TOWN OF PALM BEACH
RETIREMENT BOARD OF TRUSTEES

MINUTES OF THE RETREMENT BOARD OF TRUSTEES MEETING HELD ON

FRIDAY, AUGUST 16, 2024, AT 9:00 A.M.

I. CALL TO ORDER & ROLL CALL

The Retirement Board of Trustees Meeting was called to order on Friday, August 16, 2024, at 9:00 A.M. in the Town Council Chambers. In attendance were Chair Stanton (via Zoom), Vice Chair Carter, Secretary Parker, and Board Members Copeland (via Zoom), Debrincat, Guelli, Lambert, Marx, and Miracle.

II. APPROVAL OF AGENDA

Motion was made by Board Member Lambert, seconded by Board Member Parker, to approve the agenda as presented. The motion carried unanimously, 9-0.

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 May 10, 2024, Meeting

Motion was made by Board Member Lambert, seconded by Secretary Parker, to approve the Minutes for the May 10, 2024 meeting as presented. The motion carried unanimously, 9-0.

VI. UPDATE TO EXISTING SALEM TRUST SIGNATURE CARD AND NEW PHONE APPROVAL PROCESS, BOB MIRACLE, DEPUTY TOWN MANAGER

Mr. Miracle provided background information on the update of the signature authorization list. He stated that Salem Trust does not allow for telephone authorizations and requested that the allowance for telephone authorizations be implemented in case of emergency where computers are not accessible. He answered questions regarding who would be authorized to provide the verification. Discussion ensued on the telephone authorization process.

Motion was made by Secretary Parker, seconded by Board Member Lambert, to not accept voice only authorization. The motion carried unanimously, 9-0.

Edemir Estrada stated that she would need to obtain the signatures from the Board Members that are present after the meeting. In response to questions from Chair Stanton, Mr. Miracle spoke regarding Melissa Ladd's experience at the Town.

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

Mr. Miracle stated that Mr. McInnis submitted his resignation and Melissa Ladd is now the Controller.

Mr. Miracle reviewed the quarterly financial report and disbursement schedule for the Town's retirement system as of June 30, 2024. He reported total assets of $290,774,570, total liabilities $3,379,909, with resulting net assets held in trust of $287,394,661. Statement of changes in net assets showed total additions were $53,498,156 and total deductions of $18,085,279, resulting in net increase of net assets to date of $35,412,877. Investment and Operating Expenses for October 1, 2023 through June 30, 2024, totaled $599,721. He spoke regarding the Historical Investment and Operating Expenses from FY 2019 to date. He reported the Cash Flow projection from July 22, 2024 through September 30, 2024 showed the estimated amount of transfer from the Money Manager accounts will be $5,500,000. Page 6 reports the Cash Flow Projection for FY 2025. He stated that the total amount of the Town's contributions is $20,080,253. He provided an overview of the new reporting of disbursements for the period February 10, 2024, through July 26, 2024. He spoke regarding the categorization of the report and stated that the disbursements totaled approximately $1,625,494.51. Secretary Parker spoke regarding a previous discussion regarding discrepancy in legal fees and inquired about what contributed to the large increase in legal fees, to which Janice Rustin and Mr. Miracle responded. Ms. Rustin stated that they will review the bills and isolate which items should be moved over to the Retirement Board. Secretary Parker requested that there be an attribution for the Retirement Board's legal fees; Mr. Miracle agreed to provide at our November meeting. Chair Stanton inquired about the increase in anticipated quarterly amounts for FY2025, to which Mr. Miracle responded.

Motion was made by Board Member Lambert, seconded by Board Member Marx, to approve the quarterly financial report. The motion carried unanimously, 9-0.

VIII. MEMBER ACCOUNT CREDITED INTEREST, JAMES MCINNIS, CONTROLLER

Mr. Miracle referenced the 10-Year Treasury Note rate as of July 311, 2024 of **4.09%.**

Motion was made by Board Member Lambert, seconded by Secretary Parker, to approve the rate of 4.09% to credit to the members' accounts in September 2024. The motion carried unanimously, 9-0.

IX. INVESTMENT REVIEW, DAVE WEST, CFA, MARINER

- Quarterly Investment Review for the Quarter ending June 30, 2024

Mr. West provided an overview of the investment review report. He spoke regarding a recent market correction that occurred. He spoke regarding the stable performance of the recently added money market fund, T bill and bonds. He stated that for the period ending June 30, 2024, the total Fiscal Year to Date Year Return is 13.69% (net).

He provided an overview on recommendations for restructuring the investment program and provided the summary cash flow forecast, which shows that there is a net amount available for investment of $19,591,032 and an anticipated transfer from the Town of over $20 million as of October 1.

He provided an overview of the flash report as of July 31, 2024. He spoke regarding the lagging of the domestic equity, but outperformance of other sectors. He spoke regarding the asset allocation and performance of the real estate sector. He stated that the liquid reserves are earning just under 5% and spoke regarding the private equity fund returns. He reported that the market value of the fund as of July 31, 2024 was $289,789,229.

He reviewed the asset allocation and made the recommendation a rebalancing of 2%, or approximately $5 million through the index fund holding and allocate the amount to the Garcia Hamilton Core Fixed Income Allocation. Chair Stanton requested the Mr. West provide further information on his recommendation to remove the active managers from the domestic equity allocation. Mr. West discussed the proposed shift from active managers to indexing and further explained the alternative allocations. Discussion ensued on the proposed recommendation. Chair Stanton spoke regarding the large contribution that will be made by the Town at the beginning of the next fiscal year and spoke in support of waiting to make decisions on that large amount. Mr. West spoke regarding an alternative of converting the active managers to a Vanguard S&P 400 Mid Cap Index Fund. Discussion ensued on the possible alternatives and the issue of addressing compliance. Mr. West provided further background on the policy compliance ranges. Discussion ensued regarding the large contribution from the Town that will need to be dealt with and the proposed recommendation. Mr. West stated that following the discussion it is apparent that the Board's desire is to keep the cap structure and index exposure the same as it is currently, so the recommendation is to put those funds into the Vanguard S&P 400 Mid Cap Index Fund. Discussion ensued on the amount to be transferred. Mr. Carter asked Mr. West to explain why the equity allocation range was narrower than other asset class ranges. Mr. West obliged. Mr. Parker argued for maintaining compliance with the Board's asset allocation policy.

Motion was made by Secretary Parker, seconded by Board Member Marx, to sell $3 million of VOO and put proceeds into cash, to liquidate the active managers and put either the proceeds or $30 million (whichever is greater) into the Vanguard S&P 400 Mid Cap Index ETF. The motion carried unanimously, 9-0.

Mr. West spoke regarding an administrative item pertaining to the liquidation of the active equity manager portfolio, which is contracting with a third-party fiduciary broker who would execute the liquidation on the Board's behalf. He recommended CAPIS Institutional as the transition manager and explained the services that would be rendered. He answered questions from Board Members regarding this suggestion.

Motion was made by Board Member Lambert and seconded by Secretary Parker to engage a third-party transition manager, CAPIS Institutional, for this one-time transaction, and to authorize Ms. Rustin to negotiate the agreement. The motion carried unanimously, 9-0.

X. ADMINISTRATOR REPORT, EDEMIR ESTRADA, GRS

Ms. Estrada reported on her attendance at the Town's Employee Wellness Fair and spoke regarding questions that she had received. She spoke regarding changes to the administrative forms due to recent changes to the Plan. She reported that there are 2 employees who entered the DROP, 4 employees retired, 17 DROP members, 424 retirees and 312 active members.

Motion was made by Board Member Lambert and seconded by Board Member Carter to approve the administrator report. The motion carried unanimously, 9-0.

XI. APPROVAL OF ENGAGEMENT LETTER WITH GRS FOR UPDATE TO ONLINE BENEFIT CALCULATOR, VALMIKI RAMSEWAK, GRS

Mr. Ramsewak provided background information regarding the timing of the update to the calculator. Ms. Estrada stated that employees can still enter the DROP or retire while the calculator is being updated.

Motion was made by Secretary Parker and seconded by Board Member Carter to approve the engagement letter with GRS for the update to the online benefit calculator. The motion carried unanimously, 9-0.

Mr. Ramsewak briefly spoke regarding a notice of fee increases for Fiscal Year 2025. He provided a memorandum describing these increases, which are included in the GRS contract.

XII. ATTORNEY REPORT, JANICE RUSTIN, ATTORNEY

Ms. Rustin stated that she is continuing to work with the Plan Administrator on implementing the recent changes to the retirement plan. She stated that they are also working on changes to the DROP policy to ensure that the policy continues to reflect the amended ordinance. She stated that she will bring back an item at the next meeting to account for all of the firm's legal services.

XIII. UPCOMING MEETING SCHEDULE

1. Next Meeting: Friday November 15, 2024 at 9:00 A.M.

XIV. ANY OTHER MATTERS

There were no other matters.

XV. ADJOURNMENT

Motion was made by Board Member Lambert, seconded by Board Member Carter, to adjourn the Retirement Board of Trustees meeting of August 16, 2024 at 10:46 a.m. The motion carried unanimously, 9-0.

Respectfully Submitted,

Thomas Parker 11/15/24

Tom Parker, Secretary
Retirement Board of Trustees

Meeting audio is located at: https://townofpalmbeach.granicus.com/player/clip/3050?view_id=5&redirect=true