



TOWN OF PALM BEACH

MINUTES OF THE DEFINED CONTRIBUTION PLAN COMMITTEE MEETING HELD ON

Thursday, August 10, 2023

I. Call to Order and Roll Call

The Defined Contribution Plan Committee Meeting was called to order on Thursday, August 10, 2023, at 1:15 pm. On roll call, all members were present.

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 – May 11, 2023 Meeting

Motion was made by Committee Member Miracle, seconded by Committee Member Marx, to approve the Minutes of the May 11, 2023 meeting, as presented. Motion carried by unanimous vote.

IV. Trustee Comments

Chair Debrincat spoke in support of the one-on-one meetings the MissionSquare has provided, and suggested that the Town continue to schedule these going forward.

V. Communications From Citizens

There were no communications from citizens.

VI. Presentation by AndCo Consulting, Paul Murray

a. Market Review

Mr. Murray spoke regarding the S&P being up 3.2% in July and spoke regarding the rate of inflation over the past year. He explained that the outlook shows that the Fed may raise interest rates again over the next few months. He spoke about the possibility of a recession next year, and that there have been ‘mini’ rolling recessions in certain sectors of the economy that have already occurred.

He explained the charts that display the returns over the quarter. He spoke regarding there being a quick rebound, driven by the interest rate market. He explained a handout that he distributed that shows what is going on in the market over the period, specifically regarding the “Magnificent 7” stocks.

b. Investment Performance Review

There was an increase for the total 457 and 401a plans for the past quarter from \$63 million to \$65.7 million, and an increase for the retiree health plans were from \$5.7 to \$6.1 million. The asset allocation did not change materially, but there was slight increase in Domestic Equity and a slight decrease in the Fixed Income. He went through each plan and explained the asset allocation for each one and the differences between the plans.

Mr. Murray next covered the investment compliance dashboard, which reflects whether the funds are meeting the key criteria that are included in the investment policy. The two funds that did not meet the criteria have been approved to be replaced (the T Rowe Price Blue Chip Growth and the TCW Total Return Bond Fund), which will be reflected in the next quarterly report.

He spoke regarding a few other funds that have been flagged for not meeting the criteria consistently. Mr. Murray spoke regarding the performance of Parnassus Core Equity and stated that it was flagged for not meeting the 3-year number, but it’s not off by a large amount. He stated that if this fund continues to trail the index, he will suggest closing it and mapping the balances to the S&P 500 Index. He highlighted the performance of BNY Mellon Dynamic Value and MSQ Victory Sycamore Value. It was also noted that MSQ Diversified International was trailing the benchmark at the 3-year; however, there has been a lot of disruption in the international market in the last two years which could explain the decrease.

Mr. Murray stated that MissionSquare Inflation Focus narrowly failed to beat the benchmark at the 3-year mark and is about median of its peers at 51st percentile, but he stated that if that fund fails, then he may recommend replacement in the future. He stated that he is watching the Neuberger Berman High Yield Fixed Income because it has failed to beat its benchmark or be above median over all time periods. He said there’s no need to do it now, but he will follow-up at the next meeting for a closer look at the fund and to see if there is duplication with the new Dodge & Cox fund. He spoke regarding how the Target Date funds perform and stated that it looks like the Town’s

employees are using them effectively.

Mr. Murray stated that AndCo reviewed the fees as they do each quarter. They research the fees and look at share classes to identify opportunities to move into the same fund if they offer a lower cost.

In response to a question from Chair Debrincat, Mr. Murray spoke regarding adding a money market to the core fund lineup to take advantage of the rapid increase in short term interest rates over the last year. AndCo promised to reach out to MissionSquare to ask them if the Town could add a money market fund to the plans given that the plans also offer the MissionSquare PLUS Fund.

c. **Fiduciary Education**

Mr. Murray spoke regarding the Investment Policy Statement and explained how the criteria contained in the IPS are reflected in the dashboard. He reviewed the structural elements of the IPS: Purpose and Objective, Roles and Responsibilities, Investment Lineup Diversification and Manager Selection and Monitoring. He presented a checklist of activities and achievements of the Committee over the past year and provided a brief overview of the Policy. Discussion ensued on updating the IPS and how the new rule from Florida House Bill 3 applies to the Town's defined benefit pension plan, but it does not apply to participant directed defined contribution plans.

VII. Any Other Matters

No other matters were discussed.

VIII. Adjournment

There being no further business, a motion was made by Committee Member Barth, seconded by Committee Member Miracle to adjourn the Defined Contribution Committee meeting of August 10, 2023 at 1:52 pm.