Item 4.a.

May 11, 2026 Regular Meeting Minutes

MINUTES
MAY 11, 2026 REGULAR BOARD MEETING
CITY OF DELRAY BEACH POLICE OFFICERS' RETIREMENT SYSTEM

1. CALL TO ORDER, ROLL CALL

Chair Weber called the meeting to order at 8:37 a.m.

Board Members present: Chair Paul Weber, John Brinkerhoff, Alan Kirschenbaum, Edward McCabe, and Luis Skeberis.

Also present: Jeffrey Amrose (Gabriel, Roeder, Smith & Company), Moises Ariza and Scott Montgomery (CBIZ), Brendon Vavrica and Jack Evatt (Mariner Institutional), Pedro Herrera (Jones Walker LLP), Lisa Castronovo, Elizabeth Brown, and Alexa DeFranoco (City of Delray Beach)

Public attendees: none

2. AGENDA ADOPTION

MOTION made by Mr. Skeberis, seconded by Mr. Brinckerhoff, to adopt the May 11, 2026 Regular Board Meeting Agenda. In a voice vote by the members present, **Motion** passed 5-0.

3. COMMENTS

a. Public
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.

b. Board of Trustees of Police Officers' Retirement System
None

c. Active and Retired Members of the Plan
None

4. OCTOBER 1, 2025 ACTUARIAL VALUATION REPORT

Mr. Amrose presented the October 1, 2025 Actuarial Valuation Report.
Highlights:

- The City's required contribution increased from $8,607,871 for fiscal year end September 30, 2026 to $8,632,140 for fiscal year end September 30, 2027, a dollar increase of $24,269, but a 0.83% decrease as a percent of payroll.
- If the City paid FYE 2027 required contribution on October 1, 2026, the first day of the fiscal year as done in the past, the contribution would be $8,327,600.
- 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 3.40% of covered payroll.
- The plan experienced a net actuarial gain of $3.4M, meaning actual experience was more favorable than anticipated. The gain was due primarily to a greater-than-expected investment return – 9.0% actual versus 6.75% expected – based on the smoothed value of assets. The net gain caused the City contribution to decrease by 1.94% of covered payroll.
- The funded ratio on October 1, 2025, was 76.3% compared to 73.8% on October 1, 2024.
- The estimated required City contribution for fiscal year end 2028 was $8.9M assuming a 5.67% increase in total covered payroll and no gains, losses, or assumption changes.
- The actuarial impact statement reflecting the change in the extension of DROP participation from five years to eight years decreased the required City contribution by $9,000

Mr. Kirschenbaum said he would like to decrease the assumed rate of return from 6.75% to 6.50%. The trustees discussed lowering the amortization period immediately from 18 years to 15 years, rather than decreasing it one year at a time over the next three years. Discussion ensued.
MOTION made by Mr. Kirschenbaum, seconded by Mr. Skeberis, to decrease the actuarial assumed rate of return 0.25% effective October 1, 2025 (6.75% to 6.50%), 0.125% effective

October 1, 2026 (6.50% to 6.375%), and 0.125% effective October 1, 2027 (6.375% to 6.25%). In a voice vote by the members present, **Motion** passed 5-0.

MOTION made by Mr. Skeberis, seconded by Mr. Kirschenbaum, to accept the October 1, 2025 Actuarial Valuation Report as presented by Gabriel, Roeder, Smith & Company contingent on the change of the assumed rate of return from 6.75% to 6.50%. In a voice vote by the members present, **Motion** passed 5-0.

Mr. Amrose and Mr. Vavrica recommended using 6.50% as the expected rate of return.

MOTION made by Mr. Skeberis, seconded by Mr. Kirschenbaum, to approve an expected rate of return of 6.50% 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 by the members present, **Motion** passed 5-0.

5. CONSENT AGENDA

a. March 2, 2026 Regular Meeting Minutes
b. March 18, 2026 Special Meeting Minutes
c. Warrant Approval (#291)
d. Ratify/Approve – Refunds/Benefit Enhancements/New Retirement/DROP/Vested/Death Annuities

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

6. REPORTS

a. September 30, 2025 Financial Statements, CBIZ
Report made part of these Minutes
Mr. Montgomery reviewed the draft September 30, 2025 Financial Statements emphasizing the auditor's opinion was clean and "unmodified" meaning it was the highest opinion that could be issued. Upon the completion of his report overview, Mr. Montgomery stated there were no material weaknesses, deficiencies in internal controls, or non-compliance issues.

MOTION made by Mr. Skeberis, seconded by Mr. Brinckerhoff, to accept the September 30, 2025 Financial Statements as presented by CBIZ. In a voice vote by the members present, **Motion** passed 5-0.

b. 2025 Annual State Report
Report made part of these Minutes
Ms. Castronovo requested Board approval to submit the 2025 annual State Report to the Florida Division of Retirement now that the September 30, 2025 Financial Statements were accepted. Ms. Castronovo reminded the Board the State uses the information provided in the annual State Report to issue Chapter 185 premium tax distributions.

MOTION made by Mr. Skeberis, seconded by Mr. McCabe, that the information provided for the 2025 State Report had been reviewed by the Board and was approved to be submitted to the Florida Division of Retirement. In a voice vote by the members present, **Motion** passed 5-0.

c. Investment Review - Mariner Institutional
   i. 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 -2.37% vs. the benchmark of -1.98%, and -0.04% for the fiscal year-to-date compared to the benchmark of 0.37%. The Plan's assets increased from $175.7M on December 31, 2025, to $169.0M on March 31, 2026. Value equity outperformed growth equity.

ii. Flash Report – April 2026
Report made part of these Minutes
For the month ended April 30, 2026, the Plan's return, net of fees, was 7.55% vs. the benchmark of 6.83%. The fiscal year-to-date return was 7.51% vs. the benchmark of 7.23%. Growth equity rebounded in April 2026.

Mr. Vavrica pointed out that domestic equity investments exceeded the upper end of the established target range, so an asset rebalancing was needed to take money out of domestic equity. Mr. Brinckerhoff said he thought the current 80% allocation to equity was too much given current economic trends and that rebalancing the portfolio would help alleviate some of the uncertainty in the current market - high gas prices, increasing grocery prices, likely no more interest rate decreases. Mr. Kirschenbaum countered that he thought a 100% allocation to equity was okay since retirement plans were meant to live in perpetuity.

Mr. Evatt said historically fixed income returned about 4%, equity returned about 8.2%, with volatility about 4% for fixed income, but 17% for equity. Mr. Evatt presented this information to show that while domestic equity investments could produce large positive returns, they inherently brought with them a lot of volatility and thus the possibility of large losses in down markets.

Mr. Evatt said the Fund was most overweight in growth equity. If $4M was transferred from growth equity to a different asset class, the growth equity allocation would equal the value equity allocation. He noted the Fund was also overweight in small cap equity (MassMutual). Mr. Evatt suggested transferring $4.7M out of small cap, for a total $8.7M reallocation out of equity and to another asset class. Mr. Evatt concluded saying Mariner liked small cap manager MassMutual and did not recommend transferring its assets to another small cap manager.

Mr. Vavrica said as long as the Board was aware of and discussed the fact that certain investments were outside of their respective asset class ranges, they could opt to remain outside the ranges. Further, if the Board was okay with increased volatility from one quarter to the next, they did not need to amend the Investment Policy Statement nor transfer assets from one asset class to another. Mr. Herrera concurred.

MOTION made by Mr. Brinckerhoff, seconded by Mr. Kirschenbaum, to transfer $2M from RhumbLine Growth Index to large cap value manager BNYNewton and $4.7M from small cap equity manager MassMutual to fixed income manager Baird Advisors. In a voice vote by the members present, **Motion** passed 5-0.

iii. Small Cap Equity Manager Review
Report made part of these Minutes
No discussion.

Mr. Evatt presented information on custodians as alternatives for current custodian Salem Trust. The biggest drivers of custodial fees were the asset-based fees, not the transaction charges/benefit payment fees. Salem Trust's current fees were about $78k 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.

MOTION made by Mr. Kirschenbaum, seconded by Mr. Skeberis, 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 5-0.

d. Legal Report – Jones Walker LLP
Mr. Herrera reminded the Trustees to file their financial disclosure forms with the State on or before June 30, 2026 using the State's portal system.

Mr. Herrera said he would revisit the proposed City amendment that removed the payment of simple interest on employee contribution refunds to terminated vested and non-vested employees. Chair Weber said that, unlike the Firefighters' Retirement System Board, this Board did not want to pay interest on any employee contribution refund to any terminated member requesting a refund, whether vested or not. Mr. Herrera said that interest would still be paid through the amendment adoption date since it was an accrued benefit that could not be withdrawn.

e. Pension Administrator
Ms. Castronovo shared her quarterly report (made part of these Minutes). She noted that of the 154 benefit verification letters mailed in early January 2026, one was outstanding (Richard Vurchio) and the benefit would be suspended starting June 1, 2026.

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. Kirschenbaum, seconded by Mr. Skeberis, to accept Wealthspire's reduced fee of 5.5 basis points. In a voice vote by the members present, **Motion** passed 5-0.

ADJOURNMENT
The meeting adjourned at 10:58 p.m.

I, <u>Paul Weber</u>, the undersigned, am the <u>Chair</u> of the City of Delray Beach Police Officers' Retirement System Board of Trustees ("Board"). The information provided herein is the Minutes of the May 11, 2026, regular meeting of said body. These Minutes were formally approved and adopted by the Board on ____________________.

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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.