

Item 3.A.

February 15, 2024 Regular Meeting Minutes

MINUTES
REGULAR RETIREMENT COMMITTEE MEETING
CITY OF DELRAY BEACH GENERAL EMPLOYEES' RETIREMENT PLAN
FEBRUARY 15, 2024

1. Call to Order

Mr. MacManus called the meeting to order at 1:08 p.m.

Roll Call

Committee Members present: Chip Dickson, Hugh Dunkley, Adam Frankel (departed at 2:40 p.m.), and Thomas MacManus. Committee member absent: Howard Ellingsworth.

Also present: Jamie Hayes (NFP Consulting), Brendon Vavrica (AndCo Consulting), Pedro Herrera (Sugarman, Susskind, Braswell & Herrera as designated by City Attorney), and Elizabeth Brown (City of Delray Beach). Pension Administrator Lisa Castronovo was absent.

Agenda Adoption

MOTION made by Mr. Frankel, seconded by Mr. Dickson, to adopt the February 15, 2024 Agenda. In a voice vote by the members present, **Motion** passed 4-0.

2. Public Comments

None

3. Consent Agenda

- A. November 16, 2023 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 2024-25

MOTION made by Mr. Frankel, seconded by Mr. Dickson, to approve the Consent Agenda. In a voice vote by the members present, **Motion** passed 4-0.

4. December 31, 2023 Fiduciary Investment Review, NFP Retirement, Inc., Jamie Hayes
Report made part of these Minutes

Ms. Hayes reviewed the December 31, 2023 Fiduciary Investment Review noting specifically the very strong returns experienced by both the equity and fixed income markets in the fourth quarter of 2023. Ms. Hayes said there was no indication of interest rate cuts in the near future even though it was anticipated. Ms. Hayes noted the US labor market remained very tight in the fourth quarter with unemployment close to an all-time low at 3.7% in December.

Ms. Hayes reported two funds on the watch list: 1) Fidelity Diversified International – fifth quarter in a row at a 6, and 2) Western Asset Core Bond – fourth quarter in a row below a 7.

MOTION made by Mr. Frankel, seconded by Mr. Dickson, to map the funds in Fidelity Diversified International to International Growth II and the funds in Western Core Asset Bond fund to American Funds Bond Fund. In a voice vote by the members present, **Motion** passed 4-0.

5. Investment Reports, AndCo Consulting, Inc., Brendon Vavrica

- A. Portfolio Performance Review – Quarter End December 31, 2023
Report made part of these Minutes.

Mr. Vavrica reported the Plan's net rate of return for the quarter ended December 31, 2023, was 9.08% compared to its benchmark of 9.83%. The Plan's market value increased from \$160.4M on September 30, 2023 to \$175.8M on December 31, 2023.

B. Flash Report – January 2024

Report made part of these Minutes.

For the month ended January 31, 2024, the Plan's return was -0.08% vs. the benchmark of -0.05%.

C. U.S. Large Cap Core Manager Analysis

Report made part of these Minutes.

U.S. large cap core is typically defined as all US-based companies with a market capitalization over \$10B. The majority of the companies are well-established with diverse, global businesses and long records of operational performance. The largest companies are followed closely by Wall Street and their stocks have high daily liquidity. Their primary benchmarks are the Russell 1000 and the S&P 500.

Mr. Vavrica presented information for four large cap core managers: Capital Group, Eagle Capital Management, Fidelity Management & Research, and Waycross Partners. Of the four funds, Eagle and Waycross were very concentrated with just 29 holdings each.

D. International Equity Manager Analysis

Report made part of these Minutes.

Mr. Vavrica presented information for three international equity managers as an alternative to Harding Loevner: Dimensional Fund Advisors, Dodge & Cox, and Capital Group. The three managers presented as an alternative to Harding Loevner were active managers and less expensive.

Mr. MacManus said he wanted to reallocate funds within the asset class. Mr. Vavrica said he had faith in Harding Loevner but agreed that diversifying and adding another strategy was a good idea.

MOTION made by Mr. Frankel, seconded by Mr. Dunkley, to sell 50% of the assets held by Harding Loevner and transfer same to Dimensional Fund Advisors ("DFA") with DFA set up to reinvest all dividends and capital gain distributions. In a voice vote of the members present, **Motion** passed 4-0.

Discussion followed on how much money to allocate to US large cap core. Mr. Dickson suggested taking \$2M each from Newton, RhumbLine Value, Polen and RhumbLine Growth to fund a new core manager.

MOTION made by Mr. Frankel, seconded by Mr. Dickson, to take \$2M each from RhumbLine Large Value, RhumbLine Large Growth, Newton, and Polen to fund an \$8M investment with Waycross Partners, pending a contract, legal review, and opening an account with Salem Trust. In a voice vote of the members present, **Motion** passed 4-0.

E. Review Near Term Cash Requirements and Possible Asset Rebalancing

Mr. Vavrica said assets were needed to cover benefit payments for the next three months. He suggested taking monthly funds as needed from cash since there was \$3.6M in the cash account. The Committee agreed to take the funds as needed from cash.

Mr. Vavrica concluded by sharing that Mariner, LLC was acquiring AndCo Consulting, Inc.

effective April 1, 2024. The two primary changes for AndCo: 1) Mariner's ownership of it, and 2) AndCo's name change to Mariner Institutional. Other than the two changes, AndCo's clients would not see a difference as AndCo/Mariner Institutional would continue its dedication to providing institutional investment consulting with the same consultants and staff currently providing such service under AndCo.

MOTION made by Mr. Dunkley, seconded by Mr. MacManus, to authorize the signing of AndCo's Consent for Assignment of Investment Advisory Contract to Mariner. In a voice vote of the members present, **Motion** passed 4-0.

6. Legal Report, Sugarman, Susskind, Braswell & Herrera, Pedro Herrera

A. Gabriel, Roeder, Smith & Company Contract Extension

Mr. Herrera reported that the actuarial services contract with Gabriel, Roeder, Smith & Company was due for renewal and Committee approval was needed to extend the contract another year.

MOTION made by Mr. Dunkley, seconded by Mr. Dickson, to renew the actuarial services contract with Gabriel, Roeder, Smith & Company through September 30, 2024 for an annual fee not to exceed \$18,741 and under the terms and conditions as specified. In a voice vote by the members present, **Motion** passed 4-0.

B. Changes to Annual Financial Disclosure (Form 1) Filing Requirements

Mr. Herrera told the Committee that per an amendment to Chapter 112.3145, all pension fund trustees must now file their annual financial disclosure (Form 1 – Statement of Financial Interests) electronically directly with the State via an online portal rather than with their respective county of residence Supervisor of Elections office.

7. Other Business

A. Proposed Ordinance 10.24, Fire and Police Chief Provisions

Mr. Herrera told the Committee the City was considering an Ordinance amendment allowing the City's Police and Fire Chiefs to participate in the General Employees' Retirement Plan, but to date the amendment had not been introduced to the City Commission.

B. Consent Form for Mariner's Acquisition of AndCo Consulting – this item was discussed under Item 5.

8. Pension Administrator Report

Ms. Brown shared the Pension Administrator report.

9. Adjournment

The meeting adjourned at 2:50 p.m.

W. Howard Ellingsworth, Chair

Date