

MINUTES
SEPTEMBER 20, 2023 REGULAR BOARD MEETING
CITY OF DELRAY BEACH POLICE OFFICERS' RETIREMENT SYSTEM

1. CALL TO ORDER, ROLL CALL

Chair Rasor called the meeting to order at 9:15 a.m.

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

Also present: Matt Stewart (NFP Retirement, Inc.), Brendon Vavrica (AndCo Consulting), Pedro Herrera (Sugarman Susskind Braswell & Herrera as designated by City Attorney), Lisa Castronovo (City of Delray Beach), and Elizabeth Brown (City of Delray Beach)

Public attendees: Ron Cohen, Lynn Gelin, Duane D'Andrea; Victoria Paez; Terance Scott; Court Reporter Victoria Neil (Prestige Reporting Services, Inc.)

2. AGENDA ADOPTION

MOTION made by Mr. Weber, seconded by Mr. Deen, to adopt the September 20, 2023 Regular Board Meeting Agenda. In a voice vote by the members present, **Motion** passed 3-0.

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. May 24, 2023 Regular Meeting Minutes
- b. Warrant Ratification (#268)
- c. Warrant Approval (#269)
- d. Ratify/Approve – Refunds/Benefit Enhancements/New Retirement/DROP/Vested/Death Annuities
- e. Administrative Expense Budget for 2023-24

MOTION made by Mr. Weber, seconded by Mr. Deen, to approve the Consent Agenda. In a voice vote by the members present, **Motion** passed 3-0.

5. REPORTS

- a. June 30, 2023 Fiduciary Investment Review, NFP Retirement Inc. – Matt Stewart
Report made part of these Minutes
Mr. Stewart said NFP continued to work with MissionSquare to enact pertinent provisions of SECURE 2.0. Specifically, effective January 1, 2024, several plan changes would be required: 1) participants earning \$145,000 or more in the prior year must make their contributions on a Roth basis; 2) allow participants to withdraw up to \$1,000 for a qualifying emergency and self-certify that they meet the requirements for the withdrawal; 3) allow hardship withdrawals without limiting such withdrawals to employee elective deferrals only; and 4) allow employees to self-certify their need for a distribution due to hardship or being a victim of domestic abuse. Mr. Stewart noted that while several plan revisions were required, specifics had not yet been provided by the federal government.

Mr. Stewart proceeded to review the various investment funds' performance. As in the past, Dodge & Cox continued to be one of the best large cap equity funds. Three funds were on the watch list: 1) Invesco Global - second quarter below a 7, but not too concerned as it was historically overweight in domestic and growth, and 2) Western Asset Core Bond - second quarter below a 7, but the first quarter it dropped into the bottom quartile; if it remains in the bottom quartile in quarter end September 30, 2023, NFP will recommend a replacement fund.

b. Investment Reports, AndCo Consulting – Brendon Vavrica

i. Portfolio Performance Review – Quarter End June 30, 2023

Report made part of these Minutes. This item was not presented.

ii. Flash Report – August 2023

Report made part of these Minutes.

For the month ended August 31, 2023, the Plan's return was -2.00% vs. the benchmark of -1.88%. Through August 2023, the Fund's fiscal year to date return was 16.15%. Mr. Vavrica added that while the first couple of weeks of September had been soft, the Fund would still likely have a fiscal year return of 15% or better which would be a nice bounce back from fiscal year end 2022.

iii. Capital Call Pacing Model

The Capital Call Pacing model looked at each of the Fund's current private equity commitments to model when each commitment was expected to meet its target. The Pacing model further detailed how the Board could keep the Fund on target with its overall private equity commitments. Per the Pacing model, the Fund will reach its target in 2-3 years, stay at target for 2-3 years, then back off as distributions are made. In conclusion, the model showed that no commitments were needed now, but to remain on target in the future, new commitments would be needed starting in 2026.

iv. Non-Core Real Estate Manager Analysis

This item was tabled until the next meeting.

v. Investment Policy Review

Mr. Herrera reviewed the State's recent enacted anti-environmental, social, and governance (ESG) legislation that requires all investment decisions made for a state of Florida public plan can be made based only on pecuniary factors, strictly risk and return; no investment decision can be based on social, political or ideological interests. Mr. Herrera said the Board's investment policy had to be updated to reflect the new law.

MOTION made by Mr. Weber, seconded by Mr. Deen, to approve the updated Investment Policy as presented by Mr. Vavrica. In a voice vote by the members present, **Motion** passed 3-0.

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

Mr. Vavrica said \$9.4M would be contributed to the Fund by the first week of October. Mr. Vavrica recommended taking \$5.9M out of domestic equity, putting \$1.3M into both Harding Loevner International equity and DFA International Core equity, \$7M into Baird Aggregate Bond Fund, \$700k in Loomis Sayles Bond Fund, and \$3M in Fidelity Real Estate Inde Fund. After those transactions, \$2M would be in cash which would be used to cover upcoming monthly benefit payments.

MOTION made by Mr. Weber, seconded by Mr. Deen, to invest the incoming State and City contributions per Mr. Vavrica's recommendation. In a voice vote by the members present, **Motion** passed 3-0.

c. Legal Report, Sugarman, Susskind, Braswell & Herrera – Pedro Herrera

i. Proposed Ordinance Amendment

Mr. Herrera presented a proposed amendment that, if adopted by the City Commission, would add federal-mandated language related to SECURE Act 2.0 to the Ordinance.

MOTION made by Mr. Weber, seconded by Mr. Deen, to approve the proposed Ordinance amendment and direct the actuary to prepare an actuarial impact statement. In a voice vote by the members present, **Motion** passed 3-0.

ii. Disability Applicant Updates

Mr. Herrera introduced Attorney Ron Cohen who wanted to address the Board regarding disability applicant Nicole Lucas. Mr. Cohen handed each trustee a binder of documents previously provided electronically.

Mr. Cohen's first statement was that, as soon as possible after a disability application is received, the Board must designate a medical board to be composed of at least one physician. He continued with a request that the trustees to select a physician other than Dr. Thomas Goldschmidt to perform Ms. Lucas's independent medical examination (IME). Mr. Cohen directed the trustees to the list he provided of over 900 psychiatrists in Miami-Dade, Broward, and Palm Beach counties from which the Board could select a different physician.

Mr. Cohen read excerpts from a few depositions done by Dr. Goldschmidt where he was quoted making condescending statements about women. Mr. Cohen said that based on based on Ms. Lucas's City service and participation in the pension plan, she deserved to be treated with the utmost dignity and respect and he did not believe Dr. Goldschmidt would be independent or respectful based on comments made by Dr. Goldschmidt in the past. Mr. Cohen requested that all tests already performed for Ms. Lucas be preserved for future reference and use. Mr. Cohen concluded by stating he and his client wanted a videographer present when Ms. Lucas's IME was performed so that an exact record was made.

Mr. Herrera said he disagreed with everything Mr. Cohen said. Mr. Herrera said Dr. Goldschmidt's record was impeccable, none of statements Mr. Cohen sited were used to disqualify him, Dr. Goldschmidt was not excused from testifying in the specific case Mr. Cohen sited, so nothing Mr. Cohen read disqualified Dr. Goldschmidt.

Mr. Herrera said he did not believe the Board waived its right to appoint a medical board, though they could make a motion now to formalize the medical board. Further, the Board was authorized to delegate its attorney to make the physician selection which, by State law and the City's ordinance, the Board had the right to do.

Mr. Deen said the City ordinance requires the Fund to only pay for the IME; there was no obligation for it to pay elective additional costs, such as a videographer.

Mr. Herrera said the Board might select another lme physician, but there was no guarantee how much another physician would charge for the presence of a videographer or other elective services. Mr. Cohen again requested the trustees to select a different physician, one who was not condescending to women and put some dignity in the process. When asked if Ms. Lucas was willing to pay for a videographer to be present, Mr. Cohen responded she was.

Further discussion ensued regarding how the Board appointed Mr. Herrera to select the IME physician. Mr. Cohen said in his opinion, the Board had a duty to determine the medical board after every single disability application was submitted. Chair Rasor responded that the Board had followed the same protocol for every disability application before and after Ms. Lucas submitted her application.

MOTION made by Mr. Weber, seconded by Chair Rasor, to retain Dr. Goldschmidt as the physician for disability applicant Nicole Lucas's independent medical examination. In a voice vote by the members present, **Motion** passed 2-1 (Mr. Deen voted against).

Mr. Cohen said the motion to retain Dr. Goldschmidt was not valid since only two members voted in favor when all motions require three or more trustees to vote in favor.

Mr. Cohen's motion to retain a physician other than Dr. Goldschmidt was tabled to a future meeting when more than three trustees could be present as was his motion to recuse Mr. Privitera from all hearings regarding Nicole Lucas.

MOTION made by Mr. Weber, seconded by Mr. Deen, to call a special board meeting as soon as possible to hear disability applicant Nicole Lucas's motions regarding Dr. Goldschmidt and Scott Privitera. In a voice vote by the members present, **Motion** passed 3-0.

Mr. Weber said to leave disability retiree Terry Jones as a disability retiree since the IME done on him in July stated that he continued to be totally and permanently disabled.

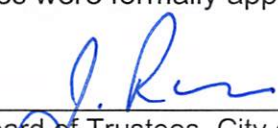
d. Pension Administrator – Lisa Castronovo

Ms. Castronovo provided the trustees with the 2022-23 administrative expense budget versus actual expenses through mid-September.

ADJOURNMENT

The meeting adjourned at 11:47 a.m.

I, Jeffrey Rasor, the undersigned, am the Chair of the City of Delray Beach Police Officers' Retirement System Board of Trustees ("Board"). The information provided herein is the Minutes of the September 20, 2023 regular meeting of said body. These Minutes were formally approved and adopted by the Board on 11/30/2023.



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.