

**Q1 2025
 Meeting Minutes
 Delray Beach
 City of Delray Beach- 457 Plan**

Meeting Date: 05/21/2025

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

Reviewed Prior Meeting Notes ☒

Notes:

1. Call to Order – Roll Call L. Castronovo call to order at 2:02pm.
 - a. Lisa Castronovo, Matt Naparstek, Tyler Adams (non-committee), Danny. De Franchesci, Henry Dachowitz, Duane D' Andrea (absent)
2. **Agenda Adoption** May 21, 2025 Motion to accept agenda first by D. De Franchesci and second by H. Dachowitz. Motion passes unanimously.
3. **Comments**
 - a. Public Comments - None
 - b. Committee Members - None

4. Consent Agenda

Motion to accept first by D. De Franchesci and second by M. Naparstek. Passes unanimously.

- a. February 6, 2025, Regular Meeting Minutes
- b. March 5, 2025, Special Meeting Minutes
- c. March 27, 2025, Special Meeting Minutes

5. Reports

- a. March 31, 2025, Fiduciary Investment Review, NFP Retirement, Inc
 NFP provided a market and economic update. The zero revenue fund lineup transition is also in progress with MissionSquare. BlackRock is making available to the City of Delray Beach a Collective Investment Trust share class at 5.5 basis points. Committee asked NFP to bring short term bond fund for Q2 2025 meeting and consideration.

6. Administrative Items

- a. RFP for Recordkeeping Service Provider - NFP presented the public RFP results to the Committee. There were responses from MissionSquare, Nationwide, Empower, Voya, Lincoln, and Corebridge. Fidelity declined to bid and Vanguard does not support governmental 457(b) plans at this time and also passed on bidding. The Committee reviewed the proposals based on open architecture for the investment lineup with the proprietary fixed account/stable value fund. This combination of pricing offered significant net reduction in recordkeeping costs to participants while allowing for control over the variable assets in all retirement plans. The Committee reviewed and discussed the responses based on the merit of their proposals and pricing. In discussion the Committee elected to invite Empower, Lincoln, and Voya as finalists to present to the Committee. NFP will coordinate with the three finalists and schedule final presentations for the Committee's consideration.

- b. Financial Wellness Education Proposal - NFP provided third party solutions for financial wellness programs. Pricing is highly dependent on the total number of employees as well as participants in the program. NFP recommended the Committee weigh the on-site education and wellness solutions included as part of the RFP bidders prior to considering an additional financial wellness program.

Q1 2025 Meeting Minutes

Adjournment – 3:42pm

Investment Due Diligence

Investment Analysis Summary

- NFP provided an economic and market commentary for Q1 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 03/31/25 were \$84,132,248.89
 - 36.08% in Asset Allocation
 - 16.54% in Cash Alternatives
 - 3.13% in Fixed Income
 - 6.75% in International/Global Equity
 - 5.57% in Specialty
 - 31.93% 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.
 - 4 funds are acceptable:
 - Victory RS Global R6, RGGRX (10)
 - MissionSquare PLUS Fund Class R5, 92208J303
 - International Growth II I1 (MFS Intl LCG), 97183C728
 - Large Cap Growth III I1 (AB Large Cap Growth), 97184D766
 - 1 fund is on watchlist:
 - MissionSquare Retirement IncomeAdvantage Fund R5, 74440A696.icma (5)
 - Potential Replacements:
 - JPMorgan SmartRetirement Blend 2025 R5, JBBSX (7)
 - JPMorgan SmartRetirement Blend 2020 R5, JBSRX (7)
 - JPMorgan SmartRetirement Blend Inc R5, JIBBX (7)
 - 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 (6)
 - JPMorgan SmartRetirement Blend 2055 R5, JTBBX (7)
 - JPMorgan SmartRetirement Blend 2060 R5, JAABX (7)
 - Fidelity Puritan, FPURX (10)
 - 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)
 - Invesco Discovery Mid Cap Growth Y, OEGYX (5)
 - Carillon Eagle Mid Cap Growth I, HAGIX (7)
 - PIMCO RAE US Small Instl, PMJIX (9)
 - Small Cap Value II I1 (American Century SCV), 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)
 - Fidelity Select Technology, FSPTX (6)

Q1 2025 Meeting Minutes

Market Summary - Q1 2025

Global equity markets were mixed over the quarter, with international equities posting positive returns while U.S. equities were negative. Fixed income markets were positive over the quarter as rates declined across much of the yield curve. U.S. equities declined 4.7% (Russell 3000), with Energy as the best-performing sector and Consumer Discretionary and Information Technology as the worst-performing sectors. In a reversal from 2024, large-cap value outperformed large-cap growth by over 1,200 basis points (2.1% for Russell 1000 Value vs. -10.0% for Russell 1000 Growth). International equities and emerging markets equities performed well over the quarter, returning 7.0% (MSCI EAFE) and 2.9% (MSCI Emerging Markets), respectively. The broad U.S. fixed income market returned 2.8% (Bloomberg Barclays Aggregate) over the quarter. While the Fed held the federal funds rate steady during the quarter, longer-term rates fell, with the 10-year Treasury declining by over 30 basis points. The unemployment rate increased slightly to 4.2% this quarter, from 4.1% at the previous quarter-end. (All data from MPI)

Fund Review

Moderate

MissionSquare Retirement Income Advantage Fund R5 (74440A696.icma) (Recent Scores: 5,7,5,5) is on the watchlist
 Asset Value: \$2,769,038.15

Allocation Series

Eliminate JPMorgan SmartRetirement Blend Target Date Series R5
 Map to BlackRock LifePath Index Target Date Series Fund G
 Asset Value: \$24,721,464.32

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: \$1,624,024.72

High Yield

Eliminate MassMutual High Yield Svc (DLHYX) (Recent Scores: 10,10,9,9)
 Map to MassMutual High Yield I (MPHZX) (Recent Scores: 10,10,10,10)
 Asset Value: \$547,247.96

International Equity

Eliminate MFS Intl Diversification R4 (MDITX) (Recent Scores: 5,7,7,7)
 Map to Thornburg International Equity R6 (TGIRX) (Recent Scores: 10,10,10,10)
 Asset Value: \$2,198,787.98

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: \$10,944,993.84

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: \$2,101,537.37

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: \$2,408,322.29

Mid Cap Growth

Eliminate Carillon Eagle Mid Cap Growth I (HAGIX) (Recent Scores: 7,8,8,8)
 Map to Carillon Eagle Mid Cap Growth R6 (HRAUX) (Recent Scores: 7,8,8,8)
 Asset Value: \$978,658.28
 Eliminate Invesco Discovery Mid Cap Growth Y (OEGYX) (Recent Scores: 5,6,8,8)
 Map to Mid Cap Growth II I1 (Janus Enterprise) (97184K158)
 Asset Value: \$270,376.48

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)

Q1 2025

Meeting Minutes

Asset Value: \$775,722.93

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

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

Asset Value: \$422,499.68

Moderate

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

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

Asset Value: \$2,863,928.88

Money Market

Eliminate MSQ Cash Management R5 (SPUSA06CAU)

Map to Vanguard Treasury Money Market Investor (VUSXX)

Asset Value: \$841,732.46

Multisector Bond

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

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

Asset Value: \$463,429.72

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: \$690,083.64

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: \$1,190,256.31

Small Cap Value

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

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

Asset Value: \$368,691.26

Eliminate Small Cap Value II I1 (American Century SCV) (97182E444) (Recent Scores: 10)

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

Asset Value: \$866,472.88

Technology

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

Map to Vanguard Information Technology Idx Adm (VITAX) (Recent Scores: 10,10,10,10)

Asset Value: \$3,996,291.67

Small Cap Growth

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

Technology

Fidelity Advisor Technology Z (Recent Scores: 7,7,7,7) was added to the fund lineup

Fiduciary Governance

Legislative Update - Q1 2025

NFP provided an update on the legal and regulatory landscape. Highlights include:

- **Employer's "settlor" and "fiduciary" roles:** When the employer acts as a fiduciary, its actions must comply with ERISA's fiduciary requirements and if they do not, the employer faces potential fiduciary liability under ERISA. When the employer acts as the "settlor", even though its actions affect the plan, those actions are not governed by ERISA's fiduciary rules.
- **Other key holdings:** 1) Court agrees that Plaintiff's theory seems to ignore "decades of settled law." ; 2) The Court found that Plaintiff's theory is implausible in light of the long history of using forfeitures to reduce employer contributions.; 3) Plaintiff is only entitled to the benefits provided under the Plan.
- **Litigation Update Regarding Use of Plan Forfeitures:** Participants allege that HP breached its fiduciary duties in

Q1 2025

Meeting Minutes

violation of ERISA when it decided to use 401(k) Plan forfeitures to reduce Employer contributions rather than to pay administrative costs. The Plan document provided that forfeited amounts may be used to "reduce employer contributions, to restore benefits previously forfeited, to pay Plan expenses, or for any other permitted use." Court grants Employer's motion to dismiss the participants' lawsuit.

Plan Fees
Plan Fees

NFP provided the annual fee review noting that costs are very competitive compared to the peer group. NFP went through each of the cost components discussing how it compares to the Low, Average and High Prisms.

Disclosures

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