

MINUTES
REGULAR RETIREMENT COMMITTEE MEETING
CITY OF DELRAY BEACH GENERAL EMPLOYEES' RETIREMENT PLAN
FEBRUARY 22, 2023

1. Call to Order

Chair Ellingsworth called the meeting to order at 12:40 p.m.

Roll Call

Committee Members present: Chair Howard Ellingsworth, Chip Dickson, Adam Frankel (arrived at 1:15 p.m.), and Thomas MacManus. Hugh Dunkley was absent.

Also present: Karen Russo (Salem Trust), Matt Dickey (NFP Retirement, Inc.), Brendon Vavrica (AndCo Consulting), Pedro Herrera (Sugarman, Susskind, Braswell & Herrera as designated by City Attorney; remote), Lisa Castronovo (City of Delray Beach), and Elizabeth Brown (City of Delray Beach)

Agenda Adoption

MOTION made by Mr. MacManus, seconded by Mr. Dickson, to adopt the February 22, 2023, Agenda. In a voice vote by the members present, **Motion** passed 3-0.

2. Public Comments

There were no public comments.

3. Consent Agenda

- A. December 8, 2022 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 2023-24

MOTION made by Mr. Dickson, seconded by Mr. MacManus, to approve the Consent Agenda. In a voice vote by the members present, **Motion** passed 3-0.

4. AndCo Consulting – Brendon Vavrica

- A. Portfolio Performance Review – Quarter End December 31, 2022
Report made part of these Minutes.

Mr. Vavrica reported the Retirement Plan's net rate of return for the quarter ended December 31, 2022, was 8.3% compared to its benchmark of 7.5%. The System's market value increased from \$144.0M on September 30, 2022 to \$156.7M on December 31, 2022.

Recording device turned on at 12:54 p.m.

- B. Flash Report – January 2023

Report made part of these Minutes.

January 2023 saw continued positive returns that began in the fourth quarter of 2022. As bad as the market was in fiscal year 2022, markets rebounded in the first four months of fiscal year 2023. The market started reflecting the expectation that interest rates would decrease later in 2023. For the month ended January 31, 2023, the Plan's return was 6.1% vs. the benchmark of 6.2%. Polen Capital bounced back in January 2023, a step in the right direction after their poor returns in calendar year 2022.

C. Global Tactical Asset Allocation

Mr. Vavrica presented a research report on six multi-asset funds: Crawford Inv. Counsel Managed Income, Blackrock Multi-Asset Income Portfolio, JP Morgan Income Builder, PIMCO All Asset, Allspring Absolute Return, and Morningstar Mod Target Risk. Of the six funds, Crawford focuses on yield, but with more risk. BlackRock, JPMorgan & Allspring skew to less risk. The six funds employ different strategies. Mr. Vavrica presented the analysis to demonstrate how BlackRock and JPMorgan, managers the Plan already used, compared to other managers in the asset class.

Mr. MacManus said he liked PIMCO because it had good returns with less risk and more liquidity, though its fees were higher than BlackRock and JPMorgan. Mr. Dickson said he would be hesitant to use PIMCO because of their use of derivatives. BlackRock and JPMorgan had lower return than the other funds, but also had less risk.

D. Review Near Term Cash Requirements and Possible Asset Rebalancing

MOTION made by Mr. MacManus, seconded by Mr. Dickson, to transfer \$750k from RhumbLine Value Fund to Vanguard Total Stock Fund to cover upcoming monthly benefit obligations. In a voice vote by the members present, **Motion** passed 4-0.

5. Salem Trust

Ms. Russo presented information about the new Pensioner Portal offered by Salem Trust. If the Retirement Committee decided to offer the Portal to its retirees, each retiree would have access to the Portal's "core" services of 1) ACH deposit confirmation within the Portal rather than mailed paper confirmations, 2) access to historical payment information, 3) ability to print tax forms, and 4) access to any documents the Board made available through the Portal. If the Committee chose to do so, it could allow the retirees to update their address, tax withholding, and direct deposit directives through the Portal. Ms. Russo explained the Portal would require two-step authentication to protect the retiree as much as possible.

Discussion ensued. The Committee agreed the Portal was a good idea. Ms. Castronovo said she was in favor of the Portal with two exceptions: address changes and direct deposit changes. Ms. Russo said any option the Committee did not authorize at this time could be added at a later date once the Committee, staff and retirees were comfortable with the Portal.

MOTION made by Mr. MacManus, seconded by Mr. Dickson, to implement Salem Trust's Pensioner Portal core services and the tax withholding service of the optional services. In a voice vote by the members present, **Motion** passed 4-0.

6. **NFP Retirement, Inc. – Matt Dickey**

NFP Retirement Inc. December 31, 2022 Quarterly Report
Report made part of these Minutes

Mr. Dickey began his presentation by reporting that MissionSquare had not, as of the date of this meeting, distributed the DROP account's administrative allowance account ("AAA"), which the Committee directed be distributed in November 2022. Mr. Dickey said that even after recent discussions with various MissionSquare representatives, there was no idea when the AAA would be distributed. Mr. Dickey said many of NFP's clients were experiencing issues with MissionSquare since they changed their administrative website in October 2022.

Mr. Dickey continued by summarizing the main points of the recently adopted SECURE Act 2.0 including: the required minimum distribution age increases from age 73 in 2023 to age 75 in 2025; provision changes for catch-up contributions to various defined contribution plans; and employees ability to change their desired contribution rate at any time during the month rather than only on the first day of the month.

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

Mr. Herrera reviewed the issue of how 3/5% non-compounded interest was credited to employee contribution refunds on January 1st each year a terminated, non-vested employee did not take their refund. Ms. Castronovo explained there were many terminated employees to whom she had provided refund information to no avail resulting in the continuation of credited interest each January 1st.

Mr. Herrera said the only way to resolve the accrued interest issue was to amend the Ordinance to remove the 3/5% interest accumulation on unclaimed refunds, perhaps prospectively so that interest would not accrue for employees who terminate after the Ordinance was amended. The Committee agreed that Ms. Castronovo should send a letter to all current non-vested terminated employees stating they would be paid out with a check in 60 days if they did not respond to the letter by the end of 60 days.

Mr. Herrera reported that due to the recent enactment of SECURE Act 2.0, the City Ordinance would need to be amended to reflect the new required minimum distribution age though there was no rush since the change did not need to be made for five years.

Mr. Herrera said a bill had recently been introduced in the Florida House of Representatives that, if adopted, would dictate that government plans could not consider anything other than pecuniary factors when selecting money managers and investment funds. Mr. Herrera said the Retirement Plan already only considered pecuniary factors, so if the bill passed, it would not affect the Plan.

8. PENSION ADMINISTRATOR REPORT

Ms. Castronovo shared her quarterly report.

9. OTHER BUSINESS

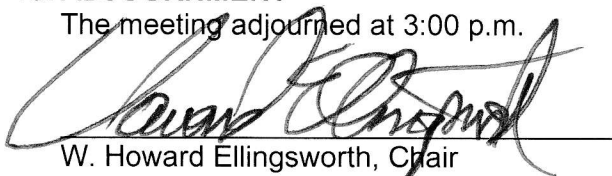
A. Acknowledgement of Former Retirement Committee Chair Jim Smith

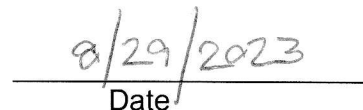
Ms. Castronovo said former Retirement Committee Chair Jim Smith had contacted her with the request for a plaque recognizing his years of service on the Committee.

MOTION made by Mr. MacManus, seconded by Mr. Dickson, to present former Retirement Committee member James Smith with a plaque recognizing his years of service on the Committee. In a voice vote by the members present, **Motion** passed 3-1 (Mr. Frankel opposed).

10. ADJOURNMENT

The meeting adjourned at 3:00 p.m.


W. Howard Ellingsworth, Chair


Date