, civic, and local government credentials, Adam comes to the Board with extensive defined benefit knowledge and experience. He served on the Delray Beach Police and Fire board for eight years and was Chair of that Board from 2014 to 2016. He is a graduate of the International Foundation of Employee Benefits Plans Trustees Master's Program and the Alternative Investment Strategies Program from the Wharton School of the University of Pennsylvania. We are indeed fortunate to have a person with Adam's knowledge and experience join our Board. Jim concluded his remarks by saying, "Adam, welcome aboard! We are very glad to have you." Other members joined in welcoming him to the Board.

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

Chair Smith handed the gavel to William H. Ellingsworth in order to make a motion to change Item 9.A. to read "Background information, discussion, and action on future legal support." We're not having a Sunshine Law presentation today. Also, replace "Max Lohman" with "Lynn Gelin".

MOTION made by James Smith, seconded by Kimberly Ferrell, to approve the revised agenda. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

4. 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 September 13, 2018. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

5. COMMENTS FROM THE PUBLIC

None.

6. CONSENT AGENDA

A. Approval of Invoices (in dollars):

1. Gabriel, Roeder, Smith & Company

6,367.00

2. Gabriel, Roeder, Smith & Company	4,223.00
3. Gabriel, Roeder, Smith & Company	537.00
4. Gabriel, Roeder, Smith & Company	5,093.00
5. Gabriel, Roeder, Smith & Company	1,074.00
6. The Boston Company	15,439.25
7. AndCo Consulting, LLC	8,200.55
8. FPPTA (Lisa Castronovo, Adam Frankel, James Smith)	1,800.00
9. Hyatt Regency Coconut Point Resort and Spa (Lisa Castronovo)	597.00
10. Hyatt Regency Coconut Point Resort and Spa (James Smith)	597.00
11. RhumbLine	6,373.00
12. James Smith (Reimbursement for Travel Expenses)	110.11
13. Adam Frankel (Reimbursement for Travel Expenses)	764.16

B. Approval of DROP Retirement:

1. Name:	Kevin G. Rumell
Age:	62
Monthly Pension Amount:	\$2,819.80
Benefit Commenced:	September 1, 2018
Benefit Requested:	100% Joint and Survivor Annuity

C. Approval of Termination Refunds (in dollars):

1. Rainer Selva	3,403.62
2. Peter Richardson	3,703.81
3. Lance Liebl	774.85

D. Approval of Beneficiary Disbursement(s):

1. Diane Frank, beneficiary of Donald Frank, in the amount of \$354.00/month for the period, September 1, 2018 through August 31, 2019. The benefit decreases to \$212.40/month effective September 1, 2019.

E. City of Delray Beach General Employees' Retirement Plan Deposits Received:

1. Michael Hubbs in the amount of \$3,001.00 and \$1,000.00, for purchase of 3% multiplier of previous years' service.

F. Distribution of the Board of Trustees General Employees' Retirement Plan Calendar Year 2019 Schedule

G. Saxena White Select Investor Monitoring Report Third Quarter 2018

H. Summary Plan Description for Fiscal Year Beginning 10/01/2018

MOTION made to delete Item 6.A.8. by James Smith, seconded by Adam Frankel, to approve the Consent Agenda. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

7. FIDUCIARY AND CYBER INSURANCE PRESENTATION BY THE CITY'S INSURANCE BROKER REGINA LUCENTE

Regina Lucente made a presentation to the Board concerning fiduciary liability insurance. Thomas MacManus led a discussion for the appropriateness of increasing the limits of liability.

Nancy Graham later revealed that an increase of limits of liability to five million was appropriate given the amount of assets in the fund when compared to other municipalities surveyed.

MOTION made to increase the limits of liability on the current fiduciary policy from one to five million dollars by Adam Frankel, seconded by William H. Ellingsworth, at an annual premium of \$15,097 effective once the warranty letter was signed. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

On behalf of the Board, Chair Smith thanked Regina Lucente for her very professional presentation, especially for the benchmarking analysis.

On another subject, Janice Rustin said there was no need for the General Fund to purchase a crime policy.

8. REVIEW PLAN'S PERFORMANCE

In introducing Brendon Vavrica, Chair James Smith said, among the subjects Brendon will be discussing, is a new section in his report identifying variances between our Investment Policy Guidelines (as stated on page 11 of that report) to actual active manager performance. This report answers the question we always ask ...How is this money manager performing compared to our Investment Policy? Brendon has described this report as a compliance report and it may prove to be one of the important sections for us to review.

Brendon reviewed the compliance report. Thomas MacManus suggested changing the investment policy to remove passive managers from the report. Brendon agreed to make that change.

Next, Brendon reviewed fiscal year performance ending September 30, 2018.

Brendon reported that the domestic equity markets were very strong again for the quarter, with the S&P 500 up 7.7%. International stocks had another relatively difficult time given the strong dollar and geopolitical concerns, with the MSCI EAFE Index returning 1.4%. Interest rates continued to move higher resulting in flat to negative returns for bonds.

The plan assets were \$133,802,471. All asset classes are within their normal ranges meaning that no rebalancing is needed at this time. For the quarter, the plan returned 4.10% vs. 3.88% for the benchmark and placed in the 17th percentile. The fiscal year ended on a very strong note, with the plan beating the assumed rate of 7.25%. The plan's fiscal year return was 10.95% vs. 9.67% for the benchmark. Most managers were at, or above, their benchmark returns, except for Harding Loevner's Emerging Market portfolio and Blackrock who underperformed for the quarter.

After the discussion Brendon reviewed the October Flash Report; since the market stumbled in October it is not necessary to rebalance at this time. In summary, the October performance in total was -6.15%.

Brendon suggested the Board consider a replacement for the Westwood Income Fund because of a management change at Westwood. He distributed a search report and suggested that members study it between now and the next meeting. We will discuss it in February.

Brendon reviewed a meeting that was held in the City Manager's Office to discuss a possible investment. He was simply alerting the Board to an initial discussion. The City Manager suggested a second meeting in the Spring when General has the completed the Actuarial Report and Experience Study.

9. BACKGROUND INFORMATION, DISCUSSION, AND ACTION ON FUTURE LEGAL SUPPORT

Janice Rustin reviewed the LLW/Board agreement and answered questions.

After the discussion, William H. Ellingsworth suggested a motion be approved giving Chair Smith the authority to exceed the monthly budget as stated in the agreement, if necessary.

MOTION made by William H. Ellingsworth and seconded by Adam Frankel. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

10. PENSION ADMINISTRATOR REPORT

Nancy Graham recapped the changes to the City of Delray Beach's website in the area of Pension Administration.

The Mission Statement was drafted for Board review. William H. Ellingsworth asked that the Board be allowed to make their suggested changes at the next meeting. The Summary Plan is complete and will be posted on the website.

New details regarding responses from the survey regarding the limits of liability for fiduciary coverage were reviewed.

The Board decided that the Investment Performance Reports will be part of the paperless agenda that will be sent electronically on the Friday before the quarterly Board meeting.

Adam Frankel suggested that we consider the postings of future agenda be similar to that of the City Commission. Kimberly Ferrell volunteered to show Nancy Graham the system that the City Commission utilizes.

It is anticipated that the Administrative and Expense Report will be included in the next meeting for Board review.

11. RESPONSE TO DELRAY BEACH FINANCE DIRECTOR'S LETTER

Chair Smith had drafted a response to the Delray Beach Finance Director's letter to the Board dated, September 13, 2018.

12. SUGGESTIONS FOR AGENDA ITEMS FOR FEBRUARY 15, 2018 MEETING

William H. Ellingsworth reminded the Board that the Mission Statement should be an agenda item for the next meeting.

13. OTHER BUSINESS

Chairman Smith asked Adam Frankel if he would like to volunteer to lead a lobbying effort to propose a state law change that would allow City Boards to use Florida Retirement System ("FRS") in-house active money managers in lieu of employing their own.

Jim Smith said that if all Florida cities and towns could do business with the FRS, City pension boards in total could save hundreds of thousands of dollars in fees every year since they could piggy back onto in-house FRS investments realizing a considerable savings in management fees.

In discussing this proposal with Delray Mayor Petrolia, she said she would support a drafted bill while in Tallahassee attending PBC's Capital for a Day. Delray Fire Chair Greg Giaconne and Police Chair Paul Weber have agreed to ask for a volunteer if Commissioner Frankel agreed to lead the project. Adam Frankel said he would discuss with the City's legislative lobbyist. A motion was made to that effect.

MOTION made by William H. Ellingsworth and seconded by Thomas MacManus. In a voice vote by the members present, all members voted in favor. **Motion** passed 5-0.

14. ADJOURNMENT

Chair James Smith declared the meeting adjourned at 2:55 PM.



James Smith, Chair

2/21/19
Date