TOWN OF PALM BEACH

MINUTES OF THE DEFINED CONTRIBUTION PLAN COMMITTEE MEETING HELD ON

Monday, March 2, 2022

I. Call to Order and Roll Call

The Defined Contribution Plan Committee Meeting was called to order on Monday, March 2, 2022, at 1:06 pm. On roll call, all appointed members were found to be present.

II. Approval of Agenda

Motion was made by Board Member Debrincat, seconded by Board Member Marx, to approve the Agenda, as presented. Motion carried by unanimous vote.

III. Approval of Minutes – November 8, 2021 Meeting

Motion was made by Board Member Wilkinson, seconded by Board Member Marx, to approve the Minutes of the November 8, 2021 meeting, as presented. Motion carried by unanimous vote.

IV. Communications From Citizens

There were no communications from citizens.

V. Presentation by AndCo Consulting Dave West, AndCo Consulting

a. Market Review

Mr. West provided the market review. The price of oil/energy prices were the greatest impact to the economy and portfolio. The impact/item of consequence was NATO and Eurozone agreed to cut off Swift transactions. Depending on which Russian banks are cut off will be significant with strong ramifications on transactions. It cannot be predicted how many parties will be affected and what the ultimate impact will be.

There was discussion as to what should be considered in light of these current situations. Defined contribution members' portfolio options give them the ability to take a conservative route and remove some of the risk. Target date funds management should be taking care of that situation along with the managed account option.

b. Investment Performance Review

Mr. West discussed plan balances as of December 31, 2021. The total combined plan balances were $70,218,219. The 457 plan was $50.149M, the bulk of the combined balance. The 401a balances were $16.9 and $3.1 He stated that this is a great increase. The investors have participated in the voluminous asset growth that we have experienced. The total RHS plans were $5.745M. There were no material shifts in membership and plan participant contributions for this quarter.

Mr. West discussed the compliance spreadsheet. Two funds have been lagging and requiring discussion. The first was the T. Rowe Price Blue Chip Growth Fund, the election option for Large Cap Quality Growth, actively managed fund underperforming the index and peer group percentile rank. AndCo recommends to hold the fund for now. The second was the Neuberger Berman High Yield Fixed Income Fund, which flagged for a couple of periods. This is a high quality manager for high yield funds; low quality securities rallied during these periods. AndCo expects Neuberger to have higher performance in the next quarter's reporting and recommends staying the course.

c. Fiduciary Education

Mr. West discussed the services available for participants to elect. Managed accounts are designed to assist in rebalancing portfolios using funds in the system with professional services. Participants with limited knowledge of investments should seek assistance through managed accounts. Forty-five percent of defined contribution plans offer managed accounts with utilization at 3.6% of total assets and 3.0% of total participants.

Mr. Feigelis discussed that there is probably close to 30% of participants that are involved in the managed account program. There can be a hesitancy of participants when their account grows larger. Information will be provided as to how many participants and how many dollars overall are involved.

VI. Presentation by MissionSquare, Dawn VanDyck and Steven Feigelis

a. 2021 MissionSquare Retirement Update

Ms. Van Dyck presented MissionSquare' s plan review. The 457 holds over 65% of the total assets of all plans combined. She pointed out that there is a slight difference as there is almost a million-dollar discrepancy due to the Roth IRA that participants take out individually with Steven. This $76.9 million, with 1,4757 total participant accounts, including 457, 401a, RHS, Fire Share, Roth IRA.

Ms. Van Dyck went over the balance trend and participant accounts. This study was for the year of 2021, January through December. The plan looks healthy in enrollments and contributions. The balance has continued to go upwards, reaching over 50 million dollars.

Ms. Van Dyck discussed contributions and disbursements over the past 5 years. The incline has been steady throughout the years with contributions. We didn't have as many enrollments in 2017 and 2018, but we had substantially more than we had in 2020. She reassured that we are moving in the right direction. The disbursements from 2021 had many roll-overs due to the great resignation. The participant status and age group has slightly decreased. Actively contributing is increasing and separated from service has continued to stay steady. There are no red flags here, everything is healthy and in good shape.

b. New Client Experience and Technology

Ms. Van Dyck presented a website and app platform being rolled out. This will include new features such as dynamic reporting, a plan help dashboard, and better payroll services. There will be a new website for the plan sponsors as well as the participants. The new app for participants will provide the same access as the website. She stated that it was important to know that regardless of access status, you must login and re-register to access their account.

Ms. Van Dyck stated that they have a new payroll process. They can now accommodate any file, there is a 360-degree data exchange. You can now build customized reports and schedule delivery for reoccurring reports.

Ms. Van Dyck went over the behind-the-scenes plans, which will include a new bank, new mailing address, new secure messages, and fax numbers. This information will be provided before the changes take place. They are currently in phase 1. Phase 2 will begin in April. In April and May, the plan sponsors and participants will receive an announcement with resources to get prepared for the upcoming changes. The actual launch will take place in either July or August.

Ms. Le Clainche stated that Ms. Van Dyck went into detail about the changes and enhancements for the sponsors but would like to know about the participants. Ms. Van Dyck expressed the participants will have more tools. And that overall, it will be a simpler and more intuitive process for both sponsors and participants.

Ms. Le Clainche asked if there was a reason why most of the information, they have on different funds are always from the end of the prior quarter and not updated. She asked is there a way to get more current information. Mr. Feigelis replied that when you look at fund performance on the investment page, you can see all the updated information which will reveal the most recent month closing period.

c. 2022 Strategy

Mr. Feigelis went over a plan education and flyers for employees to understand the current volatility. While it is normal to have volatility, the current events create a cause for concern, but investors should not panic.

Mr. Wilkinson asked Mr. Feigelis what actions should be expressed during this time? Mr. Feigelis reassured him that a lot of reactions depend on personal problems. But again, volatile periods are perfectly normal in our lives as they are a time for opportunities. He also stated that there are no right or wrong answers but stay calm.

Mr. Feigelis stated that the participation and savings box concerns him. We have a 65% participation rate in the 457. Since 2020, we've had 87 RHS Plans, and only 43 457 enrollments. This was a decrease due to pandemic. He suggested moving forward for 2022, as a team we strive for an increase in enrollments in the 457 plans.

Ms. LeClainche suggested that we include charts or calculators in new packets or emails to show new hires how much they would save by enrolling in these programs.

Mr. Debrincat asked what does the 401a represent and why wouldn't the RHS and 401a be the same. Mr. Feigelis answered public safety is not enrolled in the 401a. Ms. Justice clarified that all new hires that are general employees are enrolled in the 401a and RHS and that public safety is defined benefits only.

Ms. Le Clainche asked if we had any information on how many employees set up the brokerage accounts. Mr. Feigelis stated that we use the multi-channel approach to engage with employees, offering different outreaches through webinars, in-person, social media and consultations.

Mr. Feigelis reviewed the planned calendar and different programs planned for 2022. These programs will start dynamic personalized messages based on a member's enrollment and age. Each month will have a targeted message campaign. He is hopeful that soon, once we move to online enrollments, new hires will be able to enroll and change contributions on cellular devices.

VII. Any Other Matters

No other matters were discussed.

VIII. Adjournment

There being no further business, the Defined Contribution Plan Committee meeting of March 2, 2022 adjourned at 2:10 pm.

Motion was made by Board Member Wilkinson and seconded by Board Member Marx to adjourn. The motion passed unanimously.