

**MINUTES
REGULAR RETIREMENT COMMITTEE MEETING
CITY OF DELRAY BEACH GENERAL EMPLOYEES' RETIREMENT PLAN
AUGUST 21, 2025**

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, Howard Ellingsworth, Henry Dachowitz (arrived at 1:30 p.m.), and Martin Dorow.

Also present: Karen Russo (Salem Trust), Brendon Vavrica and Jack Evatt (Mariner Institutional), Pedro Herrera (Sugarman, Susskind, Braswell & Herrera as designated by City Attorney, remote), Lisa Castronovo and Elizabeth Brown (City of Delray Beach).

Agenda Adoption

MOTION made by Mr. Dorow, seconded by Mr. Ellingsworth, to adopt the August 21, 2025, Agenda. In a voice vote by the members present, **Motion** passed 5-0.

2. Public Comments

None.

3. Consent Agenda

- A. May 15, 2025 Regular Meeting Minutes
- B. Ratification of Plan Expenses and Termination Refunds
- C. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities

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

4. Custodian Report, Salem Trust

Ms. Russo reported that in mid-June 2024, her office mailed information about their new pensioner portal to the Plan's 350+ retirees. To date, less than 40 retirees have signed into the portal. Due to overall poor enrollment, in 2026 Salem Trust will do another campaign for the portal.

Ms. Russo said Salem Trust will permanently close the Garcia Hamilton and Polen accounts in October 2025.

Ms. Russo told the Committee of a new Salem Trust requirement that someone be the designated person for Salem Trust to call regarding wire authorizations; the Committee designated Ms. Castronovo.

5. Investment Reports, Mariner Institutional

- A. Portfolio Performance Review – Quarter End June 30, 2025
Report made part of these Minutes.

Mr. Vavrica reviewed the June 30, 2025 quarterly performance report. He reported the Plan's net rate of return for the quarter ended June 30, 2025, was 7.00% compared to its benchmark of 7.57% with a fiscal year to date return of 5.63% versus the benchmark of 5.44%. The Plan's market value increased from \$189.6M on March 31, 2025, to \$200.4M on June 30, 2025.

Chair MacManus asked why small cap core money manager Delaware was performing poorly. Mr. Evatt responded they were not terrible (they were in the 57th percentile for the one-year period ended June 30, 2025), though they were a bit behind the benchmark. Mr. Evatt said that since

Delaware had only been on board for a year, it was not yet time to worry about their performance. Chair MacManus requested Mariner to bring to the next meeting an in-depth review of Delaware's performance over the last 10 years. Mr. Evatt said he likes to give every manager in a portfolio three years before removing them because oftentimes current quarter performance is not indicative of long-term performance.

Discussion turned to asset allocation. The portfolio was fairly close to target, though a bit high in cash and low in alternatives. The members noted that equity investing had steadily increased while fixed income investing had decreased due to high equity returns. Chair MacManus said he would like to learn more about alternative investments for fixed income.

B. Flash Report – July 2025

Report made part of these Minutes.

For the month ended July 2025, the Plan's return was 0.93% vs. the benchmark of 1.24%. Through July 2025, the Plan's fiscal year to date return was 6.52%.

Discussion returned to Delaware's performance, specifically that it underperformed in each measurement period the Fund owned it. The question was posed if there was a desire to move funds out of it immediately or wait until the next meeting when Mariner presents information on how they had performed over the last 10 years. Mr. Dachowitz said he would like to have the Fund invest in gold, silver and more international since he foresaw a market crash in the near future. Thus, he cared more about looking at the Fund's big picture than he did about moving Delaware's money. Mr. Dachowitz added that he would like to see fixed income (bond) investments slashed, equity investments shifted from domestic to international (specifically large cap international), and an increase in alternative investments. Mr. MacManus said he would like to look at both international equity and fixed income, and possibly real estate, but only the best real estate managers.

Chair MacManus handed the gavel to Vice-chair Frankel.

MOTION made by Mr. MacManus to move Delaware's entire position to MassMutual. Motion died due to lack of a second.

MOTION made by Mr. MacManus, seconded by Mr. Dorow, to move 50% of Delaware's position to MassMutual. In a voice vote by the members present, **Motion** passed 5-0.

Vice-chair Frankel handed the gavel back to Chair MacManus.

C. Near-term Cash Requirements, How to Invest City Contribution

Mr. Vavrica noted the Plan was at an all-time high for asset holdings. He recommended the incoming City contribution of \$3M be invested in the underweight asset groups. The Committee decided to leave the \$3M in the receipts and disbursements cash account and to not reinvest per the standing rebalance letter on file with Salem Trust until further notice.

MOTION made by Mr. Dorow, seconded by Mr. Frankel, to leave the City's \$3M contribution in cash in the receipts and disbursements account. In a voice vote by the members present, **Motion** passed 5-0.

Mr. Dachowitz suggested having a gold and silver professional make a presentation to the Committee. The Committee collectively decided that it was not the right time to hear such a presentation.

6. Legal Report - Sugarman, Susskind, Braswell & Herrera

Mr. Herrera had nothing to report.

7. Pension Administrator Report

Ms. Castronovo shared her quarterly report.

8. Administrative Items

A. DROP Plan Fiduciary Investment Review

Ms. Castronovo told the Committee the City's Deferred Compensation Plans Committee (DCPC) met quarterly to review the investment performance of the City's 457 plan and two smaller 401(a) plans. At each meeting, the DCPC reviewed NFP's quarterly investment report, heard NFP's presentation regarding market conditions and pertinent federal and state legislation that could impact the City's deferred compensation plans, and based on NFP recommendations, made decisions regarding the investment line-up of the City's three non-DROP plans. Ms. Castronovo asked the Committee if they would like the DCPC to make, on their behalf, investment line-up decisions for the Plan's DROP with such decision(s) to either be approved or ratified at the next subsequent Retirement Committee meeting.

MOTION made by Mr. Ellingsworth, seconded by Mr. Frankel, that, for Committee approval, the Pension Administrator present at each Committee meeting all NFP-recommended 401(a) DROP investment fund lineup changes as presented at the preceding Deferred Compensation Plans Committee meeting. In a voice vote by the members present, **Motion** passed 5-0.

B. Return of Employee Contributions (Refunds)

Ms. Castronovo reminded the Committee of the issue regarding the in-perpetuity interest accrual on unpaid employee contributions for terminated participants who are due, but do not receive, a refund of the contributions they made to the Plan. She said that she, with Mr. Herrera, drafted two Ordinance amendments for consideration that could be adopted to stop interest accrual once a participant terminates employment. One draft allowed interest accrual during the participant's City employment but ceased interest accrual after the participant terminated employment. The second draft would return to the employee the contributions they made to the Plan, but without any interest credit. Ms. Castronovo asked the Committee to decide which amendment they wanted.

MOTION made by Mr. Frankel, seconded by Mr. Ellingsworth, to remove payment of interest on all refunds of employee contributions. In a voice vote by the members present, **Motion** passed 5-0.

9. Other Business

A. Investment Consultant RFP – next steps

Mr. Herrera reported eight firms responded to the investment consultant RFP and that all eight met the minimum requirements. The Committee directed Ms. Castronovo to provide each Committee member a copy of each firm's electronic RFP response for review in advance of a special meeting to be held September 22, 2025 at 9:00. At that meeting, the Committee will rank the firms to determine which ones to invite to make a presentation to the Committee at a special meeting on October 16, 2025 at 10:00 a.m. The Committee directed Mr. Herrera to develop a "top 5" criteria score card.

10. ADJOURNMENT

The meeting adjourned at 3:50 p.m.



Thomas MacManus



Date