TOWN OF PALM BEACH
RETIREMENT BOARD OF TRUSTEES

MINUTES OF THE RETIREMENT BOARD OF TRUSTEES MEETING HELD ON

FRIDAY, NOVEMBER 15, 2024, AT 9:00 A.M.

I. CALL TO ORDER & ROLL CALL

The Retirement Board of Trustees Meeting was called to order on Friday, November 15, 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, Lambert, and Miracle. Board Member Marx was absent.

II. 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, 7-0.

III. TRUSTEES COMMENTS

There were no comments from trustees.

IV. PUBLIC COMMENTS

There were no comments from the public.

V. APPROVAL OF MINUTES

1. Minutes from August 16, 2024, Meeting

Motion was made by Board Member Lambert, seconded by Board Member Copeland, to approve the Minutes for the August 16, 2024 meeting as presented. The motion carried unanimously, 7-0.

The following item was heard out of order of the agenda:

VI. INVESTMENT REVIEW, DAVE WEST, CFA, MARINER

Mr. West spoke regarding the positive returns that he will be reporting for the fiscal year. He stated that domestic equity was the highest driver of returns for the year, especially in the end of the third quarter. He stated that there were double digit returns for the bond portfolio.

He stated that the total fund net for the fiscal year was up 19.4%, which is above the target rate of return. Chair Stanton requested of Ms. Estrada that she ask Mr. Strong to provide the updated number of the percentage funded/unfunded. Ms. Estrada agreed. Mr. West spoke regarding the 5-year smoothing and that the funds are looking to be back in the black. He spoke regarding the removal of Geneva and Cooke and Bieler being completed at the end of the fiscal year and stated that now the domestic equity portfolio is 100% indexed. He provided the comparative performance of domestic equity, international equity and total broad market fixed income. He highlighted certain funds' performance. He spoke regarding research and "a seek better alternative" that is being conducted on JP Morgan Strategic Property and spoke regarding potential alternatives to the fund in light of its dreadful performance. Discussion ensued. Chair Stanton requested that any other potential firms that they are being recommended should come to a future meeting to make a presentation, to which Mr. West agreed. Mr. West replied to questions regarding the other funds in the real estate sector and private equity firms. He stated that he will be bring to the next meeting his firm's view of the current state of real estate as well as other opportunities that are available. He reported on the total fund performance and discussed the total value added and the new addition of private debt. Discussion ensued regarding the performance of the various managers. Mr. West addressed questions about benchmarking. Mr. West spoke regarding the rebalancing that occurred at the previous meeting; discussion followed.

Mr. West stated that in addition to discussion about the real estate sector, he would like to discuss the fixed income strategy at the next meeting due to the returns in the fixed income sector. He spoke regarding the status of the economy after the presidential election and specifically spoke regarding the bond market and the impact of tariffs. He provided his recommendation, which is to move an additional $15 million into the Garcia Hamilton portfolio. Extensive discussion ensued on this recommendation as well as other potential ways to rebalance the portfolio. Mr. West stated that he would like to bring in other managers for a potential review. Discussion ensued on having a review of the allocation targets for the portfolio and transferring more funds into the private equity sector.

Mr. West requested for the next meeting agenda the policy statement review with potential revisions to the asset allocation and allocation targets and additional discussion regarding moving money into private credit and addressing the real estate sector. Chair Stanton requested that Mr. West send a preliminary draft of his recommendations to Ms. Estrada, who will then send them to the board members individually to gather comments prior to the meeting. Ms. Rustin advised on ensuring that the requirements of the Sunshine Law are met. There was confirmation that all communications go through Ms. Estrada in full compliance with the Sunshine Law.

Motion made by Board Member Carter, and seconded by Board Member Copeland, to maintain the cash position as it is today and come back in March and discuss alternative fixed income investments. The motion passed unanimously, 7-0.

VII. ANNUAL REPORT, KAREN RUSSO, SALEM TRUST

Ms. Karen Russo, Custodian, Salem Trust, provided an overview of the accounts held by Salem Trust and spoke regarding transactions that were completed by the Trust. She spoke regarding a letter that had been sent about the succession plan for the firm. She stated that the new President would like to expand services that are offered by the firm. Ms. Russo addressed a question from Chair Stanton regarding the firm's relationship with the Town. Vice Chair Carter inquired about whether Mr. West has a list of funds that are not held under Salem Trust, to which Ms. Russo and Mr. West replied.

VIII. ADMINISTRATOR REPORT, EDEMIR ESTRADA, GRS

Ms. Estrada stated that they are working on a case where the administrator got notified in October of a retiree who passed away in March. She spoke regarding Administration Forms that are being updated. She spoke regarding getting notified about Jim Linn's retirement.

She reviewed the Administrator Report provided by the Town. There are 20 DROP participants, 422 retirees, and 314 active employees contributing to the system.

Motion made by Board Member Lambert, and seconded by Board Member Copeland, to approve the Administrator Report. The motion passed unanimously, 7-0.

Board Member Debrincat spoke regarding the importance of there being one database for beneficiary information. He also inquired about the status update of the retirement calculator, to which Valmiki Ramsewak responded. Ms. Justice, People & Culture Department, addressed the issue with there being more than one database of beneficiaries and explained that MissionSquare has its own database that is updated by direct contact with employees. Ms. Rustin and Ms. Justice spoke regarding the possibility of employees having different beneficiaries if they have different plans.

IX. ATTORNEY REPORT, JANICE RUSTIN, ATTORNEY

Chair Stanton expressed appreciation for the memo that was provided regarding the legal fees. Ms. Rustin spoke regarding Jim Linn's upcoming retirement.

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

Bob Miracle, Deputy Town Manager, introduced Melissa Ladd, who was recently promoted to Controller. Ms. Ladd reviewed the quarterly financial report and disbursement schedule for the Town's retirement system as of September 30, 2024. Reporting total assets of $297,183,027, total liabilities $114,944, with resulting net assets held in trust of $297,297,971. Statement of changes in net assets showed total additions were $68,659,901 and total deductions of $23,574,215, resulting in net increase of net assets to date of $45,085,686. Investment and Operating and Investment Expenses for October 1, 2023 through September 30, 2024, totaled $936,952. Historical Investment and Operating

Expenses from FY 2020 to date on Page 4. The Cash Flow projection from October 2024 through December 31, 2024 is on page 5. Page 6 reports the Cash Flow Projection for FY 2025. Quarterly transfers plus employee contributions totaling $4,500,000 and in quarter 2 the scheduled transfer amount will be $6.25 million. Disbursements for the period July 27, 2024, through November 7, 2024, totaled approximately $222,155.

Motion made by Board Member Carter, and seconded by Board Member Lambert, to approve the disbursement schedule. The motion passed unanimously, 7-0.

XI. UPCOMING MEETING SCHEDULE

1. Next Meeting: Friday, March 14, 2025, at 9:00 am

XII. ANY OTHER MATTERS

In response to an inquiry from Board Member Parker, Ms. Rustin spoke regarding how the legal fees will be presented in the future and referenced a memorandum she had presented within the backup. Mr. Parker apologized for overlooking the memo.

XIII. ADJOURNMENT

Motion made by Board Member Carter, and seconded by Board Member Lambert, to adjourn the Retirement Board of Trustees meeting of November 15, 2024, at 10:52 a.m. The motion passed unanimously, 7-0.

Respectfully Submitted,

Tom Parker 3-14-25

Tom Parker, Secretary

Retirement Board of Trustees

Meeting audio is located at:

https://townofpalmbeach.granicus.com/player/clip/3084?view_id=5&redirect=true