Q2 2025
Meeting Minutes
Delray Beach
City of Delray Beach- 457 Plan

Meeting Date: 08/12/2025

Attendees

Committee Members	Daniel De Franceschi Henry Dachowitz Matt Naparstek	Duane D'Andrea Lisa Castronovo
NFP	Matt Dickey	Jamie Hayes, CPFA, C(k)P, AIF

Administrative Review

Reviewed Prior Meeting Notes ✔

Signed IPS on file ✔

Notes:
1. Meeting was called to order at 9:34am by L. Castronovo. All members were present except Member D'Andrea.

2. Agenda Adoption
- Motion to move item 6. Administrative Items in front of item 5. Reports. Add Other Business in front of reports and add a second item under new business to include the DROP plans under the purview of the Deferred Compensation Committee's review. Motion by De Franceschi 2nd by Dachowitz. Passes unanimously.

3. Comments
a. Public Comments - none
b. Committee members - non

4. Consent Agenda - Motion to approve all the minutes by M. Naparstek and 2nd by Dachowitz. Motion passes unanimously.

5. Other Business
a. Recordkeeper RFP update - Empower contract with with City Attorney and legal team. It's been reviewed and added stipulation that procurement needed to approve. M. Dickey connected with procurement and reviewed process, documentation, scoring, and finals presentations as well as recordings with procurement to confirm process met City standards. Member Dachowitz shared feedback working with procurement on other RFP projects and the hurdles to accomplish the goals set forth in recent RFPs issued by the City.

Deadline set with procurement to approve recordkeeper RFP by the end of the day so the recommendation to move to Empower can be set for the mid-September agenda for City Commission.

b. DROP Inclusion and Oversight by Deferred Compensation Committee - The Police, Firefighter, and General Employee Pension Boards have requested that the Deferred Compensation Committee provide ongoing oversight to each Board's 401(a) DROP plans. The Deferred Compensation Committee is empowered oversight of the DROP plans. Investment lineup decisions will be ratified by each Pension Board. Motion to accept by Dachowitz and 2nd by De Franceschi. Passes unanimously.

6. NFP Report - NFP provided investment updates regarding the recent investment lineup changes that will go into effect in September. NFP was requested to put together a travel policy for continuing education for Committee Members.

The Committee will revisit their discussion on additional financial education programs after the conversion to Empower is complete. There will be an education campaign put together by Empower and supported by NFP on the conversion. This may also necessitate a Special Meeting to discuss the investment lineup for conversion, specifically the Retirement IncomeAdvantage fund at MissionSquare.

Motion to adjourn at 11;18am by De Franceschi 2nd by M. Naparstek. Passes unanimously.

Investment Due Diligence

Investment Analysis Summary

- NFP provided an economic and market commentary for Q2 2025.
- NFP reviewed the investment scoring methodology and criteria for monitoring, watchlisting and removing investments from the fund menu.
- NFP reviewed plan asset balances across all investment options.
  - Assets of the Plan as of 06/30/25 were $88,341,341.80
  - 34.99% in Asset Allocation
  - 15.24% in Cash Alternatives
  - 3.14% in Fixed Income
  - 6.85% in International/Global Equity
  - 6.49% in Specialty
  - 33.29% in U.S. Equity
- NFP reviewed the Plan's investment scorecard covering available funds as well as their current scores and performance metrics, scoring history, asset class coverage, as well as other key metrics.
  - All funds were reviewed from a quantitative and qualitative perspective.
  - 5 funds are acceptable:
    - American Funds Washington Mutual R4, RWMEX (8)
    - Victory RS Global R6, RGGRX (10)
    - MissionSquare PLUS Fund Class R5, 92208J303
    - International Growth Fund II Class I1, 97183C728
    - Large Cap Growth Fund III CL I1, 97184D766
  - 2 funds are on watchlist:
    - Fidelity Select Technology, FSPTX (6)
    - MissionSquare Retirement IncomeAdvantage R5, 74440A696.icma (5)
  - Potential Replacements:
    - JPMorgan SmartRetirement Blend 2025 R5, JBBSX (7)
    - JPMorgan SmartRetirement Blend Inc R5, JIBBX (8)
    - JPMorgan SmartRetirement Blend 2045 R5, JMBRX (7)
    - JPMorgan SmartRetirement Blend 2050 R5, JNABX (7)
    - JPMorgan SmartRetirement Blend 2040 R5, JOBBX (8)
    - JPMorgan SmartRetirement Blend 2035 R5, JPBRX (6)
    - JPMorgan SmartRetirement Blend 2030 R5, JRBBX (8)
    - JPMorgan SmartRetirement Blend 2055 R5, JTBBX (7)
    - JPMorgan SmartRetirement Blend 2060 R5, JAABX (7)
    - Fidelity Puritan, FPURX (9)
    - Dodge & Cox Stock I, DODGX (10)
    - iShares S&P 500 Index Investor A, BSPAX (10)
    - Victory Sycamore Established Value I, VEVIX (10)
    - Allspring Special Mid Cap Value Inst, WFMIX (10)
    - iShares Russell Mid-Cap Index Inv A, BRMAX (9)
    - Carillon Eagle Mid Cap Growth I, HAGIX (8)
    - Invesco Discovery Mid Cap Growth Y, OEGYX (7)
    - PIMCO RAE US Small Instl, PMJIX (9)
    - Small Cap Value Fund II CL I1, 97182E444 (10)
    - iShares Russell 2000 Small-Cap Idx Inv A, MDSKX (10)
    - MFS Intl Diversification R4, MDITX (5)
    - American Funds Bond Fund of Amer R4, RBFEX (10)
    - MassMutual High Yield Svc, DLHYX (10)
    - PIMCO Income Adm, PIINX (10)
    - MSQ Cash Management R5, SPUSA06CAU
    - Cohen & Steers Real Estate Securities I, CSDIX (10)

Market Summary - Q2 2025

Global Equity markets posted strong returns over the quarter with both International equities and U.S. equities returning over 10%. Fixed income markets were also positive over the quarter. U.S. equities returned 11.0% (Russell 3000) with Information Technology and Telecommunication Services as the best performing sectors and Energy and Health Care as the worst performing sectors. In a reversal from Q1 2025, large cap growth outperformed large cap value by about 1400 basis points (17.8% for Russell 1000 Growth vs. 3.8% for Russell 1000 Value). International equities and Emerging Markets equities performed well over the quarter, returning 12.1% (MSCI EAFE) and 12.0% (MSCI Emerging Markets), respectively. The broad U.S. fixed income market returned 1.2% (Bloomberg Barclays Aggregate) over the quarter. The Fed held the Fed Funds Rate steady over the quarter, and the 10-year treasury rate remained largely unchanged from the previous quarter end. The unemployment rate ticked down slightly to 4.1% this quarter from 4.2% at the previous quarter end.

Fund Review

Moderate
MissionSquare Retirement IncomeAdvantage R5 (74440A696.icma) (Recent Scores: 5,5,7,5) is on the watchlist
Asset Value: $2,945,384.60

Technology
Fidelity Select Technology (FSPTX) (Recent Scores: 6,6,6,6) is on the watchlist
Asset Value: $5,072,255.16

Allocation Series
Eliminate JPMorgan SmartRetirement Blend Target Date Series R5
Map to BlackRock LifePath Index Target Date Series Fund G
Asset Value: $25,053,858.89

Core Fixed Income
Eliminate American Funds Bond Fund of Amer R4 (RBFEX) (Recent Scores: 10,10,10,10)
Map to American Funds Bond Fund of Amer R6 (RBFGX) (Recent Scores: 10,10,10,10)
Asset Value: $1,589,017.41

High Yield
Eliminate MassMutual High Yield Svc (DLHYX) (Recent Scores: 10,10,10,9)
Map to MassMutual High Yield I (MPHZX) (Recent Scores: 10,10,10,10)
Asset Value: $617,797.31

International Equity
Eliminate MFS Intl Diversification R4 (MDITX) (Recent Scores: 5,5,7,7)
Map to Thornburg International Equity R6 (TGIRX) (Recent Scores: 10,10,10,10)
Asset Value: $2,401,976.85

Large Cap Blend
Eliminate iShares S&P 500 Index Investor A (BSPAX) (Recent Scores: 10,10,10,10)
Map to Fidelity 500 Index (FXAIX) (Recent Scores: 10,10,10,10)
Asset Value: $12,664,523.39

Large Cap Value
Eliminate Dodge & Cox Stock I (DODGX) (Recent Scores: 10,10,10,10)
Map to Large Cap Value Fund CL I1 (97183K381) (Recent Scores: 10,10,10,10)
Asset Value: $1,792,656.47

Mid Cap Blend
Eliminate iShares Russell Mid-Cap Index Inv A (BRMAX) (Recent Scores: 9,9,9,9)
Map to Fidelity Mid Cap Index (FSMDX) (Recent Scores: 9,9,9,9)
Asset Value: $2,510,278.53

Mid Cap Growth
Eliminate Carillon Eagle Mid Cap Growth I (HAGIX) (Recent Scores: 8,7,8,8)
Map to Carillon Eagle Mid Cap Growth R6 (HRAUX) (Recent Scores: 8,7,8,8)
Asset Value: $989,324.88
Eliminate Invesco Discovery Mid Cap Growth Y (OEGYX) (Recent Scores: 7,5,6,8)
Map to Mid Cap Growth Fund II CL I1 (97184K158)
Asset Value: $372,123.57

Mid Cap Value
Eliminate Allspring Special Mid Cap Value Inst (WFMIX) (Recent Scores: 10,10,10,10)
Map to Mid Cap Value Fund II CL I1 (390933232)
Asset Value: $310,002.61
Eliminate Victory Sycamore Established Value I (VEVIX) (Recent Scores: 10,10,10,10)

Map to Victory Sycamore Established Value R6 (VEVRX) (Recent Scores: 10,10,10,10)
Asset Value: $687,947.01

Moderate
Eliminate Fidelity Puritan (FPURX) (Recent Scores: 9,10,10,10)
Map to Fidelity Puritan K6 (FPKFX) (Recent Scores: 9,10,10,10)
Asset Value: $2,915,806.90

Money Market
Eliminate MSQ Cash Management R5 (SPUSA06CAU)
Map to Vanguard Treasury Money Market Investor (VUSXX)
Asset Value: $716,490.01

Multisector Bond
Eliminate PIMCO Income Adm (PIINX) (Recent Scores: 10,10,10,9)
Map to PIMCO Income Instl (PIMIX) (Recent Scores: 10,10,10,9)
Asset Value: $563,493.23

REIT
Eliminate Cohen & Steers Real Estate Securities I (CSDIX) (Recent Scores: 10,10,10,10)
Map to Cohen & Steers Real Estate Securities Z (CSZIX) (Recent Scores: 10,10,10,10)
Asset Value: $664,997.35

Small Cap Blend
Eliminate iShares Russell 2000 Small-Cap Idx Inv A (MDSKX) (Recent Scores: 10,10,10,10)
Map to Fidelity Small Cap Index (FSSNX) (Recent Scores: 10,10,10,10)
Asset Value: $1,216,721.90

Small Cap Value
Eliminate PIMCO RAE US Small Instl (PMJIX) (Recent Scores: 9,9,9,9)
Map to Small Cap Value Fund III CL I1 (97184J383)
Asset Value: $237,418.14
Eliminate Small Cap Value Fund II CL I1 (97182E444) (Recent Scores: 10,10)
Map to Small Cap Value Fund III CL I1 (97184J383)
Asset Value: $872,924.20

Small Cap Growth
Goldman Sachs Small Cap Growth R6 (Recent Scores: 10,10,10) was added to the fund lineup

Technology
Fidelity MSCI Information Tech ETF (Recent Scores: 10,10,10,10) was added to the fund lineup

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Fiduciary Governance

Legislative Update - Q2 2025

DOL Reiterates the Fiduciary Investment Standard for Crafting an Investment Lineup in its Crypto Guidance

In its May 28, 2025, Compliance Assistance Release No. 2025-01, DOL memorialized its decision to rescind its prior guidance on cryptocurrency from March 2022. This prior guidance, issued in Compliance Assistance Release No. 2022-01, cautioned plan fiduciaries to exercise “extreme care” before adding cryptocurrency options to 401(k) retirement plan menus because of DOL’s “serious concerns” about the prudence of exposing plan participants to investments in cryptocurrency.

The new guidance criticized this standard of “extreme care” as not found in ERISA and explained that rescinding the prior guidance is necessary to restored DOL’s neutral historical approach of taking not putting a thumb on the scale in favor or against any particular investment. Rather, regardless of asset class, investment type, or investment strategy, the ERISA standard is the same. As DOL reiterated in its new guidance, fiduciaries must exercise a prudent process to curate a plan’s investment menu “for the exclusive purpose of maximizing risk-adjusted financial returns to the plan’s participants and beneficiaries.”

The new guidance is best understood not as a green light for plan fiduciaries to offer cryptocurrency investments or otherwise as a reflection of EBSA’s views of the merits of cryptocurrency investing – but rather as an articulation of the ERISA fiduciary investment management standard that applies generally to all decisions to add, maintain, or remove investments from a plan lineup. Each such investment decision should be made for the sole purpose of maximizing risk adjusted financial returns for participants and beneficiaries.

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Notes
NFP Reviewed Fiduciary Hot Topics including Teh recent Anderson v. Intel lawsuit regarding the use of Private Equity within Asset Allocation products. NFP indicated the reasons why they will be considered at this time. NFP noted the initial concern about the SC ruling in Cunningham v. Cornell creating a rush of new lawsuits has been muted to some extent by the proposal from Justice Kagan that initial discovery be limited to the sole issue of whether fees paid for services were reasonable. Finally, NFP noted that cryptocurrency and digital assets are unregulated products and as such are not a possibility for retirement plan investors as recordkeepers will not offer them for a variety of reasons discussed. Also, NFP noted three recent Acts were passed in which the SEC was directed to create a regulatory frameworks for cryptocurrency and digital assets but that is most likely months to years away from being a reality.

Disclosures

Investment Advisory Services may be offered through NFP Retirement, Inc.