Item 3.A.

May 21, 2026 Regular Meeting Minutes

MINUTES of the
MAY 21, 2026 REGULAR RETIREMENT COMMITTEE MEETING of the
CITY OF DELRAY BEACH GENERAL EMPLOYEES' RETIREMENT PLAN

1. Call to Order
Chair MacManus called the meeting to order at 1:05 p.m.

Roll Call
Committee Members present: Chair Thomas MacManus, Vice-chair Adam Frankel (remote), Henry Dachowitz, and Martin Dorow. Committee member absent: Howard Ellingsworth

Also present: Jeffrey Amrose (Gabriel, Roeder, Smith & Co.), Brendon Vavrica and Jack Evatt (Mariner Institutional), Pedro Herrera (Jones Walker LLP as designated by City Attorney), Lisa Castronovo, Elizabeth Brown, and Alexa DeFranco (City of Delray Beach).

Agenda Adoption
MOTION made by Mr. Dorow, seconded by Mr. Dachowitz, to adopt the May 21, 2026, Agenda as amended to add Asset Allocation Discussion as Agenda Item 5.D. In a voice vote by the members present, **Motion** passed 4-0.

2. Public Comments
Ms. Castronovo summarized the Pension department's recent move to Human Resources and introduced Alexa DeFranco, the City's benefits manager, with whom she and Ms. Brown would be working.

3. Consent Agenda
A. February 10, 2026 Regular Meeting Minutes
B. Ratification/Approval of Plan Expenses
C. Ratification/Approval of Refunds/New Retirement/DROP/Death Annuities

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

4. October 1, 2025 Actuarial Valuation Report, Gabriel, Roeder, Smith & Company
Report made part of these Minutes

Highlights of the October 1, 2025 Actuarial Valuation Report:

- The City's required contribution increased from $3,113,193 for the 2025-26 fiscal year to $3,283,683 for the 2026-27 fiscal year, a $170,490 increase, 0.24% decrease as a percentage of payroll.
- If the City wanted to pay the 2026-27 required contribution on October 1, 2026, the first day of the fiscal year as done in the past, the contribution would be $3,230,497.
- There were no revisions in benefits.
- The mortality and improvement scales were updated to reflect the updated mortality assumptions used in the July 1, 2024, Florida Retirement System actuarial valuation. The mortality update caused the City contribution to increase by 0.18% of covered payroll.
- The Plan had a net actuarial gain of $3,951,661 for the year meaning actual experience was more favorable than anticipated. The actuarial gain was due primarily to a recognized return on the actuarial value of assets of 10.7% compared to the assumed rate of 6.75%. The gain was partially offset from average salary increases higher than expected (7.8% actual vs. 5.0% assumed). The gain caused the required employer contribution to decrease by 0.26% of covered payroll.
- The normal cost remained level as a percent of pay.

- Amortization payment for the Unfunded Actuarial Accrued Liability (UAAL) was a credit, but per Florida Statute, governmental plans must always pay the normal cost and cannot offset it with a UAAL credit.
- The funded ratio on October 1, 2025, was 100.5% compared to 99.4% on October 1, 2024. Using market value of assets, the funded ratio was 115%.
- The estimated required contribution for fiscal year 2027-28 is $3,390,000 assuming a 3% increase in total covered payroll for FYE 2026 and no gains, losses, or assumption changes.
- The Plan was in excellent shape.

Chair MacManus and Mr. Dachowitz questioned the salary increase assumption. Discussion turned to the 3.5% COLA increase the City Commission approved for all non-represented general employees employed on October 1, 2026. Chair MacManus asked Mr. Amrose to provide information on other general employees' plans' average salary increases. Chair MacManus said that as fiduciaries, the Committee should consider increasing the salary increase assumption to more accurately reflect expected future salary increases.

Mr. Amrose presented the results of the retiree-only cost-of-living study for a one-time in perpetuity increase. The increase considered was 2.5% which reflected the most recent CPI increase. The City Commission approved the 2.5% one-time increase at their May 19, 2026, meeting. The Committee discussed how to pay the additional required contribution of $2.2M – either one time on October 1, 2026, or amortize it over 5 years or 10 years.

MOTION made by Mr. Dorow, seconded by Mr. Dachowitz, to amortize the retiree one-time COLA over 5 years. In a voice vote by the members present, **Motion** passed 4-0.

MOTION made by Mr. Dachowitz, seconded by Mr. Dorow, to approve the October 1, 2025, Actuarial Valuation Report as presented. In a voice vote by the members present, **Motion** passed 4-0.

Mr. Amrose and Mr. Vavrica recommended using 6.75% as the expected rate of return for the current year, the next few years, and long-term thereafter.

MOTION made by Mr. Dorow, seconded by Mr. Dachowitz, to approve an expected rate of return of 6.75% for the current year, the next couple of years, and long-term thereafter as recommended by the Plan's actuary and investment consultant. In a voice vote of the members present, **Motion** passed 4-0.

Chair MacManus and Mr. Dachowitz asked Mr. Amrose to present contribution amounts for assumed rates of return of the current 6.75% and 6.50% when they perform the October 1, 2026 actuarial valuation.

5. Investment Reports – Mariner Institutional

A. Portfolio Performance Review – Quarter End March 31, 2026
Report made part of these Minutes.
Mr. Vavrica reviewed the March 31, 2026, performance report noting the Plan's total net return for the quarter was -0.52% vs. the benchmark of -1.03%, and 1.86% for the fiscal year-to-date compared to the benchmark of 1.23%. The Plan's assets decreased from $214.7M on December 31, 2025, to $211.5M on March 31, 2026.

Chair MacManus asked Mr. Vavrica how was it possible that the Fund performed well but compared to the benchmark looked like it was performing poorly. Discussion ensued regarding changing the benchmark or the Investment Policy Statement. Mr. Dorow said it was this issue that had him suggesting an asset allocation and/or asset-liability study be done.

B. Flash Report – April 2026

Report made part of these Minutes.

For month-end April 2026, the Plan's return was 5.98% vs. the benchmark of 7.27%. Through April 2026, the Plan's fiscal year-to-date return was 7.90%.

Chair MacManus noted that both small cap equity managers, Delaware and MassMutual, had performed poorly in the last few months. Mr. Vavrica said that small cap managers in general were not performing well nor were international equity managers over the last few months, though they had performed very well in the prior 12 months. The last 18 months have seen poor performance from all small cap managers, but over 4 and 5 years, MassMutual outperformed the benchmark. Mr. Vavrica said Mariner was happy with MassMutual and did not recommend replacing them. Chair MacManus said he would like Mr. Vavrica to bring to the next meeting alternatives to MassMutual. Mr. Dorow asked Mr. Vavrica if he could have Mariner's small cap research expert address the Committee at the next meeting.

Mr. Vavrica presented information on four custodians – MITC, Key Bank, Trustmark, Firth Third – as alternatives for current custodian Salem Trust. The biggest drivers of custodian fees were the asset-based fees, not the transaction charges/benefit payment fees. Salem Trust's current fees were about $100k per year. After discussions with Mariner, Salem Trust agreed to drop their asset-based fees from 3.9% to 3.0% and entirely drop their transaction fees. With those fee decreases, Salem Trust's fees were close to the other custodians' fees, about $66k.

MOTION made by Mr. Dachowitz, seconded by Mr. Dorow, to approve a revised Salem Trust contract reflecting reduced fees, contingent on review and approval by the Board's legal counsel. In a voice vote by the members present, **Motion** passed 4-0.

C. Private Credit Update

Mr. Vavrica briefly discussed the private credit managers.

D. Asset Allocation Study (Item added)

Mr. Dorow requested Mariner to perform an asset allocation study. Mr. Vavrica said an asset allocation study was fairly straight-forward, whereas an asset liability study was a much deeper dive. Mariner agreed to provide the asset liability study at an upcoming meeting.

6. Legal Report – Jones Walker LLP

Mr. Herrera reminded the Committee members to file their financial disclosure form with the State on or before June 30, 2026 using the State's portal system.

Mr. Herrera said he would provide a redrafted City amendment that would remove the payment of simple interest on employee contribution refunds to terminated employees but that interest would still be paid through the amendment adoption date since it was an accrued benefit that could not be withdrawn.

7. Pension Administrator Report

Ms. Castronovo shared her quarterly report.

Ms. Castronovo shared an email she received from Wealthspire's Matt Dickey, the DROP plan's investment consultant, in which he offered to reduce Wealthspire's fee from 12 basis points to 5.5 basis points to align it with Wealthspire's fee for the City's 457(b) and two small 401(a) plans.

MOTION made by Mr. Dorow, seconded by Mr. Dachowitz, to accept Wealthspire's reduced fee of 5.5 basis points. In a voice vote by the members present, **Motion** passed 4-0.

8. Other Business

Mr. Frankel said he did not think the 2026 iGlobal conference was as good as the prior ones. He added that he thinks the IFEBP and FPPTA conferences were better.

9. ADJOURNMENT

The meeting adjourned at 3:38 p.m.

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Thomas MacManus Date