

MINUTES
REGULAR BOARD OF TRUSTEES MEETING
CITY OF DELRAY BEACH FIREFIGHTERS' RETIREMENT SYSTEM
FEBRUARY 20, 2025

1. CALL TO ORDER, ROLL CALL

Chair Mahoney called the meeting to order at 9:02 a.m.

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

Also present: Brian Perkins (NFP Retirement), Jorge Friguls 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)

Public attendees: none

2. AGENDA ADOPTION

MOTION made by Mr. Warner, seconded by Mr. Glanfield, to adopt the February 20, 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. December 10, 2024 Regular Meeting Minutes
- b. Warrant Ratification - #287
- c. Warrant Approval - #288

MOTION made by Mr. Warner, seconded by Mr. Glanfield, 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 5-0.

5. REPORTS

- a. December 31, 2024 Fiduciary Investment Review – NFP Retirement, Inc.
Report made part of these Minutes.

Mr. Perkins reviewed the national economic performance in the final quarter of 2024. He also 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 are paid by the few participants who invest in funds that charge fees, but the excess revenue collected is distributed to everyone in the plan whether they paid fees or not. If the DROP plan switched to direct expense funds, the overall fees would be less with each participant paying the fees they directly incurred.

Discussion ensued. Mr. Perkins said revenue sharing investment funds were popular 20+ years ago but no longer were, and as a result, most deferred compensation plans now used direct expense investment funds. If the move 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. The trustees directed Ms. Castronovo to provide notice of the discussion of the possible investment classes' change to DROP participants two weeks prior to the May board meeting.

b. Investment Review – Mariner Institutional

i. Portfolio Performance Review – Quarter End December 31, 2024

Report made part of these Minutes.

Mr. Friguls noted that since the beginning of 2025, earnings had not been what was forecast in 2024, and the Fed was anticipating only two interest rate decreases in 2025 rather than the previously projected five. Further, the labor market had begun to weaken with inflation “sticky” as people became more cautious. Further, fear of the future started to creep into economic markets resulting in value stocks performing better than they did in 2024.

The Plan's net rate of return for quarter end December 31, 2024, was -0.65% compared to its benchmark of -0.17%. The Plan's market value increased from \$176.1M on September 30, 2024, to \$182.1M on December 31, 2024, due mostly to receipt of the City's contribution in October 2024.

ii. Flash Report – January 2025

Report made part of these Minutes.

The market rebounded significantly in January 2025. The Plan's net rate of return was 2.96% compared to its benchmark of 2.44%.

For upcoming cash needs for benefits and Plan expenses, Mr. Friguls recommended using cash funds rather than pulling money from any one investment. If additional funds were needed, it could be taken from the overweight stock class. The trustees agreed to take funds from cash, as needed.

Mr. Friguls said he was comfortable leaving the Plan overweight in equity since he believed the market would soon see fixed income with returns in the 4.5-5% range. Mr. Glanfield asked Mr. Friguls if he thought the Plan should move some of its fixed income investments to alternative investments, including more investment in real estate. Mr. Friguls responded that if anything, he would reduce the real estate exposure and increase investments in other alternatives, specifically private credit and infrastructure.


Mr. Glanfield asked about investing in infrastructure. Mr. Dickson said the biggest risk with infrastructure investments was the local government in which the infrastructure was located since such investments were typically global. Mr. Glanfield said he was concerned that 19% of the Plan's investments were in fixed income, which was returning only 4-5% while the minimum return needed was 6.5%. Chair Mahoney directed Mr. Friguls to bring to the next meeting an updated IPS with a reduced real estate allocation. Mr. Warner asked Mr. Friguls to bring information regarding private lending as a replacement for Crescent Capital.

- b. Legal Report - Sugarman, Susskind, Braswell & Herrera
Mr. Herrera said the documents for the Board's new Deerpath investment were almost complete. Mr. Herrera provided information regarding the Social Security Fairness Act which repealed two pieces of legislation that had been in effect for 40 years. The repealed laws offset Social Security benefits with pension benefits. Benefits back to January 1, 2024, would be adjusted for about three million people nationwide.
- c. Pension Administrator's Report
Ms. Castronovo shared her quarterly report.

ADJOURNMENT

The meeting adjourned at 10:34 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 February 20, 2025, regular meeting of said body. These Minutes were formally approved and adopted by the Board on May 15, 2025.



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.