

# TOWN OF PALM BEACH

Information for Town Council Meeting on: May 13, 2025 \_\_\_\_\_

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To: Mayor and Town Council

VIA: Kirk W. Blouin, Town Manager

From: Robert Miracle, Deputy Town Manager – Finance and Administration

Re: Resolution amending the Town's Investment Policy Statement for the Retirement System

Date: April 30, 2025

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## **STAFF RECOMMENDATION**

Staff recommends approval of Resolution No. 043-2025 amending the Town's Retirement System investment statement.

## **GENERAL INFORMATION**

The investment policy for the Town of Palm Beach Retirement System is being amended to reflect the change the asset targets and ranges that the Retirement Board uses in their investment strategy.

This was approved by the TOPB Retirement Board on March 14, 2025. Below is what our Investment Manager, Dave West from Mariner, prepared for the Retirement Board approval:

The Board investment consultant has completed a periodic review of the Investment Policy Statement.

The Summary of recommendations and amendments approved by the Committee below:

### **Proposed amendments to the asset allocation targets and ranges.**

- Establish a core allocation target of 10% for Private Debt; permissible range: 0-13% (TA).
- Reduce the Private Equity target to 3%; permissible range: 0-5%.
- Reduce the Core Real Estate target to 8%; permissible range: 0-15%.
- Remove upper limit on cash equivalents.
- Apply allocation macros for the major investment areas: Equity, Fixed Income, Real Estate, Cash, and Alternatives.

**Amendments to Broad Market Fixed Income:** Establish an intermediate duration benchmark (BB Intermediate "A" or Better Index) thereby reducing volatility exposures to market interest rate risk.

**Amendments to benchmarking:** Establish PME (Public Market Equivalent) benchmarking for all private investments.

## **Policy Table**

The Board has established the following asset allocation targets for the total fund:

<b>Asset Class</b>	<b>Target</b>	<b>Range</b>	<b>Benchmark Index</b>
Domestic Equity	38%	33% - 43%	Russell 3000
International Equity	15%	10% - 20%	MSCI-ACWI ex US
Pvt. Equity <sup>2</sup>	3%	0% - 5%	PME
<b>Total Equity</b>	<b>56%</b>	<b>43% - 68%</b>	
Broad Market Fixed Income	14%	10% - 27%	BB-Int. Agg. "A" or Better
Non-Core Fixed Income <sup>1</sup>	5%	0% - 10%	Strategy Index <sup>3</sup>
Pvt. Debt <sup>1</sup>	10%	0% - 13%	PME
<b>Total Fixed Income</b>	<b>29%</b>	<b>10% - 57%</b>	
Real Estate Core / Value-Added Real Estate <sup>1</sup>	8%	0% - 15%	NFI-ODCE Fund Index (EW)
<b>Total Real Estate</b>	<b>8%</b>	<b>0% - 15%</b>	
Alternatives <sup>2</sup>	3%	0% - 5%	Strategy Index <sup>3</sup>
<b>Total Alternatives</b>	<b>3%</b>	<b>0% - 5%</b>	
<b>Total Liquid Reserves</b>	<b>4%</b>	<b>4% - Discretionary</b>	90-day T-Bill

Note: Allocation to Pvt. Equity shall be based on invested capital.

1. Absent of a full allocation, all or a portion of the target allocation will remain in domestic fixed income with the corresponding allowable range adjustment around the revised domestic fixed income target.
2. Absent of a full allocation, all or a portion of the target allocation will remain in domestic equity with the corresponding allowable range adjustment around the revised domestic equity target.
3. The "strategy index" for alternative assets is defined as the most appropriate index, combination of indices, or absolute return target for the investment(s) in question. The strategy index will be determined at the time of engagement based on the specific investment's long-term objective, prospectus, and/or governing documents and reflected in performance evaluation reports.

## **FUNDING/FISCAL IMPACT**

N/A

## **TOWN ATTORNEY REVIEW**

This resolution has been reviewed by the Town Attorney for legal form and sufficiency.

Attachments

cc: JoAnne O'Connor, Town Attorney  
Carolyn Stone, Deputy Town Manager for Business Enterprise and Culture