

Q4 2024

Meeting Minutes

Delray Beach

City of Delray Beach- 457 Plan

Meeting Date: 02/06/2025

Attendees

Committee Members	Daniel De Franceschi	Duane D'Andrea
	Lisa Castronovo	Henry Dachowitz
	Matt Naparstek	

NFP Jamie Hayes, CPFA, C(k)P, AIF

Administrative Review

Reviewed Prior Meeting Notes ☒

Notes:

1. Meeting called to order at 9:40am by Vice Chair Castronovo. Mr. D'Andrea not able to attend, rest of Committee in attendance.
2. Motion to adopt agenda 1. Defranceschi and 2. by Dachowitz. Passes unanimously
3. Public comments - Tyler Adams, no comment, happy to be here.
4. Administrative items

a. Election of Officers - Chair and Vice Chair - Motion to make L. Castronovo Chair and H. Dachowitz Vice Chair. Passes unanimously

b. MissionSquare discussion - NFP updated on history of issues with MS. Discussed timing of RFP and going out to bid. NFP can run the RFP on behalf of the City or in coordination with the City's procurement. Gene purchasing director. NFP to run RFP with procurement in background. Motion by H. Dachowitz to direct NFP Retirement to run RFP process and include all plans. 2nd by Defranceschi. Passes unanimously.

c. Zero revenue share investment lineup model - Discussion to transition from revenue sharing model (implicit fees) to zero revenue share model (explicit fees). This provides more transparency to participants on costs associated with the plan. Motion to move forward with fund change recommendations and transition to zero revenue share model by Dachowitz and 2nd by Defranceschi. Passes unanimously

Timing and processing of moving to zero rev share. Logistics and communication. NFP will send updated investment lineup. Need to hold special meeting. NFP to present with GE, PD, FD, Boards. Receive feedback from DROP plans to move forward. NFP to provide Town Hall to educate participants on transition to explicit fee.

Discussion to include self-directed brokerage account to compliment streamlined zero revenue investment lineup. Motion to add self-directed brokerage account by Dachowitz and 2nd by Defranceschi.

d. Financial Education - the City is interested in increasing resources available to employees regarding financial education/wellness. NFP offers a financial wellness program and there are other providers that also provide these services. NFP to provide a quote on their financial wellness program and obtain information regarding other providers to compare for the Committee's review. Motion by Dachowitz and 2nd by Defranceschi. Passes unanimously

5. Add administrative item - administrative allowance account distribution for balance as of September 30th, 2024. Motion by Defranceschi 2nd by Naparstek. Passes unanimously

6. Consent agenda - adopt consent agenda motion by Defranceschi 2nd by Naparstek. Dachowitz abstain - not present during prior meeting. Passes unanimously

Meeting adjourned at 11:57am.

Investment Due Diligence

Investment Analysis Summary

- NFP provided an economic and market commentary for Q4 2024.
- NFP reviewed the investment scoring methodology and criteria for monitoring, watchlisting and removing investments from the fund menu.

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- NFP reviewed plan asset balances across all investment options.
 - Assets of the Plan as of 12/31/24 were \$84,742,210.65
 - 35.11% in Asset Allocation
 - 16.22% in Cash Alternatives
 - 3.12% in Fixed Income
 - 7.27% in International/Global Equity
 - 6.05% in Specialty
 - 32.23% 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.
 - 0 funds are acceptable:
 - 0 funds are on watchlist:
 - Potential Replacements:
 - JPMorgan SmartRetirement Blend 2025 R5, JBBSX (6)
 - JPMorgan SmartRetirement Blend 2020 R5, JBSRX (6)
 - JPMorgan SmartRetirement Blend Inc R5, JIBBX (5)
 - JPMorgan SmartRetirement Blend 2045 R5, JMBRX (7)
 - JPMorgan SmartRetirement Blend 2050 R5, JNABX (7)
 - JPMorgan SmartRetirement Blend 2040 R5, JOBBX (7)
 - JPMorgan SmartRetirement Blend 2035 R5, JPBRX (7)
 - JPMorgan SmartRetirement Blend 2030 R5, JRBBX (8)
 - JPMorgan SmartRetirement Blend 2055 R5, JTBBX (7)
 - JPMorgan SmartRetirement Blend 2060 R5, JAABX (7)
 - MissionSquare Retirement IncomeAdvantage Fund R5, 74440A696.icma (7)
 - Fidelity Puritan, FPURX (10)
 - Dodge & Cox Stock I, DODGX (10)
 - iShares S&P 500 Index Investor A, BSPAX (10)
 - Large Cap Growth III I1 (AB Large Cap Growth), 97184D766
 - Victory Sycamore Established Value I, VEVIX (10)
 - Allspring Special Mid Cap Value Inst, WFMIX (10)
 - iShares Russell Mid-Cap Index Inv A, BRMAX (9)
 - Invesco Discovery Mid Cap Growth Y, OEGYX (6)
 - Carillon Eagle Mid Cap Growth I, HAGIX (8)
 - PIMCO RAE US Small Instl, PMJIX (9)
 - Small Cap Value II I1 (American Century SCV), 97182E444
 - iShares Russell 2000 Small-Cap Idx Inv A, MDSKX (10)
 - MFS Intl Diversification R4, MDITX (7)
 - International Growth II I1 (MFS Intl LCG), 97183C728
 - Victory RS Global R6, RGGRX (10)
 - American Funds Bond Fund of Amer R4, RBFEX (10)
 - MassMutual High Yield Svc, DLHYX (10)
 - PIMCO Income Adm, PIINX (10)
 - MissionSquare PLUS Fund Class R5, 92208J303
 - MSQ Cash Management R5, SPUSA06CAU
 - Cohen & Steers Real Estate Securities I, CSDIX (10)
 - Fidelity Select Technology, FSPTX (6)

Market Summary - Q4 2024

Equity markets were mixed over the quarter, with U.S. equities posting small positive returns amid large negative returns internationally. Fixed income markets were also negative over the quarter, as long-term rates rose. U.S. equities rose 2.6% (Russell 3000) over the quarter with consumer discretionary stocks leading the way. Large cap growth was the best performing style in 2024, outperforming large cap value by almost 2000 basis points (33.4% for Russell 1000 Growth vs. 14.4% for Russell 1000 Value). International equities and Emerging Markets equities struggled over the quarter, posting losses of -8.1% (MSCI EAFE) and -8.0% (MSCI Emerging Markets), respectively. The broad U.S. fixed income market returned -3.1% (Bloomberg Barclays Aggregate) over the quarter. The Fed cut rates by 25 basis points twice over the

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quarter; however, longer term rates such as the 10-year treasury rate, rose by almost 80 basis points over the period. The unemployment rate remained flat from last quarter at 4.1%.

Fund Review

Allocation Series

Eliminate JPMorgan SmartRetirement Blend Target Date Series R5

Map to BlackRock LifePath Index Target Date Series Fund G

Asset Value: \$24,211,093.91

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 (RBFEX) (Recent Scores: 10,10,10,10)

Asset Value: \$1,617,239.02

Global Equity

Eliminate Victory RS Global R6 (RGGRX) (Recent Scores: 10,10,10,10)

Map to Victory RS Global R6 (RGGRX) (Recent Scores: 10,10,10,10)

Asset Value: \$2,822,712.52

High Yield

Eliminate MassMutual High Yield Svc (DLHYX) (Recent Scores: 10,9,9,8)

Map to MassMutual High Yield I (MPHYZ) (Recent Scores: 10,10,10,9)

Asset Value: \$574,719.41

International Equity

Eliminate MFS Intl Diversification R4 (MDITX) (Recent Scores: 7,7,7,8)

Map to Thornburg International Equity R6 (TGIRX) (Recent Scores: 10,10,10,10)

Asset Value: \$2,538,354.51

International Large Cap Growth

Eliminate International Growth II I1 (MFS Intl LCG) (97183C728)

Map to International Growth II I1 (MFS Intl LCG) (97183C728)

Asset Value: \$799,447.21

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: \$10,882,739.40

Large Cap Growth

Eliminate Large Cap Growth III I1 (AB Large Cap Growth) (97184D766)

Map to Large Cap Growth III I1 (AB Large Cap Growth) (97184D766)

Asset Value: \$6,777,218.43

Large Cap Value

Eliminate Dodge & Cox Stock I (DODGX) (Recent Scores: 10,10,10,10)

Map to Large Cap Value I1 (Putnam LCV) (97183K381) (Recent Scores: 10,10,10,10)

Asset Value: \$2,171,460.22

Mid Cap Blend

Eliminate iShares Russell Mid-Cap Index Inv A (BRMAX) (Recent Scores: 9,9,9,10)

Map to Fidelity Mid Cap Index (FSMDX) (Recent Scores: 9,9,9,9)

Asset Value: \$2,549,947.72

Mid Cap Growth

Eliminate Carillon Eagle Mid Cap Growth I (HAGIX) (Recent Scores: 8,8,8,10)

Map to Carillon Eagle Mid Cap Growth R6 (HRAUX) (Recent Scores: 8,8,8,10)

Asset Value: \$1,007,589.94

Eliminate Invesco Discovery Mid Cap Growth Y (OEGYX) (Recent Scores: 6,8,8,10)

Map to Mid Cap Growth II I1 (Janus Enterprise) (97184K158)

Asset Value: \$259,952.64

Mid Cap Value

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: \$544,994.51

Eliminate Allspring Special Mid Cap Value Inst (WFMIX) (Recent Scores: 10,10,10,10)

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Map to Mid Cap Value II I1 (AllSpring Special MCV) (390933232)

Asset Value: \$417,010.81

Moderate

Eliminate MissionSquare Retirement IncomeAdvantage Fund R5 (74440A696.icma) (Recent Scores: 7,5,5,5)

Map to MissionSquare Retirement IncomeAdvantage Fund R5 (74440A696.icma) (Recent Scores: 7,5,5,5)

Asset Value: \$2,865,510.41

Eliminate Fidelity Puritan (FPURX) (Recent Scores: 10,10,10,9)

Map to Fidelity Puritan K6 (FPKFX) (Recent Scores: 10,10,10)

Asset Value: \$2,674,612.40

Money Market

Eliminate MSQ Cash Management R5 (SPUSA06CAU)

Map to Vanguard Treasury Money Market Investor (VUSXX)

Asset Value: \$1,093,405.80

Multisector Bond

Eliminate PIMCO Income Adm (PIINX) (Recent Scores: 10,9,9,9)

Map to PIMCO Income Instl (PIMIX) (Recent Scores: 10,9,9,9)

Asset Value: \$454,358.20

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: \$754,419.00

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: \$1,373,517.91

Small Cap Value

Eliminate PIMCO RAE US Small Instl (PMJIX) (Recent Scores: 9,9,10,10)

Map to Small Cap Value III I1 (PIMCO RAE SCV) (97184J383)

Asset Value: \$383,626.65

Eliminate Small Cap Value II I1 (American Century SCV) (97182E444)

Map to Small Cap Value III I1 (PIMCO RAE SCV) (97184J383)

Asset Value: \$941,081.13

Stable Value

Eliminate MissionSquare PLUS Fund Class R5 (92208J303)

Map to MissionSquare PLUS Fund Class R5 (92208J303)

Asset Value: \$12,653,466.56

Technology

Eliminate Fidelity Select Technology (FSPTX) (Recent Scores: 6,6,6,6)

Map to Fidelity MSCI Information Tech ETF (FTEC) (Recent Scores: 10,10,10,10)

Asset Value: \$4,373,732.34

Small Cap Growth

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

Fiduciary Governance

Fiduciary Governance Summary

Reviewed Fiduciary Education Module/s ☒

Modules Reviewed:

Legislative Update - Q4 2024

The IRS has issued several disaster relief notices to support taxpayers and plan sponsors impacted by recent catastrophic events. These notices typically grant extensions for filing tax returns, making tax payments, and completing required reporting, such as the IRS Form 5500 for employee benefit plans. For instance, News Release FL-2024-10 provides relief to individuals and businesses in areas of Florida affected by Hurricane Milton, extending filing and payment deadlines to May 1, 2025. A comprehensive list of these notices, including details on the specific relief measures, is

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available under "Tax Relief in Disaster Situations." <https://www.irs.gov/newsroom>

Reviewed Plan Limits			
	2025	2024	2023
401(k), 403(b), 457 Elective Deferral Limit (calendar year)	\$23,500	\$23,000	\$22,500
401(k), 403(b) & 457 Catch-Up Contribution Limit (calendar, plan or limitation year)	\$7,500	\$7,500	\$7,500
401(k), 403(b) & 457 Higher Catch-up Contribution Limit (calendar, plan or limitation year for ages 60-63)	\$11,250	N/A	N/A
Annual Compensation Limit (Plan year BEGIN)	\$350,000	\$345,000	\$330,000
Defined Contribution Limit (limitation year END)	\$70,000	\$69,000	\$66,000
Defined Benefit Limit at ages 62-65 (limitation year END)	\$280,000	\$275,000	\$265,000
Definition of Highly Compensated Employee (HCE) (plan year BEGIN)	\$160,000	\$155,000	\$150,000
Key Employee Compensation Threshold (plan year END)			
5% Owner	All	All	All
Officer	\$230,000	\$220,000	\$215,000
IRA Contribution Limit	\$7,000	\$7,000	\$6,500
IRA Catch-Up Contributions	\$1,000	\$1,000	\$1,000

Disclosures

Securities may be offered through Kestra Investment Services, LLC (Kestra IS), Member FINRA/SIPC. Investment Advisory Services may be offered through NFP Retirement, Inc. Kestra IS is not affiliated with NFP Retirement, Inc., a subsidiary of NFP.