TOWN OF PALM BEACH
RETIREMENT BOARD OF TRUSTEES

MINUTES OF THE RETIREMENT BOARD OF TRUSTEES MEETING HELD ON

FRIDAY, MARCH 14, 2025, AT 9:00 A.M.

I. CALL TO ORDER & ROLL CALL

The Retirement Board of Trustees Meeting was called to order on Friday, March 14, 2024, at 9:00 am in the Town Council Chambers. In attendance were Chair Stanton, Vice Chair Carter, Secretary Parker, and Board Members Copeland, Lambert, and Miracle. Board Members Marx and Debrincat were absent.

II. APPROVAL OF AGENDA

Motion was made by Board Member Copeland, seconded by Board Member Carter, to approve the agenda as presented. The motion carried unanimously, 6-0.

III. TRUSTEES COMMENTS

Board Member Parker requested that the minutes be provided to him for review closer to the date of the meeting at which the minutes were recorded.

IV. PUBLIC COMMENTS

Mayor Danielle Moore presented the Board Members with a thank you gift from the Mayor, Town Council and staff for their service on the Board.

V. APPROVAL OF MINUTES

1. Minutes from November 15, 2024, Meeting

Motion was made by Board Member Carter, seconded by Board Member Copeland, to approve the Minutes for the November 15, 2024 meeting as presented. The motion carried unanimously, 6-0.

VI. FIDUCIARY LIABILITY POLICY RENEWAL, TERRY STUBBS, ARTHUR J. GALLAGHER & CO. AND KAREN TEMME, RISK MANAGER

Risk Manager, Karen Temme, provided background information on the item. She stated that staff is recommending to renew the Fiduciary Liability Policy with a $10 million limit, $150,000 deductible at an annual premium of $27,371.

Motion was made by Board Member Carter, seconded by Board Member Copeland, to approve the Fiduciary Liability Policy Renewal as presented. The motion carried unanimously, 6-0.

Ms. Temme announced that she is retiring from the Town as of April 11. Mr. Miracle commended Ms. Temme on her excellent work through the years at the Town.

The following items were heard out of order of the agenda:

VII. QUARTERLY FINANCIAL REPORT AND DISBURSEMENTS, MELISSA LADD, CONTROLLER

Melissa Ladd, Controller, reviewed the quarterly financial report and disbursement schedule for the Town's retirement system as of December 31, 2024. Reporting total assets of $310,476,567, no total liabilities, with resulting net assets held in trust of $310,476,567. Statement of changes in net assets showed total additions were $18,906,423 and total deductions of $5,449,159, resulting in net increase of net assets to date of $13,457,264. Investment and Operating and Investment Expenses for the Fiscal Year to date, totaled $32,334. Historical Investment and Operating Expenses from FY 2021 to date on Page 4. The Cash Flow projection from January 31 through March 31, 2025 is on page 5. Page 6 reports the Cash Flow Projection for FY 2025. Disbursements for the period November 8, 2024, through February 21, 2025, totaled approximately $642,382.92.

Motion was made by Board Member Carter, and seconded by Board Member Parker, to approve the disbursement schedule. The motion passed unanimously, 6-0.

VIII. INVESTMENT REVIEW, DAVE WEST, CFA, MARINER

1. Summary Attribution and Recommendations (Memo)
2. Quarterly Report for the Period Ended December
3. IPS: Review of Tactical Target Allocations
4. Private Debt Pacing Model and Manager Review
5. Summary Statement of Position

Mr. West provided an overview of his presentation. He summarized the attribution memo that he had sent out. He stated that he recommends continuing with the current retirement system liquidity maintenance program. He spoke regarding his recommendation to review the investment policy statement and amend the asset allocation policy, specifically regarding private debt. He spoke regarding implementation of this strategy.

Mr. West spoke regarding a major shift in the market and stated that they are recommending to stay the course during the volatility of the market. He provided an overview of the asset allocation. He answered a question regarding the liquidity of the profile at year end. Chair Stanton stated that he feels that there should be a target for cash and that there is no upper limit on cash for the system. Discussion ensued.

He spoke regarding the returns at the end of the first quarter of the fiscal year. He provided administrative notes on the domestic equity, Garcia Hamilton fund and Serenitas Credit Gamma fund. He spoke regarding the position of the liquidity profile and answered a question regarding the distributions and the net available for investment.

He provided an overview of his proposed changes to the investment policy statement. Following are the recommendations: shorten interest rate exposure of investment grade portfolio and make adjustments to establish a 10% target allocation for private debt. He provided detailed background information on the recommendations. Extensive discussion ensued.

Motion was made by Board Member Copeland, and seconded by Board Member Carter, to approve the recommended changes to the investment policy on liquidity with the addition to have no cap on cash. The motion passed, 5-1. Board Member Parker dissented.

Mr. Parker explained his concern for the motion, which is more of how the allocations are characterized. Discussion ensued on how this could be addressed. Board Member Parker also stated that he would also be interested in raising the lower threshold for liquid reserves. Further discussion ensued.

AMENDED MOTION: Motion was made by Board Member Parker to amend the motion regarding the amendments to the investment policy to raise the floor on liquid reserves to 4% and remove the cap on liquid reserves and establish a new range of private debt to 0-13% and private equity 0-5%. The motion died due to a lack of second.

AMENDED MOTION: Motion was made by Board Member Carter, and seconded by Board Member Copeland, to approve the asset allocations as recommended by Mariner on the provided sheet. The motion passed unanimously, 6-0.

Mr. West provided an overview of the Private Debt Pacing Model that was completed by Mariner. The model attempts to predict how much capital will be in private debt funds at a given time. He stated that the proposed pacing schedule includes an additional commitment of $12 million in 2025, which is a cumulative commitment of $22 million; the projected capital is $5.7 million to get up to the 10% target. He spoke regarding the candidates for the funds and spoke regarding their recommendation in investing in an evergreen fund structure, specifically Deerpath Capital Management. Discussion ensued. Mr. West recommended adopting the Pacing Model with a commitment to Deerpath. Chair Stanton requested going back to Aries for a portion of that commitment.

Motion was made by Board Member Copeland, and seconded by Board Member Carter, to adopt the Pacing Model of $12 million in funding with the commitment of $2 million to Aries and $10 million to Deerpath Capital Management, contingent on Ares being open to new commitments and if not, then all $12 million to Deerpath. The motion passed unanimously, 6-0.

IX. FINANCIAL AUDIT, MOISES ARIZA, MARCUM LLP

Tammy Goldstrich, representing CBIZ CPAs presented the annual financial audit. She announced that CBIZ is a publicly traded company. She stated that there was a clean opinion with no findings or issues of non-compliance. Mr. Miracle reported that there were no issues during the auditing process. Chair Stanton requested that the Annual Audit be provided more in advance of the meeting in the future. Board Member Parker inquired about when the final version would be made available, to which Ms. Goldstrich responded.

X. ANNUAL ACTUARIAL VALUATION REPORT, PETE STRONG, GRS

Pete Strong, GRS, presented the valuation report. He reviewed the assumptions and the gain on the actuarial value. He stated that the salary increases were higher than the assumptions for the year and spoke regarding the impact on those increases to the actuarial value. Chair Stanton requested that Town Council is aware of this impact. In response to a question, he stated that there were larger than normal increases across the board, but the increases were larger in Palm Beach. He reviewed the discussion of valuation results and explained the increase to the contribution. He reviewed changes in benefits that occurred last year and the funded ratio. He stated that he expects the trendline to improve over the next ten years. He answered questions from Board Members. Discussion ensued. Mr. Miracle stated that Mr. Strong will be doing a 10 year projection going forward and Mr. Strong stated that he could also have a projection without the $5.42 million extra contribution included.

Mr. Strong recommended that they conduct an experience study, which is an intensive study and should be done every 5-10 years and was last done over 10 years ago. Discussion ensued on the potential cost and the benefit of the study.

Motion was made by Board Member Carter, and seconded by Board Member Copeland, to authorize GRS to conduct an experience study. The motion passed unanimously, 6-0.

Mr. Miracle explained the larger than normal increase in active employees in 2024 as opposed to 2023, as well as the CPI and cost of living and merit increases. Chair Stanton expressed appreciation for the employees of the Town and spoke in support of the efforts for the employees as well as the continuation of the $5.42 million additional contribution.

Motion was made by Board Member Carter, and seconded by Board Member Copeland, to approve the evaluation and the rate of return. The motion passed unanimously, 6-0.

XI. ADMINISTRATOR REPORT, EDEMIR ESTRADA, GRS

Ms. Estrada provided an update on the case where the administrator got notified in October of a retiree who passed away in March. She spoke regarding difficulties in contacting a family member to have the funds that were paid after the death to be returned to the Town. Ms. Rustin stated that before any action is taken, they will bring it back to the Board. Discussion ensued on the process for how the Town is notified of retirees' deaths.

Ms. Estrada spoke regarding the Administrator's assistance during the audit and regarding her attempts to get backup from all of the vendors to ensure that the Board Members receive all of the meeting information in a timely manner.

She reviewed the Administrator's Report provided by the Town. There are 21 DROP participants, 420 retirees, and 314 active employees contributing to the system.

Motion made by Board Member Carter, and seconded by Board Member Copeland, to approve the Administrator Report. The motion passed unanimously, 6-0.

XII. ONLINE RETIREMENT CALCULATOR UPDATE, VALMIKI RAMSEWAK, GRS

Mr. Ramsewak stated that all of the calculators have been rolled out online as of the time of the meeting.

XIII. ATTORNEY REPORT, JANICE RUSTIN, ATTORNEY

Ms. Rustin provided an overview of a memo she provided regarding statutory requirements for the investment policy. She spoke regarding the Board's fiduciary responsibilities and stated that the Board has shown that it has taken great care in developing the investment policy.

XIV. UPCOMING MEETING SCHEDULE

1. Next Meeting: Friday, May 16, 2025, at 9:00 am

XV. ANY OTHER MATTERS

There were no other matters discussed.

XVI. ADJOURNMENT

Motion made by Board Member Carter, and seconded by Board Member Copeland, to adjourn the Retirement Board of Trustees meeting of March 14, 2025, at 11:33 a.m. The motion passed unanimously, 6-0.

Respectfully Submitted,

Tom Parker 5/16/25

Tom Parker, Secretary
Retirement Board of Trustees

Meeting audio is located at:

https://townofpalmbeach.granicus.com/player/clip/3129?view_id=5&redirect=true