

Item 5
Consent Agenda

Item 5.a.

**Q2 2024 Regular Meeting Minutes
(June 4, 2024)**

**Q2 2024
Meeting Minutes
Delray Beach
City of Delray Beach- 457 Plan**

Meeting Date: 06/04/2024

Attendees

Committee Members	Hugh Dunkley	Lisa Castronovo
	Duane D'Andrea	Gregory Giaccone
	Jeffrey Rasor	

NFP	Matt Dickey
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Administrative Review

- Reviewed Prior Meeting Notes
- Signed IPS on file
- Signed Committee Charter on file

Notes:

- Chair Dunkley called the meeting to order at 9:30am. Members D'Andrea and Rasor were absent.
- Public Comment - none in attendance
- Motion to adopt agenda made by Lisa Castronovo, seconded by Greg Giaccone. Passes 3-0
- NFP provided a brief update regarding recent administrative and regulatory updates. This included ways to promote enrollment in the Deferred Compensation plan, updating plan participant beneficiaries, and in-plan income solutions. NFP is running a due diligence RFP on the variety of products and solutions in the in-plan income marketplace and will provide a summary report to the Committee for their review and consideration when complete.
- The Committee reviewed and approved the previous Q1 2024 minutes. Motion to approve minutes by Lisa Castronovo, seconded by Greg Giaccone. Motion passes 3-0.
- The Committee continued their discussion regarding the additional administrative documents including the Plan Committee Resolution, Indemnity Agreement, and By-Laws. The formation of the Committee was formalized by the City Manager which serves as the Plan Committee Resolution.
 - An item of clarification regarding membership, members from the Police and Fire Pension Boards may not overlap on the two Committees/Boards.
 - The Indemnity Agreement was reviewed and the City will not utilize it at this time.
 - The Bylaws were reviewed and adopted by the Committee based on a slight revision in Article III.
 - The Investment Policy Statement was reviewed and adopted by the Committee based on the removal of all references to ERISA, to be replaced with "as per applicable State law".
 - Motion to accept Investment Policy Statement made by Greg Giaccone, seconded by Lisa Castronovo. Motion passes 3-0.
 - Motion to adopt the Bylaws subject to making the changes/addition to Article 3 as Board discussed made by Lisa Castronovo, second by Hugh Dunkley. Motion passes 3-0.
- NFP provided an update regarding their ownership structure. NFP is now an Aon company but will continue to operate independently. The City was sent a negative consent regarding this change in ownership. This will have no impact to the City's contract with NFP nor the ongoing scope of services provided by NFP.
- The Committee discussed the recordkeeper RFP. Recently the City lost their Procurement Manager and are in the process of replacing the role. NFP provided a draft outline for the recordkeeper RFP and will continue to administer the project within the City's procurement process upon the hiring of the next Procurement Manager. The Committee discussed other recent RFP's being run around the state and nationally. The City sits in an advantageous position as they only have a single provider for all their plans. This will provide economies of scale and competitive pricing when the City goes out to RFP.
- The Committee reviewed the Administrative Allowance Account and will follow the similar practice as the other City of Delray Beach plans by making an annual distribution at the end of the year for the excess funds in the account.

**Investment Due Diligence
Investment Analysis Summary**

- NFP provided an economic and market commentary for Q1 2024.
- 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.

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- Assets of the Plan as of 03/31/24 were \$82,284,834.30
- 35.93% in Asset Allocation
- 18.06% in Cash Alternatives
- 5.02% in Fixed Income
- 7.02% in International/Global Equity
- 5.34% in Specialty
- 28.63% 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.
 - 20 funds are acceptable:
 - JPMorgan SmartRetirement Blend Target Date Series R5 (8)
 - Cohen & Steers Real Estate Securities I, CSDIX (10)
 - MassMutual High Yield Svc, DLHYX (8)
 - Dodge & Cox Stock I, DODGX (10)
 - Fidelity Puritan, FPURX (9)
 - Carillon Eagle Mid Cap Growth I, HAGIX (10)
 - MFS Intl Diversification R4, MDITX (8)
 - iShares Russell 2000 Small-Cap Idx Inv A, MDSKX (10)
 - Invesco Discovery Mid Cap Growth Y, OEGYX (10)
 - PIMCO Income Adm, PIINX (9)
 - Victory Sycamore Established Value I, VEVIX (10)
 - Allspring Special Mid Cap Value Inst, WFMIX (10)
 - iShares S&P 500 Index Investor A, BSPAX (10)
 - PIMCO RAE US Small Instl, PMJIX (10)
 - iShares Russell Mid-Cap Index Inv A, BRMAX (10)
 - Victory RS Global R6, RGGRX (10)
 - MSQ Cash Management R5, SPUSA06CAU
 - MissionSquare PLUS Fund Class R5, 92208J303
 - Small Cap Value II I1 (American Century SCV), 97182E444
 - Large Cap Growth III I1 (AB Large Cap Growth), 97184D766
 - 2 funds are on watchlist:
 - Fidelity Select Technology, FSPTX (6)
 - MissionSquare Retirement IncomeAdvantage Fund R5, 74440A696.icma (5)
 - Potential Replacements:
 - Fidelity Diversified International, FDIVX (9)
 - Invesco Global R5, GFDDX (7)
 - Western Asset Core Bond I, WATFX (5)

Market Summary - Q1 2024

U.S. Equities continued to march higher, returning 10.0 % (Russell 3000) over the quarter. Growth stocks continued to outperform value stocks, with growth outperforming value by over 1800 basis points over the latest one year time period. International equities rose to a lesser extent, posting a 4.7% return (MSCI ACWI ex U.S) over the quarter. The broad U.S. fixed income market was down over the quarter as rates rose, producing a negative 0.8% return (Bloomberg Barclays Aggregate). The Fed held interest rates steady. Investors are anticipating the Fed to lower rates in 2024, though expectations on the number of rate cuts were slowly being scaled back. The U.S. labor market remained tight during the quarter with unemployment at 3.8% in March. (All data from MPI) ACR# 6545999 04/24

Fund Review

Moderate

MissionSquare Retirement IncomeAdvantage Fund R5 (74440A696.icma) (Recent Scores: 5,6,5,7) is on the watchlist - No action

Asset Value: \$2,807,651.52

Technology

Fidelity Select Technology (FSPTX) (Recent Scores: 6,6,6,5) is on the watchlist - No Action

Asset Value: \$3,480,189.20

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Core Fixed Income

Eliminate Western Asset Core Bond I (WATFX) (Recent Scores: 5,5,5,4)
Map to American Funds Bond Fund of Amer R4 (RBFEX) (Recent Scores: 10,10,10,10)
Asset Value: \$2,530,750.06

Global Equity

Eliminate Invesco Global R5 (GFDDX) (Recent Scores: 7,7,5,5)
Map to Victory RS Global R6 (RGGRX) (Recent Scores: 10,10,10,10)
Asset Value: \$1,241,885.21

International Large Cap Growth

Eliminate Fidelity Diversified International (FDIVX) (Recent Scores: 9,6,6,6)
Map to International Growth II I1 (MFS Intl LCG) (97183C728)
Asset Value: \$559,874.09

Motion to accept recommended asset eliminations and mapping was made by Lisa Castrono, seconded by Hugh Dunkley. Passed unanimously.

Fund changes are in progress - projected completion 10/18/24

Fiduciary Governance Legislative Update - Q1 2024

An update on developments in the legal and/or regulatory landscape was provided. Highlights include:

- Statistics on number of Plan Sponsors who are looking to add emergency savings features to their retirement plan.
- These types of provisions are now permitted under the SECURE 2.0 ACT of 2022.
- Pension Linked Emergency Savings Accounts (PLEASA) allow non-highly compensated employees to make ROTH contributions to a pension plan linked account that they are allowed to withdraw from monthly without the tax penalties normally accrued.
- SECURE 2.0 Act amends the definition of a “designated Roth contribution” allowing for employees to designate employer contributions as ROTH under certain circumstances.

Disclosures

This material contains an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources.

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