

**MINUTES  
REGULAR RETIREMENT COMMITTEE MEETING  
CITY OF DELRAY BEACH GENERAL EMPLOYEES' RETIREMENT PLAN  
FEBRUARY 20, 2025**

**1. Call to Order**

Chair MacManus called the meeting to order at 1:07 p.m.

**Roll Call**

Committee members present: Thomas MacManus, Adam Frankel, Marty Dorow, and Henry Dachowitz (arrived at 1:30 p.m.). Committee member absent: Howard Ellingsworth.

Also present: Jared Marx (NFP, participated remotely), Brendon Vavrica and Jack Evatt (Mariner Institutional), Pedro Herrera (Sugarman, Susskind, Braswell & Herrera as designated by City Attorney), Lisa Castronovo and Elizabeth Brown (City of Delray Beach).

**Agenda Adoption**

**MOTION** made by Mr. Frankel, seconded by Mr. Dorow, to adopt the February 20, 2025, Agenda. In a voice vote by the members present, **Motion** passed 3-0.

**2. Public Comments**

None

**3. New Retirement Committee Member Introduction – Henry Dachowitz**

**4. Administrative**

**A. Selection of Vice-Chair**

Chair MacManus recommended Adam Frankel serve as the Committee's vice-chair.

**MOTION** made by Chair MacManus, seconded by Mr. Dorow, for Adam Frankel to serve as Committee Vice-chair. In a voice vote by the members present, **Motion** passed 3-0.

**5. Consent Agenda**

**A. November 21, 2024 Regular Meeting Minutes**

**B. Ratification of Plan Expenses and Termination Refunds**

**C. Approval/Ratification of New Retirement/DROP/Vested/Death Annuities**

**D. Fiduciary Liability Insurance for 2025-26**

**MOTION** made by Mr. Frankel, seconded by Mr. Dorow, to approve the Consent Agenda as amended to include an invoice payment for Sugarman, Susskind. In a voice vote by the members present, **Motion** passed 3-0.

**6. December 31, 2024 Fiduciary Investment Review, NFP Retirement, Inc.**

Mr. Marx 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). Under the revenue share model, all expenses were paid by the few participants who invest in funds that charge fees, but the collected excess revenue was distributed to all participants regardless of whether they paid fees. If the DROP plan switched to direct expense funds, the overall fees would be less with each participant paying transparent fees.

Discussion ensued. Mr. Marx said revenue sharing investment funds were popular 20+ years ago but were no longer and, as a result, most deferred compensation plans now used direct expense investment funds. If the change was made, the investment funds would be "zero share class" funds with all revenue stripped out. Not only would total expenses decrease, but returns would increase. The trustees requested NFP provide a comparison of current revenue share class lineup versus the proposed zero share class lineup.

## 7. Investment Reports – Mariner Institutional

### A. Portfolio Performance Review – Quarter End December 31, 2024

Report made part of these Minutes.

Mr. Vavrica summarized the fourth quarter of 2024 as a rollercoaster - October was negative, November was positive, but with international equity very negative. In December 2024, the Federal Reserve announced that all interest rate cuts they projected to happen in 2025 would most likely not happen. Growth equity was up 7%, while value equity was down 2%.

Chair MacManus said he was uncomfortable with the index to which BlackRock was measured and asked Mariner to provide a better index for measurement purposes. Chair MacManus said he was ready to get rid of fixed income manager Garcia, Hamilton. Mr. Vavrica said he would bring to the next meeting information on fixed income managers.

Mr. Vavrica said the Plan had negative cash flow, but very good investment returns. Mr. Dachowitz voiced his concern that the fifteen-year bubble the markets had been in was about to burst, that we were very near a recession, and thus it was risky for the Plan to be over 65% invested in equity. Discussion ensued regarding private credit investing. Two major issues with private credit: 1) its illiquidity, though it's more liquid than private equity, and 2) keeping the entire commitment invested (typically only about 60% will ever be invested).

Mr. Friguls reported the Plan's net rate of return for the quarter ended December 31, 2024, was -0.26% compared to its benchmark of -0.27%. The Plan's market value increased from \$193.0M on September 30, 2024 to \$193.5M on December 31, 2024.

### B. Flash Report – January 2025

Report made part of these Minutes.

For January 2025, the Plan's return was -2.95% vs. the benchmark of 2.80%.

### C. Investment Policy Statement, Benchmark Review

Mr. Vavrica reviewed fixed income indexes. Chair MacManus and Mr. Dorow said they wanted to see how the Plan's asset allocation compared to its peers; Mr. Vavrica agreed to bring comparison information to the next meeting.

### D. Review Near Term Cash Requirements

Mr. Vavrica said the Plan was overweight in equity by about \$10.6M. To meet upcoming cash needs, funds could be taken from large cap growth, but the Plan was overweight in value, not growth, so if funds were taken from growth, the Plan would be even more overweight in value. Mr. Vavrica recommended withdrawing the needed funds equally from the growth and value passive funds at RhumbLine since they were not as heavily invested in the magnificent seven companies as the actively managed funds.

**MOTION** made by Mr. Dorow, seconded by Mr. Frankel, to withdraw \$5M from RhumbLine's growth index fund, \$5M from RhumbLine's value index fund and place the \$10M in cash. In a voice vote by the members present, **Motion** passed 4-0.

**8. Legal Report - Sugarman, Susskind, Braswell & Herrera**

Mr. Herrera said the documents for the Committee's new investment with Carlyle were close to completion. He summarized the recently passed Social Security Safety Act which repealed two pieces of legislation that had been in effect for 40 years, neither of which affected the Plan. The repealed laws offset SS benefits with pension benefits. Benefits back to January 1, 2024, would be adjusted for about three million people nationwide.

**9. Pension Administrator Report**

Ms. Castronovo shared her quarterly report.

**10. Discussion Item: RFPs for Investment Consultant, Custodian**

Mr. Herrera said his office prepared and issued many RFPs for service providers - investment consultants, actuary, custodian - so his office could prepare and issue the RFPs the Committee wanted. Discussion ensued regarding including the Firefighters' and Police Officers' boards of trustees in the RFP process since whoever the Retirement Committee hired would also be the provider for the Firefighters' and Police Officers' boards. All members agreed that Firefighter and Police Officer trustees should be included in reviewing the RFP responses, but not in the drafting of the RFP. The Committee directed Mr. Herrera to draft an RFP for investment consultant to then be reviewed by Committee members at a special Committee meeting for Committee members only. The Committee agreed to hold off issuing a RFP for custodial services.

**MOTION** made by Mr. Dorow, seconded by Mr. Dachowitz, for Mr. Herrera to draft an RFP for investment consultant, provide such draft to Ms. Castronovo, who in turn would coordinate a special Committee meeting to review the draft RFP. In a voice vote by the members present, **Motion** passed 4-0.

**11. OTHER BUSINESS**

None

**12. ADJOURNMENT**

The meeting adjourned at 3:05 p.m.

  
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Thomas MacManus, Chair

  
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Date