

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
October 28, 2014

The meeting was called to order at 2:00 P.M. at the Conference Room on the First Floor of Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Patti Waller
Mariana Ortega-Sánchez
Rebecca Morse

OTHERS

Bonni Jensen, Fund Counsel
Margie Adcock, Administrator
Tyler Grumbles, Monitor
Chad Little, Actuary
Ed Horton, Participant

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held August 5, 2014. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held August 5, 2014.

ACTUARY REPORT

Chad Little appeared before the Board. He discussed Senate Bill 534. He stated that the State held a rules hearing which was broken down into two sessions. He attended the first session and stated that there was nothing alarming or unusual except for one part. He stated that the State wants the Plan to provide the number of months current assets will sustain benefit payments. He stated that it does not make any sense and thinks it was sufficiently conveyed to the State such that he is hopeful that when the final rule is released that part will be changed.

Mr. Little stated that he spoke with the Village Auditor regarding GASB. The Auditor will take the information and roll it forward. He stated that they were both comfortable in how they are going to make it work to be in compliance with the new accounting standard requirements.

ATTORNEY REPORT

Ms. Jensen stated that she had additional comments regarding Senate Bill 534. She discussed the definition of "receipt", when the report is due, and the requirement of posting the report on the Village's website. She stated that the process will require

gathering a lot of information that appears useless and will only cost the Fund money to pay the service providers to report the required information.

Ms. Jensen reminded the Board that she moved to a full time partner with Klausner, Kaufman, Jensen & Levinson effective October 1, 2014. She provided an Assignment and Assumption effective October 1, 2014. The Board signed the Assignment and Assumption.

Ms. Jensen presented the Agreement with Principal for execution. The Board signed the Agreement with Principal.

Ms. Jensen reported that the IRS has extended the normal retirement age rules for governmental plans. She noted that the IRS has delayed making final rules since 2006. She stated that governmental plans have been an issue for the IRS because most are service based and not based on retirement age. The IRS has extended the rules until 60 days after they issue a final rule. Ms. Jensen stated that the issue does not really apply here because this Plan has an age requirement.

INVESTMENT MONITOR REPORT

Mr. Grumbles appeared before the Board. He reviewed the market environment for the period ending September 30, 2014. He stated that there was a pullback in the equity markets at the end of the quarter. International markets were down because of the US dollar appreciation. U. S. companies are still extremely profitable with low leveraging, solid balance sheets and an improvement in hiring practices. All major indices were positive for the one year. Growth marginally outperformed value for the quarter. It was noted that the worst performing sectors were energy and utilities.

Mr. Grumbles reported on the performance of the Fund for the quarter ending September 30, 2014. The total market value of the Fund as of September 30, 2014 was \$19,296,916. The asset allocation was 55.8% in domestic equities; 11.1% in international; 27.0% in domestic fixed income; 4.5% in global fixed income; and 1.6% in cash. The total portfolio was down 1.76% net of fees for the quarter while the benchmark was down .36%. The total equity portfolio was down 2.26% for the quarter while the benchmark was down 1.19%. The total domestic equity portfolio was down .68% for the quarter while the benchmark was up .01%. The total fixed income portfolio was up .06% for the quarter while the benchmark was down .5%. The total domestic fixed income portfolio was up .19% for the quarter while the benchmark was up .03%. The total international portfolio was down 9.66% for the quarter while the benchmark was down 5.19%. The total global fixed income portfolio was down .75% for the quarter while the benchmark was down 3.12%.

Mr. Grumbles reviewed the performance of the managers. The Anchor All Cap Value portfolio was down 1.27% for the quarter while the Russell 3000 Value was down .87%. The Brown Large Cap Growth portfolio was down .06% for the quarter while the Russell 1000 Growth was up 1.49%. The Manning & Napier portfolio was down 9.66% for the

quarter while the EAFE was down 5.19%. The Garcia Hamilton Fixed Income portfolio was up .19% for the quarter while the benchmark was up .03%. The Templeton Global Fixed Income portfolio was down .75% for the quarter while the benchmark was down 3.12%.

Mr. Grumbles talked more about Brown. He stated that their underperformance has just been this fiscal year. He stated that he still has confidence that they will do a good job in the long term. He discussed the active management of Brown. He noted that everyone hits a rough patch. This is the first year in over ten years that they have underperformed. They have been a really consistent manager up until this year. If their underperformance continues in the next quarter or two, he will bring out a comparison to do their due diligence. He stated that a possibility might be to even take half of the money from Brown and move it to an Index to reduce the volatility.

Mr. Grumbles then talked more about Manning & Napier. He stated that they have underperformed in four out of the last six years. He noted that their stock selection has not been great. He stated that he would bring out options for the Board to consider at the next meeting. He stated that such options would include splitting the mandate with another manager; splitting it with an Index; or replacing Manning & Napier and hiring another manager or Index all together. He stated that he thinks the Fund still needs to have an allocation to international for diversification.

ADMINISTRATIVE REPORT

Ms. Adcock presented the disbursements. A motion was made, seconded and approved 3-0 to pay the listed disbursements.

Ms. Adcock discussed the status of the Trustee Elections. She stated that she sent a notice of elections for the two employee positions – one to fill the vacancy that was left due to the resignation of Vicki Van Fossen and the other was due to the expiration of the term for Mariana Ortega-Sánchez. Ms. Ortega-Sánchez re-submitted for her position and was re-elected. However, no one submitted their name for the vacancy that was left due to the resignation of Vicki Van Fossen. As such, another notice will need to be sent. Ed Horton stated that he was interested in serving on the Board and would determine what he wanted to do once the notice was sent out.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patrick Rothenburg, Secretary