



# TOWN OF PALM BEACH

## MINUTES OF THE DEFINED CONTRIBUTION PLAN COMMITTEE MEETING HELD ON

**Thursday, May 11, 2023**

### **I. Call to Order and Roll Call**

The Defined Contribution Plan Committee Meeting was called to order on Thursday, May 11, 2023, at 1:00 pm. On roll call, all appointed members were present, Committee Member Guelli was absent.

### **II. Approval of Agenda**

**Motion was made by Committee Member Marx, seconded by Committee Member Barth, to approve the Agenda, as presented. Motion carried by unanimous vote.**

### **III. Approval of Minutes – March 2, 2023 Meeting**

**Motion was made by Committee Member Marx, seconded by Committee Member Miracle, to approve the Minutes of the March 2, 2023 meeting, as presented. Motion carried by unanimous vote.**

### **IV. Communications From Citizens**

There were no communications from citizens.

### **V. Trustee Comments**

There were no trustee comments.

## **VI. Presentation by AndCo Consulting, Paul Murray**

### **a. Market Review**

Mr. Murray discussed the process in changing a fund out with MissionSquare. He specifically referred to the T. Rowe Price fund being replaced by the Index Fund, which is currently pending.

There were positive returns this quarter, for the second quarter in a row. There were two interest rate increases, ten over the past 15 months, which has resulted in decreases in the bond market and growth stocks, which are leveraged in debt. The quantity of short-term rate increases is having an immediate impact with long-term rates being lower, which sometimes is an indicator that a recession is near. Inflation has decreased from 9% to 5% since August, with the Fed's goal being 2%. The market is showing hope in rates decreasing later this year.

### **b. Investment Performance Review**

There was an increase for the total 457 and 401a plans for the past quarter from \$62 million to \$63 million. The asset allocation did not change dramatically, with some upward movement in Domestic Equity and a slight downward movement with Fixed Income, attributable to the market performance.

No material changes to report, for example, there is not a lot of movement into the Plus Fund, which would indicate people panicking and moving assets into a "safer" choice. MissionSquare education is helping employees in making these investment decisions.

Mr. Murray next covered the compliance matrix on Page 25 of the report. AndCo reviews the data in this chart each quarter, to ensure that investments comply with the Town's investment policy. If an investment is highlighted in red, it has not met the criteria for four or more quarters. During the last meeting, it was noted that T. Rowe Price fell into this category and the investment was removed.

Another fund that was flagged was TCW Total Return Bond Fund. AndCo has included a memo outlining the reasons that it should be changed out, recommending the Dodge & Cox Income Fund as its replacement.

Mr. Murray highlighted the strong downside protection over the trailing 12 months for the BNY Mellon Dynamic Value and MSQ Victory Sycamore Value Funds on Page 26. He additionally noted a flag for the 3-year peer rank, but no concerns on MissionSquare Small Cap Discovery and MSQ Invesco Discovery Fund. It was also noted that MSQ Diversified International trailed the benchmark by 1.72% at the 3-year; however, the 5-year is well over the benchmark. The TCW Total Return Bond Fund continues to fail to beat the benchmark and rank above the median in their peer universe, which resulted in AndCo preparing a search to replace it.

The Fee Analysis was reviewed, noting the average weighted expense as a percentage of assets for each of the plans. AndCo regularly reviews the share classes each quarter and to identify any new share classes with lower expenses.

Committee Member Miracle inquired about the Cash Management Funds and short-term cash. There was discussion regarding cash accounts and the interest banks are paying versus buying at 2-3%, pointing out commercial paper and banknotes. Additionally, Money Markets have fees.

c. Domestic Fixed Income Fund Recommendation

The one-page memo was reviewed that laid out AndCo's recommendation to replace the TCW Total Return Bond Fund with the Dodge & Cox Income I. He noted a correction that the fund was listed as "Dodge & Cox Income I (DODIX, 0.41% expense)" and should be corrected to read, "Dodge & Cox Income X (DOXIX, 0.33% expense)". It was a correction to reflect the lower expense share class (not a change in fund). He discussed the reasoning and backup documentation for the recommendation. The information was contained in the US Core Fixed Income Manager Analysis report, dated period ending March 31, 2022, included in the meeting packet.

Employees will automatically be notified by MissionSquare of changes to their own investment and options for the new fund choice. This process was discussed.

There was a brief discussion regarding Guided Pathways, which is an option available to employees.

**Motion was made by Committee Member Barth, seconded by Committee Member Miracle, to replace the TCW Total Return Bond Fund with the recommended Dodge & Cox Income I, as presented. Motion carried by unanimous vote.**

d. Fiduciary Education

Mr. Murray reviewed Fiduciary Education and the duties of the Committee and AndCo found on Pages 43 and 44, ensuring that the Town is doing its part in following the best practices that were discussed.

## **VII. MissionSquare Update, Howard Brezak**

a. Plan Review

Mr. Brezak reviewed the changes that have occurred within MissionSquare. This included personnel changes in management positions and web platform. The press release for the CEO and other management changes was included in the meeting packet. He discussed that there would be additional changes, which included the call

center where there were significant delays and knowledge gaps.

b. 2023 Education Planning

Mr. Brezak discussed other options for training, mentioning resources that other organizations offer their employees. There are also options that target specific age groups and salary levels.

Additionally, there is a need to convey information to Steven Feigelis for those employees who fall in between new hires and those nearing retirement. There was discussion as to how we can address and meet the needs of each employee's needs with an overview of the plan, list of resources and/or demonstrations in a group setting. Also, a "back to basics" type of education with modules and curriculum, in addition to lunch and learns. Incentives would be beneficial to encouraging participation and investment interest.

**VIII. Any Other Matters**

No other matters were discussed.

**IX. Adjournment**

There being no further business, a motion was made by Committee Member Marx, seconded by Committee Member Barth to adjourn the Defined Contribution Committee meeting of May 11, 2023 at 2:08 pm.