TOWN OF PALM BEACH
RETIREMENT BOARD OF TRUSTEES

MINUTES OF THE RETIREMENT BOARD OF TRUSTEES MEETING HELD ON

FRIDAY, MAY 10, 2024, AT 9:00 A.M.

I. CALL TO ORDER & ROLL CALL

The Retirement Board of Trustees Meeting was called to order on Friday, May 10, 2024, at 9:00 am in the Town Council Chambers. In attendance were Chair Stanton, Vice Chair Carter, Secretary Parker, and Board Members Copeland, Debrincat, Marx, and Miracle. Board Members Guelli and Lambert were absent.

II. ELECTION OF OFFICERS

Ms. Justice announced that each Member had a ballot to complete for the three positions of Chair, Vice Chair and Secretary. Upon counting the ballots, it was announced that Mr. Stanton was elected as Chair, Mr. Carter was elected as Vice Chair and Mr. Parker was elected as Secretary.

III. APPROVAL OF AGENDA

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

IV. TRUSTEES COMMENTS

There were no comments from trustees.

V. PUBLIC COMMENTS

There were no comments from the public.

VI. APPROVAL OF MINUTES

1. Minutes from March 22, 2024, Meeting

Motion was made by Board Member Carter, seconded by Board Member Copeland, to approve the Minutes for the March 22, 2024 meeting as presented. The motion carried unanimously, 6-0.

VII. QUARTERLY FINANCIAL REPORT AND DISBURSEMENTS, JAMES MCINNIS, CONTROLLER

Mr. McInnis reviewed the quarterly financial report and disbursement schedule for the Town's retirement system as of March 31, 2024. Reporting total assets of $293,174,594, total liabilities $194,183, with resulting net assets held in trust of $292,980,412. Statement of changes in net assets showed total additions were $ 52,639,704 and total deductions of $11,642,702, resulting in an increase of net assets to date of $40,997,003. Investment and Operating Expenses for October 1, 2023 through March 31, 2024, totaled $253,887. Historical Investment and Operating Expenses from FY 2019 to date on Page 5. The Cash Flow projection from April 24, 2024 through July 31, 2024 showed the estimated amount of transfer from the Money Manager accounts will be $5,500,000. Page 7 reports the Cash Flow Projection for FY 2024. Quarterly transfers plus employee contributions totaling $5,900,000. Disbursements for the period February 16, 2024, through April 26, 2024, totaled approximately $577,805. Chair Stanton inquired about an increase in legal fees, to which Ms. Rustin and Mr. Miracle responded: an entry had mistakenly aggregated some Town transfers to Jones Foster with those of our account. Mr. Stanton requested that a report of correction including a significant reversal be included in the agenda for our next meeting. Mr. Parker stated that the average annual legal expenses of our fund have been $27k for the past five years.

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

VIII. INVESTMENT REVIEW, DAVE WEST, CFA, MARINER

- Quarterly Investment Review for the Quarter ending March 31, 2024

Mr. West spoke regarding anticipated interest rate reductions from Fed and their potential impact on the equity and bond markets. He spoke regarding the recent equity market rally and provided an overview of the performance of the S&P500. He spoke regarding challenges in the bond market and provided an overview of treasury yield curve. He provided an update on the asset allocation and performance and stated that the big drivers of returns this quarter were domestic equity, international equity and a large allocation to liquid reserves, which were earning interest at an annual rate above 5%.

Mr. West stated that the total fund net for the quarter was up 4.62%, fiscal year to date net of 13.1%, which is double the target required rate of return. He provided the comparative performance of domestic equity, international equity and alternative funds. Chair Stanton pointed out that the top line of numbers showing the total net fund are above the expected rate of return. Mr. West spoke regarding the real estate portfolio and private equity allocations. Chair Stanton spoke regarding several private equity firms being stagnant over the past year and asked Mr. West to obtain a report from each of the main firms to explain what is occurring in their funds; Mr. West agreed to do so. Mr. West replied to questions regarding future liability for capital calls in this sector and the timing for the close. He reported that the market value of the total fund on January 1, 2024, was $284,447,025 and that the market value of the total fund on March 31, 2024 was $288,943,569.

Mr. West provided an overview of the market value update that he distributed and provided background information on his recommendations. He stated that his recommendations include selling $5M of the Vanguard S&P Index Fund, selling $5M of Fidelity's International Index Fund, and buying $3M of Garcia Hamilton Core Fixed Income, with the balance going into the Money Market fund. He stated that total net assets available for investments prior to the rebalancing are $11,426,319.

Extensive discussion ensued on the recommendations and the policies for allocations that are currently in place. Mr. West responded to concerns raised regarding the policy from Board Members and explained the reasoning behind the current policy. Further discussion ensued on the possibility of changing the policy in the future. Chair Stanton suggested taking $3M from the S&P 500 index fund and $3M from active managers from the international fund. Mr. West responded and recommended taking $3M from the Peartree Polaris Value Manager in lieu of reducing the Fidelity International index Fund. Discussion ensued.

Motion made by Board Member Copeland, and seconded by Board Member Carter, to move $3,000,000 from Peartree Polaris Value Fund and $3,000,000 from the Vanguard S&P 500 Index Fund to the Money Market Fund. The motion passed unanimously, 6-0.

IX. ADMINISTRATOR REPORT, EDEMIR ESTRADA, GRS

Ms. Estrada stated that the Form 1 – Statement of Financial Interests must be filed online as of this year. She reminded the Board Members to complete this form electronically on the State Commission on Ethics website by July 1.

Ms. Estrada reviewed the Administrator Report provided by the Town. She stated that there was 1 employee who was approved for disability benefits that was not included in the report. There are 15 DROP participants, 421 retirees, and 309 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.

X. ATTORNEY REPORT, JANICE RUSTIN, ATTORNEY

Ms. Rustin spoke regarding the second reading of an ordinance that is being brought to Town Council that incorporates several changes to the Plan.

XI. UPCOMING MEETING SCHEDULE

1. Next Meeting: Friday, August 16, 2024 at 9:00 am

Chair Stanton stated that he will be providing the Board's Annual Report to the Town Council at the meeting next week.

XII. ANY OTHER MATTERS

Chair Stanton spoke regarding a change to the legal fees discussed above that had been presented to him during this meeting. Mr. Miracle discussed the discrepancy with the reporting of the legal fees. Mr. Stanton reminded our audience that our trustees read our reports.

XIII. ADJOURNMENT

There being no further business, the Retirement Board of Trustees meeting of May 10, 2024, adjourned at 10:27 a.m. without benefit of a motion.

Respectfully Submitted,

Tom Parker 8-16-24

Tom Parker, Secretary
Retirement Board of Trustees

Meeting audio is located at:

https://townofpalmbeach.granicus.com/player/clip/2994?view_id=5&redirect=true