

**MINUTES  
REGULAR PENSION BOARD MEETING  
CITY OF DELRAY BEACH FIREFIGHTERS' RETIREMENT FUND  
SEPTEMBER 14, 2022**

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

Chair Giaccone called the meeting to order at 2:05 p.m.

Board Members present: Chair Gregory Giaccone, Vice-Chair Craig Mahoney, Thomas Glanfield, Alan Kirschenbaum, and Secretary Jack Warner (joined at 2:10 p.m.).

Also present: Pedro Herrera (Sugarman, Susskind, Braswell & Herrera), Brendon Vavrica (AndCo Consulting), Lisa Castronovo (City of Delray Beach), and Elizabeth Brown (City of Delray Beach).

Public attendees: Tyler Adams, Hugh Dunkley

**2. AGENDA ADOPTION**

**MOTION** made by Mr. Kirschenbaum, seconded by Mr. Mahoney, to adopt the September 14, 2022, Agenda. In a vote by the members present, **Motion** passed 3-0.

**3. COMMENTS**

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

**4. CONSENT AGENDA**

- a. June 20, 2022 Regular Meeting Minutes
- b. Warrant Ratification (#266)
- c. Warrant Approval (#267)
- d. Ratify/Approve – Refunds/Benefit Enhancements/New Retirement/DROP/Vested/Death Annuities
- e. Administrative Expense Budget for 2022-23

**MOTION** made by Mr. Mahoney, seconded by Mr. Kirschenbaum, to approve the Consent Agenda. In a vote by the members present, **Motion** passed 5-0.

**5. REPORTS**

- a. AndCo Consulting – Brendon Vavrica
  - i. Portfolio Performance Review – Quarter End June 30, 2022

Report made part of these Minutes.

Mr. Vavrica reported that AndCo Consulting, Inc. was the recipient of a Greenwich Quality Leader Award for mid-sized investment consulting firms. Coalition Greenwich is a global provider of data, analytics, and insights to the financial services industry and provides institutional investors with actionable data to inform their decision-making.

Mr. Vavrica reported the Retirement Plan's net rate of return for the quarter ended June 30, 2022, was -11.4% compared to its benchmark of -12.2%. For the fiscal year through June 30, 2022, the System's net rate of return was -11.2%. All asset classes performed poorly in the quarter. The Plan's market value decreased from \$152.7M on March 31, 2022, to \$133.3M on June 30, 2022.

ii. Flash Report – August 2022

Report made part of these Minutes.

For the month ended August 31, 2022, the Plan's return, net of fees, was -2.86% vs. the benchmark of -3.05%. The fiscal year to date return was -8.85% vs. the benchmark of -8.41%. Mr. Vavrica reported 1) Clarkston Partners, active domestic value equities manager, continues to significantly outperform its benchmark while Polen Capital, the active domestic growth equity manager, underperformed, 2) international equities and emerging markets significantly underperformed, 3) real estate continued with very strong month-to-month returns, and 4) the alternative investments were experiencing very good returns which helped offset underperformance of the traditional asset classes.

iii. Large Cap Growth Equity Managers Review

Mr. Glanfield said he wanted to replace active large cap growth manager Polen Capital with an indexed growth fund. Mr. Kirschenbaum said he wanted to keep Polen but rebalance it by transferring some funds from it to an indexed fund so the Plan would not be overweight to Polen. Mr. Kirschenbaum suggested putting the incoming State and City contributions in an index fund rather than with Polen. Mr. Vavrica said the Plan was slightly overweight in domestic stock investments.

iv. Cashflow Projection/Where to Invest Upcoming City and State Contributions

Mr. Vavrica asked the trustees how they would like to invest the incoming \$9.6M from the State and the City. Mr. Vavrica reminded the trustees the Plan had \$6M in cash which, once the incoming deposits were received, would make a total of \$16M sitting in cash which was almost 10% of total Plan assets. Mr. Vavrica said the Plan was somewhat underweight in international equity with investment at 13.5% vs. the target allocation of 15%.

Mr. Kirschenbaum asked Mr. Vavrica if the cash could be invested over time with Mr. Glanfield suggesting to allocate the cash over time based on market conditions. Mr. Vavrica said the Board could invest the cash over time based on market conditions, but such investing was a somewhat of an administrative problem due to getting the timing and turnaround time right. Mr. Kirschenbaum said, with Mr. Warner agreeing, he would like to invest the funds on a regular basis, like on the first of every month for the next several months. Mr. Vavrica said his default investment recommendation was to invest the incoming deposits all at once rather than over time especially considering stock prices were 20% lower than they were a year ago. Mr. Glanfield agreed and added that the dollar-cost average approach was not bad but was not necessarily the most opportunistic way to invest. Discussion continued. The trustees agreed to hold the incoming \$9.6M deposit in cash within the receipts and disbursements account. Mr. Vavrica recommended allocating funds per target allocation percentages rather than to one asset class over another.

**MOTION** made by Mr. Mahoney, seconded by Mr. Kirschenbaum, that, starting October 15, 2022, every month for six months transfer \$2M from cash and invest it based on current assets with the intent to rebalance each asset class back to their target allocations with the additional caveat that all monies targeted for large cap growth stock investment be invested in the RhumbLine Russell 1000 Growth Pooled Index Fund. In a vote by the members present, **Motion** passed 5-0.

**MOTION** made by Mr. Mahoney, seconded by Mr. Kirschenbaum, to transfer as soon as possible \$4M from Polen Capital to RhumbLine Russell 1000 Growth Pooled Index Fund. In a vote by the members present, **Motion** passed 5-0.

Mr. Vavrica concluded his presentation by sharing two handouts regarding inflation and the S&P 500's total return index history (handouts made part of these Minutes).

b. Sugarman, Susskind, Braswell & Herrera – Pedro Herrera

Mr. Herrera shared with the trustees the letter provided by Jeff Amrose with Gabriel, Roeder, Smith & Company ("GRS") regarding the monies due the Firefighters' Retirement System from the General Employees' Retirement Plan for Fire Chief Keith Tomey and Assistant Fire Chief Kevin Green for the time they were included in the GE plan when they should have been in the Firefighters' plan. Chair Giaccone and Mr. Mahoney requested Mr. Herrera to send GRS's letter to the City as soon as possible and direct GRS to note the funds due the Firefighters' plan be used to offset its UAAL. The two trustees added that they would like another letter be sent to the City after the October 1, 2022 actuarial valuation is complete.

Mr. Herrera and Ms. Castronovo explained how the Board's actuarial services contract with GRS was due for renewal, and, per the existing contract, the Board could extend the contract for one year if they wished. Ms. Castronovo explained that since the General Employees' Retirement Committee extended their contract with GRS, the Fire Board did not have a choice in the matter if they wished to abide by the Safe Harbor Agreement they had in place with the City.

**MOTION** made by Mr. Mahoney, seconded by Mr. Kirschenbaum, to extend the contract for actuarial services with Gabriel, Roeder, Smith & Company for a year, with the fee not to increase by more than 3% for fiscal year end 2023 over that for fiscal year end 2022. In a voice vote by the members present, **Motion** passed 5-0.

e. Pension Administrator – Lisa Castronovo

Ms. Castronovo reported that the one person whose benefit she suspended in June due to the person's lack of response to the annual benefit verification letter had finally responded so she reinstated their monthly benefit.

**ADJOURNMENT**

The meeting adjourned at 4:12 p.m.

I, Gregory Giaccone, the undersigned, am the Chair of the City of Delray Beach Firefighters' Retirement System Board of Trustees ("Board"). The information provided herein is the Minutes of the September 14, 2022 regular meeting of said body. These Minutes were formally approved and adopted by the Board on 12/8/2022.

  
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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 Firefighter's 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).