

**Item 4.a.**

**May 15, 2025  
Regular Meeting Minutes**

**MINUTES**  
**MAY 15, 2025 REGULAR BOARD MEETING**  
**CITY OF DELRAY BEACH FIREFIGHTERS' RETIREMENT SYSTEM**

**1. CALL TO ORDER, ROLL CALL**

Chair Mahoney called the meeting to order at 8:33 a.m.

Board Members present: Chair Craig Mahoney, Vice-Chair Jay Gunsten, Chip Dickson, Tom Glanfield, and Jack Warner.

Also present: Matt Dickey (remote, NFP), Scott Montgomery (Marcum LLP), Jeffrey Amrose (Gabriel, Roeder, Smith & Company), Jorge Friguls and Jack Evatt (Mariner Institutional), Pedro Herrera (remotely, Sugarman, Susskind, Braswell, & Herrera as designated by City Attorney), and Lisa Castronovo and Elizabeth Brown (City of Delray Beach)

Public attendees: none

**2. AGENDA ADOPTION**

**MOTION** made by Mr. Dickson, seconded by Mr. Glanfield, to adopt the May 15, 2025 Regular Board Meeting Agenda. 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

**4. CONSENT AGENDA**

- a. February 20, 2025 Regular Meeting Minutes
- b. Warrant Ratification (#289)
- c. Warrant Approval (#290)
- d. Ratify/Approve – Refunds/Benefit Enhancements/New Retirement/DROP/Vested/Death Annuities

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

**4. REPORTS**

- a. **March 31, 2025 Fiduciary Investment Review**, NFP Retirement, Inc.

Report made part of these Minutes.

Mr. Dickey reviewed the pros and cons of revenue sharing investment funds (which the DROP plan used) and direct expense investment funds (which the deferred compensation plans committee recently decided to implement for the City's 457(b) plan). Ms. Castronovo reported that, per the Board's direction at the February meeting, she notified the DROP participants about the possible change in share classes and did not receive any feedback.

Mr. Dickson asked if the investment returns would remain the same to which Mr. Dickson responded "yes."

**MOTION** made by Mr. Dickson, seconded by Mr. Glanfield, to change all DROP investment funds from revenue sharing to zero revenue sharing. In a voice vote by the members present, **Motion** passed 5-0.

- b. **September 30, 2024 Financial Statements**, CBIZ

Report made part of these Minutes.

Mr. Montgomery reviewed the draft September 30, 2024 Financial Statements emphasizing the auditor's opinion was clean and "unmodified" meaning it was the highest opinion that could be issued. Mr. Montgomery detailed two new line items on the Combined Statement of Fiduciary Net Position: a \$100,752 contribution receivable from the City, and \$277,175 due to the City. Mr. Montgomery explained the \$100k was receivable due to a slight change in how the required City contribution was calculated.

Discussion ensued regarding the \$277k due the City. The trustees and Ms. Castronovo asked Mr. Montgomery to provide a breakdown of the amount. The trustees agreed to hold a special meeting as soon as possible at which they wanted a full explanation of the \$277k from both Mr. Montgomery and someone from the City's finance department.

Ms. Castronovo said the 2024 Annual State Report could not be approved until the September 30, 2024 Financial Statement Report was approved.

**MOTION** made by Mr. Gunsten, seconded by Mr. Dickson, to table approval of the September 30, 2024 Financial Statements and 2024 Annual State Report. In a voice vote by the members present, **Motion** passed 5-0.

c. **2024 Annual State Report**

Report made part of these Minutes.

d. **October 1, 2024 Actuarial Valuation Report**, Gabriel, Roeder, Smith & Company ("GRS")

Report made part of these Minutes

Highlights of the October 1, 2024 Actuarial Valuation Report:

- The City's required contribution increased from \$10,112,444 for fiscal year end September 30, 2025 to \$10,618,074 for fiscal year end September 30, 2026, an increase of \$505,630, but decrease of 1.08% as a percent of payroll. The Normal Cost increased by \$135k and the amortization payments increased by \$370k which accounted for the \$505k increase.
- If the City paid FYE 2026 required contribution on October 1, 2025, the first day of the fiscal year as done in the past, the contribution would be \$10,257,259.
- There were no revisions in benefits or actuarial assumptions.
- The plan experienced a net actuarial loss of \$2.61M meaning actual experience was less favorable than anticipated. The loss was due primarily to higher-than-expected average salary increases (18.9% actual vs. 6.5% assumed). The loss was partially offset by higher-than-expected investment gains (9.1% actual vs. 6.25% expected). On a market value basis, the investment return was 22.2%. The net loss caused the required employer contribution to increase by about \$279,000.
- The funded ratio on October 1, 2024, was 71.8% compared to 69.7% on October 1, 2023, using the smoothed value of assets. Using market value of assets, the funded ratio was 77%.
- Starting with the October 1, 2025, actuarial valuation, the Plan will have to use updated mortality tables as used by the Florida Retirement System.
- The estimated required City contribution for fiscal year end 2027 was \$10.4M assuming a 5.55% increase in total covered payroll and no gains, losses, or assumption changes.

Mr. Amrose told the trustees that even though the funded ratio was under 80%, the Plan was in very good shape as the Board had taken many steps to increase the funded ratio in future years, such as lowering the amortization period to 15 years, decreasing the assumed rate of return to

6.25%, and changing the unfunded actuarial accrued liability to be amortized as a level dollar amount over the number of years remaining in the amortization period. All steps taken realistically reflected the Plan's actual experience and, when put together, would work to increase the funded ratio in future years.

**MOTION** made by Mr. Warner, seconded by Mr. Dickson, to accept the October 1, 2024 Actuarial Valuation Report as presented. In a voice vote by the members present, **Motion** passed 5-0.

Mr. Amrose and Mr. Friguls recommend using 6.25% as the expected rate of return for the current year, the next couple of years, and long-term thereafter.

**MOTION** made by Mr. Warner, seconded by Mr. Dickson, to approve an expected rate of return of 6.25% 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.

d. Investment Review – Mariner Institutional

i. Portfolio Performance Review – Quarter End March 31, 2025

Report made part of these Minutes.

Mr. Friguls summarized the quarter ended March 31, 2025, noting the “magnificent 7” had pulled back its dominance of the market while value and international equity had picked up their performance. Due to the recently levied tariffs, the market had been very volatile, though private sector employment was picking up. Mr. Friguls said he believed companies in general would figure out over time how to operate once they learned the “new” rules. Large companies would likely have little to no problem adjusting, but the smaller companies would most likely have a much harder time. A lot had happened in the first six months of the fiscal year – movement from a positive, well-balanced 4<sup>th</sup> quarter 2024 to a very volatile in 1<sup>st</sup> quarter 2025.

Mr. Friguls stated he felt the current asset allocation was fine especially considering the Plan outperformed its benchmark. The Plan's total net return for the quarter ended March 31, 2025, was -0.41% vs. the benchmark of -1.18% and for the fiscal year to date was -1.06% vs. the benchmark of -1.35%. The Plan's assets decreased from \$182.1M on December 31, 2024, to \$179.0M on March 31, 2025 due mostly to the normal cash outflow for benefits and expenses.

ii. Flash Report – April 2025

Report made part of these Minutes.

Investment performance in April 2025 was very flat, which was exceptional considering how volatile April became after world-wide tariffs were announced. For the month ended April 30, 2025, the Plan's return, net of fees, was -0.18% vs. the benchmark of 0.25%. The fiscal year to date return was -1.23% vs. the benchmark of -1.10%.

Mr. Glanfield expressed his concern about Europacific's performance. He asked what a good alternative to them might be, adding that maybe the Board should get rid of them in favor of a better performing manager. Mr. Friguls and Mr. Evatt said that sometimes managers need to be given time to perform since markets are always moving with each asset class moving in and out of favor. Mr. Evatt said unfortunately, the Fund invested with Europacific when they started slumping, but since Europacific had produced good results historically, the Board should give them three to five years to prove their worth. For all managers, not just Europacific, the Board should have patience as each manager slips in and out of favor. Specifically, Europacific had a highly diversified portfolio and most likely would soon turn around their performance. Mr. Dickson said Europacific should be on a watch list but not terminated yet

since historically they have adjusted. Mr. Glanfield requested that alternative managers to Europacific be presented at the next meeting.

Mr. Friguls said the Fund's portfolio was close to 70% invested in equity which was the upper limit of the Board's adopted Investment Policy. Mr. Evatt suggested removing the upper equity limit stated in the Investment Policy.

Mr. Friguls said \$2.5 was needed in cash to cover upcoming benefits and administrative expenses. Since the Fund was overweight in equity, the funds needed could be taken from there. Mr. Evatt recommended equalizing the growth and value equity funds.

**Motion** made by Mr. Gunsten, seconded by Mr. Warner, to transfer \$2.4M from Newton Investment to cash. In a voice vote by the members present, **Motion** passed 5-0.

A 5-minute break was taken.

iii. Asset Allocation, Private Credit Update  
Report made part of these Minutes.

For asset allocation purposes, Mr. Friguls suggested going to 5% for real estate and 10% for private credit. The current portfolio allocation was superior to any of the mixes Mr. Friguls presented. Mr. Evatt said the Fund was not as reliant on real estate as an alternative to fixed income like it was several years ago since the Fund had diversified into several alternatives. Mr. Friguls noted Crescent Capital was opening a new fund that the trustees might want to consider.

Mr. Glanfield said he would like to learn more about infrastructure investments. Mr. Evatt agreed to bring information about infrastructure investments to the next meeting.

iv. Investment Policy Statement

The trustees agreed to hold off on making any changes to the Investment Policy Statement until after hearing a presentation on infrastructure investments.

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

Mr. Herrera reminded members to file their Form 1 by July 1<sup>st</sup> electronically. He provided a Florida legislative update noting that nothing affected local law pension plans or the Florida Retirement System.

g. Pension Administrator's Report

Ms. Castronovo shared her quarterly report.

**ADJOURNMENT**

The meeting adjourned at 11:38 a.m.

I, Craig Mahoney, 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 May 15, 2025 regular meeting of said body. These Minutes were formally approved and adopted by the Board on \_\_\_\_\_.

\_\_\_\_\_  
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](http://www.delraybeachfl.gov).