

MINUTES
REGULAR RETIREMENT COMMITTEE MEETING
CITY OF DELRAY BEACH GENERAL EMPLOYEES' RETIREMENT PLAN
AUGUST 18, 2022

1. Call to Order

Chair Ellingsworth called the meeting to order at 1:00 p.m.

Roll Call

Committee Members present: Chair Howard Ellingsworth, Hugh Dunkley, Adam Frankel, and Thomas MacManus. Committee Member absent: Joanna Oberhofer.

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

Agenda Adoption

MOTION made by Mr. Dunkley, seconded by Mr. MacManus, to adopt the August 18, 2022 Agenda. In a voice vote by the members present, **Motion** passed 4-0.

2. Public Comments

There were no public comments.

3. Consent Agenda

A. July 21, 2022 Regular Meeting Minutes

B. Ratification of Plan Expenses and Termination Refunds

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

4. NFP Retirement, Inc. – Jamie Hayes

June 30, 2022 report made part of these Minutes

Ms. Hayes reviewed NFP's June 30, 2022 quarterly report. Ms. Hayes noted that NFP recommended four fund liquidations with respective replacement funds: American Funds Washington Mutual R4 to iShares S&P 500 Index Investor A; T. Rowe Price Growth Stock Adv to Large Cap Growth Fund III I1; Fidelity Contrafund to Fidelity large Cap Growth Idx; and Invesco Global Opportunities R6 to Victory RS Global R6. Ms. Hayes noted Invesco's Emerging Markets Select Equity fund was on the watchlist, but she did not recommend replacing it at this time.

MOTION made by Mr. MacManus, seconded by Mr. Dunkley, to map American Funds Washington Mutual R4, T. Rowe Price Growth Stock Adv, and Fidelity Contrafund to Large Cap Growth Fund III I1 and map Invesco Global Opportunities to Victory RS Global R6. In a voice vote by the members present, **Motion** passed 4-0.

5. AndCo Consulting – Brendon Vavrica

A. Portfolio Performance Review – Quarter End June 30, 2022

Report made part of these Minutes.

Mr. Vavrica reported that AndCo Consulting, Inc. was the recipient of a Greenwich Quality Leader Award for mid-sized investment consulting firms. Coalition Greenwich is a global provider of data, analytics, and insights to the financial services industry and provides institutional investors with actionable data to inform their decision-making.

Mr. Vavrica reported the Retirement Plan's net rate of return for the quarter ended June 30, 2022, was -12.2% compared to its benchmark of -12.5%. The majority of funds nationwide performed better than the Plan mostly because they had real estate investments while the Plan does not. For the fiscal year through June 30, 2022, the Plan's net rate of return was -10.6%. All asset classes performed poorly in the quarter. The Plan's market value decreased from \$175.4M on March 31, 2022, to \$152.4M on June 30, 2022.

B. Flash Report – July 2022

Mr. Vavrica reported the Plan's market value was \$161.4M on July 31, 2022, which was 5.9% higher than what it was on June 30, 2022. The Plan's rate of return for the ten months ended July 31, 2022, was -4.96% compared to the benchmark return of -6.01%. With only two months left in the fiscal year, it was unlikely the Plan would meet the actuarial assumed rate of return, but with August to date showing returns as good as those in July, fiscal year returns will not be as negative as it looked like they would be on June 30, 2022.

C. Review Near Term Cash Requirements and Possible Asset Rebalancing

Mr. Vavrica said \$800,000 was needed in the Vanguard Total Stock Index fund to cover the September and October 2022 monthly benefit payments. He recommended transferring \$400,000 from both BlackRock Multi-Asset Income fund and JPMorgan Income Builder Fund to the Vanguard Total Stock Mkt fund. Mr. Vavrica added the City was expected to make its 2022-23 fiscal year contribution (\$2,357,598) in early October 2022 and the Committee needed to decide where to place it. He recommended putting \$600,000 in Vanguard EM Index fund and putting the balance of \$1,757,598 in the Vanguard Total Stock Market Index fund.

MOTION made by Mr. MacManus, seconded by Mr. Dunkley, per Mr. Vavrica's recommendation, to immediately transfer \$400,000 from BlackRock Multi-Asset Income fund and \$400,000 JPMorgan Income Builder Fund to the Vanguard Total Stock Mkt fund and then, once the City's 2022-23 fiscal year contribution was received, transfer \$600,000 to the Vanguard EM Index fund and \$1,757,598 to the Vanguard Total Stock Index fund. In a voice vote by the members present, **Motion** passed 4-0.

Mr. Vavrica concluded his presentation by sharing two handouts regarding inflation and the S&P 500's total return index history (handouts made part of these Minutes).

6. Sugarman, Susskind, Braswell & Herrera – Pedro Herrera

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

MOTION made by Mr. MacManus, seconded by Mr. Frankel, to renew the actuarial services contract with Gabriel, Roeder, Smith & Company through September 30, 2023 for an annual fee not to exceed \$18,195. In a voice vote by the members present, **Motion** passed 4-0.

7. PENSION ADMINISTRATOR REPORT

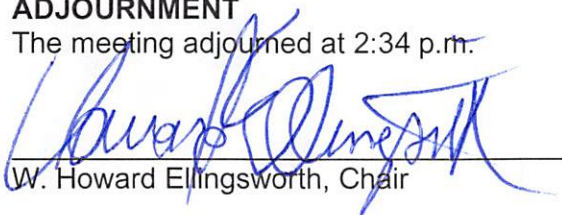
Ms. Castronovo provided a detail of the actual administrative and investment-related expenses for October 1, 2021 through August 11, 2022.

8. OTHER BUSINESS

None

ADJOURNMENT

The meeting adjourned at 2:34 p.m.



W. Howard Ellingsworth, Chair

12/8/2022

Date