TOWN OF PALM BEACH

MINUTES OF THE RETIREMENT BOARD OF TRUSTEES MEETING HELD ON

Friday, May 19, 2023

I. CALL TO ORDER AND ROLL CALL

The Retirement Board of Trustees Meeting was called to order on Friday, May 19, 2023, at 9:00 am in the Town Council Chambers. In attendance were Chair Stanton, Chair Pro Tem Carter and Secretary Parker, and members Miracle, Lambert, Debrincat, and Copeland. Absent were members Marx and Guelli.

II. ELECTION OF OFFICERS

An annual election was held for each officer. Votes were collected and tallied by the Board Clerk and confirmed by the Board Attorney. The officers remain the same: for Secretary, Mr. Parker; for Chair Pro Tem, Mr. Carter; and for Chair, Mr. Stanton.

III. APPROVAL OF AGENDA

Motion was made by Board Member Carter, and was seconded by Board Member Copeland, to approve the agenda as presented. The motion passed unanimously.

IV. TRUSTEES COMMENTS

Mr. Debrincat complimented Chair Stanton for his recent annual report to Town Council. Mr. Stanton stated that our Board is grateful for the Council's cooperation with and support of our Board.

V. PUBLIC COMMENTS

There were no comments from the public.

VI. APPROVAL OF MINUTES

Motion was made by Board Member Carter, and was seconded by Board Member Copeland, to approve the Minutes for the March 3, 2023 meeting as presented. The motion passed unanimously.

VII. QUARTERLY FINANCIAL REPORT AND DISBURSEMENTS, AMY WOOD, ASSISTANT FINANCE DIRECTOR

Ms. Wood reviewed the quarterly financial report and disbursement schedule for the Town's retirement system as of March 31, 2023. Reporting total assets of $269,492,242, total liabilities $3,130,255, with resulting net assets held in trust of $266,361,987. Statement of changes in net assets showed total additions were $41,324,724 and total deductions of $12,468,544, resulting in net increase of net assets to date of $28,856,180. Investment and Operating Expenses for October 1, 2022 through March 31, 2023, totaled $336,822. Historical Investment and Operating Expenses from FY 2019 to date on Page 5. The Cash Flow projection from May to July 2023 showed the scheduled transfer of funds from money manager accounts was $5.5 million. Page 7 reports the Cash Flow Projection for FY 2023. Disbursements for the period February 24 through April 21, 2023, totaled $265,461.14.

Motion was made by Board Member Carter, seconded by Board Member Copeland, to approve the Quarterly Financial Report and Disbursements. The motion passed unanimously.

VIII. INVESTMENT REVIEW, DAVE WEST, CFA, ANDCO CONSULTING

Mr. West provided an administrative update confirming that changes to the investment strategy requested during the last meeting was completed as directed. The Flash Report would be the focus of his presentation. He explained that the April report, provided for the meeting, would better illustrate the current investment performance.

In equities, large cap technology stocks have carried the averages. Breadth has been very narrow, and Growth has outperformed Value. In Fixed income, short-term interest rates are elevated relative to longer maturities. The "inverse yield curve" expresses the market's expectation that rates will decline in the future.

The dollar has declined by 10%. Disruptions in the banking system have precipitated a modest decline in interest rates. The retirement system is in a liquid position to take the plan through the end of the year, earning 10.77% for the Fiscal Year to date.

Mr. West discussed the Asset Allocation & Performance table on Page 8. The Real Estate sector continues to be under pressure, with the JP Morgan Strategic Property fund being down 8.8% for the FY to date. The office market, particularly in large cities, continues to be challenged. Alternatives underperformed.

Mr. West further reviewed the Executive Summary allocation table on Page 3. There are no recommended changes for this meeting. There is more than sufficient cash, including the Town contribution coming in October 1 and earning roughly 4.4% on that cash. No rebalancing is required.

Chair Stanton observed that the report included errors in the 5-year, 7-year and Since Inception numbers for Total Liquid Reserves. Mr. West acknowledged the error and will correct the report.

The requested transfers were completed as a result of last meeting's rebalancing. The table on Page 5 reflected those, including the rebalancing of Cooke & Bieler Mid Cap Value Equity, the funding of Serenitas Credit Gamma, an additional investment in Ark Innovation, an additional transfer to liquid reserves, and liquidation of the BlackRock Multi-Asset Income Fund.

Chair Stanton disclosed recent conversations with Mr. West in regards to the meeting's discussions and presentation. He opened for discussion the topic of Private Credit business loans, which are made mostly to businesses with net returns in the high single-digits or low double-digits. He requested, with the Board's approval, that Mr. West put together information regarding Private Credit as a potential part of the plan's portfolio within our Alternatives allocation, which is currently underweight. Mr. Parker stated that the illiquidity of Private Credit argued for the maintenance of liquidity as a companion within our portfolio. AndCo will put together the information and manager offerings available for discussion at the next meeting.

IX. ADMINISTRATOR REPORT. EDEMIR ESTRADA, GRS

Ms. Estrada complimented Chair Stanton on his recent Annual Report to Town Council. The report was well received; she thanked Chair Stanton and Chair Pro Tem Carter for their preparation of the material and presentation.

Next, she reported that the Board was provided a copy of the letter from the State of Florida certifying that all required reports and statements have been accepted by the Division of Retirement.

Ms. Estrada next reviewed the Administrator Report provided by the Town. There are 15 DROP participants, 423 retirees, and 290 active employees contributing to the system. There was one retirement and one DROP since the last meeting's report.

Board Member Carter made a motion to approve the Administrator Report, seconded by Board Member Copeland. The motion passed unanimously.

X. ATTORNEY REPORT, JANICE RUSTIN, ATTORNEY

Attorney Rustin provided a copy of the Statement of Financial Interests in the meeting packet, which needs to be submitted to the Supervisor of Elections. Each member should have already received a copy in the mail and she wanted to remind everyone to submit it. She will provide copies to whomever did not receive it.

She reviewed the Town's updated policy in regards to emails and public records. She provided further clarification of the policy and included the latest legislative update. House Bill No. 3 has been signed into law and is now effective. There are not many changes with municipal pensions; however, there are several changes with FRS, which has not been signed yet, but expected to be signed by Governor DeSantis.

Mr. West stated that the Board is in compliance with the investment decisions and requirements. AndCo will add any language, as necessary, to assure continued compliance.

In response to Secretary Parker's comment, Ms. Rustin discussed her firm's reporting for legislative updates and staying on top of new State legislation that has passed or is pending that may affect the Town's Pension. She stated that Glenn Thomas from LLW puts together a weekly legislative review on retirement. Mr. Parker requested inclusion in his distribution.

XI. UPCOMING MEETING SCHEDULE

1. Next Meeting: Friday August 18, 2023 at 9:00 am

XII. ANY OTHER MATTERS

There were no other matters discussed.

XIII. ADJOURNMENT

There being no further business, Member Copeland moved adjournment and Member Carter seconded. The Retirement Board of Trustees meeting of May 19, 2023, adjourned at 10:00 am.

Respectfully Submitted,

Tom Parker   8-18-2023

Tom Parker, Secretary
Town of Palm Beach Retirement Board of Trustees