

# TOWN OF PALM BEACH

Information for Town Council Meeting on: June 8, 2021

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To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Jane Le Clainche, Finance Director

Re: **Resolution No. 060-2021**  
Amendments to the Town's Investment Policy for the Retirement System

Date: May 27, 2021

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## **STAFF RECOMMENDATION**

Staff recommends that the Town Council approve Resolution No. 060-2021 adopting the amendments to the Town's Investment Policy for the Retirement System.

## **BOARD OR COMMISSION RECOMMENDATION**

The Retirement Board of Trustees unanimously voted at the May 14, 2021 meeting, to recommend that the Town Council approve the revision to the Town's Investment Policy for the Retirement Trust, which adds the asset class Alternatives to broaden the categorical definition of Hedge Fund and also adds an asset class for Liquid Reserves at a 2% target allocation to provide additional latitude, and modifies the Global Macro Allocation from an allocation of 5% to 3%.

## **GENERAL INFORMATION**

Retirement Board of Trustees are recommending revising the investment policy to reflect the revised asset allocation targets and additional asset class. The changes to the Investment Policy are shown below and shown in section II of the attached Investment Policy.

Asset Class	Target	Range	Benchmark Index
Domestic Equity	35%	30% - 40%	Russell 3000
International Equity	20%	15% - 25%	MSCI-ACWI ex US
<b>Total Equity</b>	<b>55%</b>	<b>45% - 65%</b>	
Broad Market Fixed Income	12.5%	10% - 25%	BB-Barclays Aggregate.
Non-Core Fixed Income <sup>1</sup>	5%	0% - 10%	BB-Barclays Multiverse
<b>Total Fixed Income</b>	<b>17.5%</b>	<b>10% - 25%</b>	
Real Estate Core / Value-Added Real Estate <sup>1</sup>	10%	0% - 20%	NFI-ODCE Fund Index (EW)
<del>Alternatives Hedge Fund<sup>2</sup></del>	5%	0% - 15%	Strategy Index <sup>2</sup>

Global Macro Allocation <sup>2</sup>	<del>3—5%</del>	0% -15%	Strategy Index <sup>2</sup>
Pvt. Equity <sup>2</sup>	7.5%	0% -15%	S & P 500 + 3%
<b><i>Total Non-Traditional Assets</i></b>	<b><i>27.5%</i></b>	<b><i>0% - 35%</i></b>	
<b><i>Total Liquid Reserves</i></b>	<b><i>2.0%</i></b>	<b><i>0%-10%</i></b>	<b><i>90-Day T-Bill</i></b>

Liquid reserves is being added as an asset class to provide additional latitude for holding cash for future distributions. The asset class Hedge Fund is being redefined as Alternative Investments. Redefining the asset class nomenclature allows for utilization of a more broadly defined scope of prospective investment opportunities. The objective of the asset class remains the same, which is to provide for risk management and overall return enhancement through diversification. An Alternative Investment may include, but is not limited to, private equity, venture capital, hedge funds, real estate, focused strategy, and other assets that do not fall into one of the conventional equity/fixed income/cash categories.

### **TOWN ATTORNEY REVIEW**

The Investment Policy and Resolution No. 060-2021 have been drafted by the Retirement Board's Legal Counsel, Janice Rustin with Lewis Longman and Walker.

### **FUNDING/FISCAL IMPACT**

There is no fiscal impact related to these changes.

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cc: Retirement Board of Trustees  
Dave West, Andco Consulting