TOWN OF PALM BEACH
Investment Advisory Committee

MINUTES OF THE INVESTMENT ADVISORY COMMITTEE MEETING HELD ON

FRIDAY, MAY 17, 2024, AT 2:30 P.M.

I. CALL TO ORDER & ROLL CALL
Mr. Storkerson, Chairman
Ms. Kathleen Anderson, Vice Chairman
Ms. Jacqueline de Sanctis
Mr. Lloyd McAdams
Ms. Annette Geddes

Staff Members present were:

Robert Miracle, Deputy Town Manager
James McInnis, Controller

II. PLEDGE OF ALLEGIANCE

Mr. Storkerson led the Pledge of Allegiance.

III. ANNUAL ELECTION OF CHAIRMAN AND VICE CHAIRMAN

Ms. Anderson nominated Mr. Storkerson as Chair. Ms. de Sanctis seconded the nomination.

Motion was made by Chair Storkerson, seconded by Committee Member Anderson, to elect Mr. Storkerson as Chair. The motion carried unanimously, 5-0.

Mr. Storkerson nominated Ms. Anderson as Vice Chair. Ms. de Sancis seconded the nomination.

Motion was made by Chair Storkerson, seconded by Committee Member Geddes to elect Ms. Anderson as Vice Chair. The motion carried unanimously, 5-0.

IV. APPROVAL OF AGENDA

Motion was made by Member Geddes, seconded by Member de Sanctis to approve the agenda as presented. The motion carried unanimously, 5-0.

V. COMMUNICATIONS FROM CITIZENS

No one indicated a desire to speak.

VI. APPROVAL OF THE MINUTES

A. Minutes of the Investment Advisory Committee Meeting of February 16, 2024.

Motion was made by Member Anderson, seconded by Member de Sanctis to approve the minutes. Motion carried unanimously, 5-0.

VII. PFM ASSET MANAGEMENT

A. QUARTERLY PERFORMANCE REPORT

Deputy Town Manager Robert Miracle provided an overview of the Investment Performance Review on behalf of Mr. Stitcher. He spoke regarding the modest increase of CPI over the quarter. He spoke regarding a chart that depicts the labor market and unemployment numbers, which shows that the job market as it pertains to wage growth is beginning to slow. He inquired if there are other numbers that the Committee would like Mr. Stitcher to report on for the next meeting, to which Mr. McAdams responded that he wanted to see the employment statistics. He provided clarification on what information he is requesting. Discussion ensued on employment statistics.

He announced that the there is an incorrect number on page 29, pertaining to the short-term portfolio duration.

B. BENCHMARK COMPARISON

Mr. Miracle provided an overview of the portfolio performance, which shows that the portfolio is making progress and is outperforming the benchmark. He spoke regarding the close-out of the audit for FY23 in comparison to the results of the audit from FY 22 and attributes the improvement in the Town's investment portfolio. He spoke regarding the returns for the current fiscal year continually improving. Member McAdams spoke regarding the bond market and requested that staff provide a list of benchmarks in addition to the ones being presented and what other alternatives there might be. Member Anderson spoke regarding the automobile financing sector. Discussion ensued on the auto loan sector and the potential risk to the Town's portfolio.

VIII. ANDCO CONSULTING

A. QUARTERLY PERFORMANCE REPORT

Dave West, AndCo Consulting

Mr. West spoke regarding the firm moving more funds into fixed income mandate and spoke regarding the change to a new bond manager.

He provided an overview of the quarterly performance report and stated that the numbers to date show resilience with the economy and spoke regarding the bond market. He provided an overview of the chart of the Treasury Yield Curve and answered a question from Member Anderson. He spoke regarding the Equity Markets and stated that this is the fourth quarter in a row for positive earnings surprise. He spoke regarding the Town's Indexing position and the hope that it will outperform the S&P 500 soon.

Mr. West spoke regarding the Asset Allocation and spoke regarding a correction that occurred in April. He stated that it has been identified that there is a need to raise $800,000 and recommended a rebalancing of domestic equity. Mr. Miracle stated that this need had been anticipated. Discussion ensued.

Motion was made by Member Geddes, seconded by Member Anderson, to pull money from the domestic equity fund as it is now close to the target. The motion carried unanimously, 5-0.

Mr. West provided an overview of the returns for the quarter and stated that Fiscal Year to Date returns were just under 13%. He provided information on each of the active managers in Domestic and International Equity. Mr. West addressed questions regarding Crescent Direct Lender Fund. Discussion ensued on this fund.

Mr. West provided an overview of returns for the Fixed Income funds and spoke regarding the Real Estate funds. He spoke regarding the Financial Reconciliation Report for Fiscal Year to Date and reported that the Total Fund Market Value as of March 30, 2024 was $41,931,645.

In response to a question from Mr. Storkerson, Mr. West spoke regarding whether there is a secondary market in the real estate funds. Discussion ensued.

VIII. OPEB TRUST FINANCIAL REPORT

A. OPEB TRUST FINANCIAL REPORT

Robert Miracle, Deputy Town Manager

Mr. Miracle presented the Statement of Net Assets held in trust for retiree health benefits was $41,624,955 as March 31, 2024. He reported that the Statement of Changes in Net Assets increase for the quarter was $4,739,294. He spoke regarding the cash flow report and a proposed change for the transfer of funds.

Motion was made by Member Geddes, seconded by Member Anderson, to approve a $1.2 million transfer this year with the final $400,000 being saved until the fourth quarter of the fiscal year. Motion carried unanimously, 5-0.

He provided a report regarding the Florida Public Deposit Program at the request of Member McAdams at a previous meeting. He spoke regarding what institutions can be a public depository and explained the tiers of collateralization. He spoke regarding the Town's usual process for purchasing Certificates of Deposit. Discussion ensued.

X. MARCH INVESTMENT REPORT

A. MARCH INVESTMENT REPORT

James McInnis, Controller

Mr. McInnis provided an overview of the performance of the Town's investments. He spoke regarding the returns for March, $1 million; and Year to Date, which was $6.3 million. He presented the portfolio composition by source of funds, Health Insurance Trust (OPEB) performance and the Total Performance by the funds overseen by the Investment Committee. He spoke regarding an overview of Certificates of Deposit that have been purchased. Member McAdams clarified that these are collateralized Certificates of Deposit.

Mr. Miracle commented the Committee for their work on increasing the Town's investments in order to provide relief in the Town's budget.

XI. QUARTERLY REPORT FOR OVERSITE OF ONE-CENT SURTAX

A. Quarterly Report for Oversite of One-Cent Surtax

Robert Miracle, Deputy Town Manager

Mr. Miracle spoke regarding the revenue that has been received for the one-cent surtax, which is more than $4.8 million. He stated that the funds are utilized for the Town's Undergrounding project and spoke regarding when the surtax will be ending. Discussion ensued on a potential extension of the surtax that is being considered and how it would benefit the Town.

XII. PROPOSED MEETING SCHEDULE

A. Next Meeting: Friday, September 27, 2024 at 2:30 PM

Robert Miracle, Deputy Town Manager - Finance & Administration

XIII. ANY OTHER MATTERS

None.

XIV. ADJOURNMENT

Motion was made by Member Geddes, seconded by Member de Sanctis, to adjourn the meeting at 4:06 p.m. Motion carried unanimously, 5-0.

Respectfully Submitted,

Chris Storkerson,
Chairperson

Meeting audio is located at:

https://townofpalmbeach.granicus.com/player/clip/2999?view_id=5&redirect=true