

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

1. CALL TO ORDER, ROLL CALL

Chair Giaccone called the meeting to order at 1:02 p.m.

Board Members present: Chair Gregory Giaccone, Vice-Chair Craig Mahoney, Secretary Thomas Glanfield, Alan Kirschenbaum, and Jack Warner.

Also present: Matt Dickey (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: Tyler Adams, Jeffrey Wunsch

2. AGENDA ADOPTION

MOTION made by Mr. Mahoney, seconded by Mr. Warner, to adopt the September 20, 2023 Regular Board Meeting Agenda as revised to move Item 6.a. to Item 3.d. In a voice vote by the members present, **Motion** passed 5-0.

3. COMMENTS

a. Public

None

b. Board of Trustees of Firefighters' Retirement System

None

c. Active and Retired Members of the Plan

None

d. Initial Disability Hearing for Jeffrey Wunsch (formerly Item 6.a.)

Mr. Herrera reviewed the disability hearing process. Mr. Herrera told the Trustees that based on the information presented, they had to make one of three motions regarding Mr. Wunsch's disability claim: approve it, deny it, or table it. Mr. Herrera explained if the Trustees denied the claim, Mr. Wunsch had the right to request a formal hearing of his duty-related disability application. If the Trustees denied the claim at the formal hearing, Mr. Wunsch could appeal the denied claim in the circuit court after which a judge would rule on the claim. If the judge ruled in favor of Mr. Wunsch, Mr. Herrera would advise the Trustees to follow the judge's order.

Mr. Herrera continued by stating that in both the initial and formal disability hearings, the applicant bore the burden of proof. The threshold for the Board to grant a disability retirement was whether the applicant could do the job of a firefighter. Mr. Herrera said the Board had four issues to consider: 1) did Mr. Wunsch suffer an illness or injury, 2) was such illness/injury suffered in the line of duty, 3) if Mr. Wunsch suffered a disability, was the disability total; did he reach MMI, and 4) was the disability total and permanent? If all four questions are answered "yes," then the disability is granted. If any of the four questions was answered "no," then Mr. Wunsch must be told exactly the grounds on which his application was denied. Mr. Herrera told the Trustees all they could consider at this initial hearing was the documents and information provided as Mr. Wunsch was not allowed to introduce new documents.

Mr. Wunsch began his presentation by stating while a physical disability could easily be seen, his disability, severe mental depression, could not, so it was his hope the trustees would accept that depression was just as real as a visible, physical illness. Mr. Wunsch said he became severely depressed during his employment with the City which is when he started taking anti-depressants. Because he was actively employed as a firefighter, he contacted his IAFF representative, Craig Mahoney, for direction on how to take his prescribed medication as he did not want to break protocol. Mr. Wunsch said that at certain times, he was depressed to the point of being suicidal.

It was Mr. Wunsch's opinion that Delray Beach was a toxic work environment, especially toward a military veteran like himself. Mr. Wunsch shared examples of the toxic environment: one time while driving as a civilian within City limits, a co-worker threw a water bottle at him; on another occasion, as he sat at his desk working, a co-worker started a power tool within inches of his head significantly frightening him. After those incidents, he transferred fire stations. At the new station, someone destroyed some of his military memorabilia. After that incident, he took a leave of absence to regroup. Upon returning to work, he was informed he was allowed only minimal contact with the Delray Beach public.

Mr. Wunsch said someone within the Fire department leaked his personal medical information to his co-workers and other City employees. He said his depression worsened while on light-duty due to performing menial jobs assigned him by co-workers who knew his personal medical information. It was during this time, he said, he contemplated suicide due to the harassment he was receiving from co-workers at the Fire department. Before following through, though, he sought treatment to bring himself back from the brink. Shortly after righting himself, Fire Chief Tomey wrote a memorandum that warned City employees, within and outside the Fire department, that Mr. Wunsch was a danger not only to himself, but everyone else at the City and if anyone saw him, they were to call 911. Mr. Wunsch said it was the Chief's memorandum that finally pushed him over the edge.

Mr. Wunsch said even though he was no longer employed with the City, he was still severely depressed and suicidal and his disability was total and permanent. He said that contrary to what others might say, he developed depression while employed with the City, not during his prior military service in Iraq. Mr. Wunsch concluded his presentation by stating his hope that the City, and specifically the Fire department, would use his case as a learning experience: depression is the invisible injury no one can see so treat it and suicide better so that the next mental health person gets better treatment from the City.

Chair Giaccone asked Mr. Herrera if the trustees could grant a non-service incurred disability rather than a service incurred disability. Mr. Mahoney asked Mr. Wunsch to agree to release his Veterans' Administration records to the Board. Mr. Warner wanted to know if the events as described actually occurred, and if they did, why was nothing done? Mr. Warner said he felt the only way to get to the bottom of everything was to gather more records, specifically Mr. Wunsch's military records. The trustees asked Mr. Wunsch if anyone could verify his statements of the various incidents that happened. Mr. Herrera encouraged Mr. Wunsch to bring as much as he could to the Board to verify his statements.

Mr. Glanfield asked if Mr. Wunsch could work as a firefighter, just not in the City. Mr. Herrera responded that the determination the trustees were required to make was whether or not Mr. Wunsch could work as a firefighter anywhere, not just with the City. Mr. Kirschenbaum said it sounded to him that Mr. Wunsch's claims were about working as a Delray Beach firefighter, not working as a firefighter in general. Mr. Herrera said the trustees could ask the doctor who performed the independent medical exam if Mr. Wunsch's depression was linked to his work as a City of Delray Beach firefighter specifically or to his work as a firefighter in general.

MOTION made by Mr. Mahoney, seconded by Mr. Warner, to table Mr. Wunsch's initial hearing until more records were acquired. In a voice vote by the members present, **Motion** passed 5-0.

4. CONSENT AGENDA

- a. May 18, 2023 Regular Meeting Minutes
- b. August 4, 2023 Special Meeting Minutes
- c. Warrant Ratification (#273-274)
- d. Warrant Approval (#275)
- e. Ratify/Approve – Refunds/Benefit Enhancements/New Retirement/DROP/Vested/Death Annuities
- f. Administrative Expense Budget for 2023-24

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

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 reviewed the performance of various investment funds available to DROP participants. Two 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.

Mr. Vavrica presented the June 30, 2023, performance report noting overall the returns for the quarter were positive. One item of note was the inverted yield curve. Historically, every recession follows an inversion, but not every inversion leads to a recession.

The Plan's return for the quarter ended June 30, 2023, was 3.69% (net of fees) vs. the benchmark of 4.60%. The fiscal year to date return was 14.84% vs. the benchmark of 16.60%. The Plan's assets increased from \$145.7M on March 31, 2023 to \$148.6M on June 30, 2023.

- ii. Flash Report – August 2023

Report made part of these Minutes.

For the month ended August 31, 2023, the Plan's return was -2.02% vs. the benchmark of -1.84%. Through August 2023, the Fund's fiscal year to date return was 15.52%. Mr. Vavrica said the first couple of weeks of September had been soft, but he still expected the Fund to see a fiscal year return of 15% or better.

Mr. Glanfield asked Mr. Vavrica if he thought it was time for a portfolio shake-up and if there were any investments AndCo had discovered that would be a good Fund investment. Mr. Vavrica said he would give it some thought and bring some ideas to the next meeting.

iii. Investment Policy Review

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

MOTION made by Mr. Mahoney, seconded by Mr. Warner, to approve the updated Investment Policy as presented by Mr. Vavrica. In a voice vote by the members present, **Motion** passed 5-0.

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

Mr. Vavrica reported that between contributions from the State and the City, \$10.5M would be received in the Fund by the end of the first week of October. Mr. Vavrica recommended transferring \$2.0M from Newton to Fidelity Total Market Fund, and using \$7.467M of incoming contributions to purchase \$750k of Harding Loevner International fund, \$500k of the Baird Aggregate Bond Fund, \$700k of the Western Asset Core Bund Fund, and \$2.0M of the PIMCO Diversified Income Fund. Mr. Vavrica said \$3.5M could be invested in a real estate fund to bring it closer to target. Mr. Glanfield and Mr. Warner stated they did not want to invest in real estate given current market conditions. Mr. Vavrica responded if the trustees did not want to make any additional real estate investments, the extra funds could be left in cash to cover upcoming monthly benefit obligations and capital calls.

MOTION made by Mr. Warner, seconded by Mr. Mahoney, to invest the incoming State and City contributions per Mr. Vavrica's recommendation, without a real estate investment. In a voice vote by the members present, **Motion** passed 5-0.

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

Chair Giaccone asked Mr. Herrera if the trustee appointments to the Board could be staggered and if he had any suggestions for how to run the employee-elected elections. Mr. Herrera said the only way to stagger trustee appointments was through an Ordinance amendment which he could work on and provide a draft amendment at an upcoming meeting.

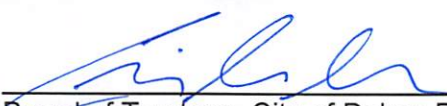
d. Pension Administrator – Lisa Castronovo

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

ADJOURNMENT

The meeting adjourned at 3:17 p.m.

I, Craig Mahoney 12/5/2023
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 20, 2023 regular meeting of said body. These
Minutes were formally approved and adopted by the Board on 12/5/2023.



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.