

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**August 4, 2015**

The meeting was called to order at 2:10 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  
Ed Horton  
Keith Heasley

**OTHERS**

Bonni Jensen, Fund Counsel  
Margie Adcock & Vanessa Rodriguez, Administrator  
Tyler Grumbles, Monitor  
Chad Little, Actuary  
Sarah Miller and Kevin Osten, Brown Advisory

**PUBLIC COMMENTS**

There were no public comments.

**ELECTION OF CHAIR**

It was noted that the Board needed to elect a new Vice Chair and Secretary. There was a lengthy discussion. A motion was made, seconded and carried unanimously to elect Ed Horton as the Vice Chair of the Board. A motion was made, seconded and carried unanimously to elect Mariana Ortega-Sánchez as the Secretary of the Board.

**MINUTES**

The Board reviewed the minutes of the meeting held May 5, 2015. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held May 5, 2015.

**ACTUARY REPORT**

Chad Little appeared before the Board. He stated that HB 1309 passed which requires all Florida public pension plans to use the mortality tables used by FRS. It was noted that the law is effective January 1, 2016 so the change is not required until the October 1, 2016 Valuation. It was noted that FRS uses the RP 2000 Fully Generational BB with Blue Collar Adjustments. The Plan used the same table but AA with and no Blue Collar Adjustments. Mr. Little stated that the impact to the Plan would be the addition of some liability which will increase the required contribution. He stated that this is an unfunded mandate. He stated that he would remain in communication with the Village in doing the Valuation next year and run the draft numbers. If the numbers are palatable, he might recommend making the change with the October 1, 2015 Valuation.

Mr. Little stated that in April he filed the reporting and disclosure information required by Section 112.664, Florida Statutes. He stated that it showed the total recommended contribution amount the Village puts in the Plan. However, the State recently added that it needs to include the employer and employee contributions. As such, he needed to

revise the filing to include the employee contribution amount. He stated that he refiled the report on June 29, 2015.

### **INVESTMENT MANAGER: BROWN ADVISORY**

Sarah Miller and Kevin Osten appeared before the Board. Ms. Miller provided an introduction and stated that she was the Account Manager and Mr. Osten was the Product Specialist. She stated that the total market value as of June 30, 2015 was \$5,147,050. She provided a firm update. The firm was founded in 1993. They have over \$54 billion in assets under management as of June 30, 2015. They have over 450 employees with 60 institutional investment professionals. Ms. Miller reviewed the equity investment team noting that they added an analyst in London and a couple of generalist analysts. She reviewed the asset summary noting that the large cap growth is the largest component. She discussed their strategy profile noting that they are bottom up, fundamental investors. She reviewed the performance of the portfolio. The portfolio was up .80% net of fees for the quarter ending June 30, 2015 while the Russell 1000 Growth Index was up .12%. For the year to date the portfolio was up 4.78% net of fees for the quarter ending June 30, 2015 while the Russell 1000 Growth Index was up 3.96%. Mr. Osten discussed their underperformance in 2013 and 2014. He stated that their underperformance in 2013 was due to the bio tech bubble. Their underperformance in 2014 was due to their reach for yield; disappointing consumer stocks; and their overweight in energy. He stated that they typically they underperform in momentum driven, non-fundamental markets. This is how their strategy has reacted in the past. He reviewed attribution detail by sector. He reviewed the top five contributors and bottom five detractors from the portfolio, discussing each stock. He reviewed the market performance comparisons of recently added securities. He stated that they are excited how the portfolio is currently positioned.

Sarah Miller and Kevin Osten departed the meeting.

### **INVESTMENT MONITOR REPORT**

Mr. Grumbles appeared before the Board. He reviewed the market environment for the period ending June 30, 2015. He stated that international did better than domestic equity for the quarter. He noted that since the end of the quarter into August China and Greece have driven the market down a little. It was noted that fixed income was down for the quarter. Garcia Hamilton thought interest rates would go down, but interest rates actually went up so they underperformed the benchmark. It was noted that health care was the best performing sector for the quarter, which industrials and utilities were the worst performing sectors for the quarter.

Mr. Grumbles reported on the performance of the Fund for the quarter ending June 30, 2015. The total market value of the Fund as of June 30, 2015 was \$20,242,860. The asset allocation was 47.9% in domestic equities; 15.3% in international; 29.5% in domestic fixed income; 5.0% in global fixed income; and 2.3% in cash. The total portfolio was down .40% net of fees for the quarter while the benchmark was up .06%. The total equity portfolio was up .03% for the quarter while the benchmark was up .30%. The total domestic equity portfolio was down .30% for the quarter while the benchmark was up .14%. The total fixed income portfolio was down .93% for the quarter while the

benchmark was down .68%. The total domestic fixed income portfolio was down 1.07% for the quarter while the benchmark was down .67%. The total international portfolio was up 1.12% for the quarter while the benchmark was up .72%. The total global fixed income portfolio was down .14% for the quarter while the benchmark was down .79%.

Mr. Grumbles reviewed the performance of the managers. The Anchor All Cap Value portfolio was down 1.62% for the quarter while the Russell 3000 Value was flat at .0%. The Brown Large Cap Growth portfolio was up 1.00% for the quarter while the Russell 1000 Growth was up .12%. The Garcia Hamilton Fixed Income portfolio was down 1.07% for the quarter while the benchmark was down .67%. The Templeton Global Fixed Income portfolio was down 1.4% for the quarter while the benchmark was down .79%. The Europacific Growth portfolio was up 1.12% for the quarter while the benchmark was up .72%.

There was a discussion on adding a passive domestic equity option. Mr. Grumbles stated that he thought it was worth looking at in order to take out some volatility and reduce the expenses of the Plan. The Board decided to wait until a full Board was present before making a decision on adding a passive domestic equity option.

### **ATTORNEY REPORT**

Ms. Jensen provided a Memorandum dated May 2015 Regarding New Florida Pension Reporting Under 112.664 as well as a Memorandum dated June 16, 2015 Regarding HB 1309. She noted that Mr. Little already covered both of these issues.

At the last meeting Ms. Jensen provided a Memorandum regarding IRS Determination Letters. She stated that the Plan has a favorable Determination Letter that is due to expire on January 31, 2016. She had noted that the IRS might not be processing Determination Letters anymore other than when a plan is established and then upon termination of the plan. The Board decided to wait until this meeting before making a decision on whether to file for an IRS Determination Letter prior to January 31, 2016. Ms. Jensen stated that since the last meeting the IRS has come out with a pronouncement that they will not be processing Determination Letters anymore because they can no longer afford to run this program. They are taking comments on their pronouncement. Ms. Jensen stated that this would be an expense for the Plan, but it would be the last favorable Determination Letter the IRS would be issuing for the Plan. She reviewed the fee again and noted that the Police Pension Plan is moving forward to obtain the favorable Determination Letter. Ms. Jensen stated that it is a business judgment at this point. However, she noted that having this last favorable Determination Letter would give the Plan some level of assurance of compliance. A motion was made, seconded and approved 4-0 to authorize the Attorney to file for an IRS Determination Letter to remain in compliance with the IRS.

### **ADMINISTRATIVE REPORT**

Ms. Adcock provided an update on the status of new compliance reporting requirements. She stated that new laws required certain information to be posted on the Fund's website, as well as the City's website. It was reported that the information had to be posted by June 29, 2015. Ms. Adcock advised that all of the required information was posted timely

on their website for the Fund. Additionally, the City was asked to establish a link on the City's website to the Fund's website.

Ms. Adcock presented the disbursements. A motion was made, seconded and approved 4-0 to pay the listed disbursements.

Ms. Adcock presented the Board with the benefit calculations and election approvals for William Davis and Sheila Duncan. A motion was made, seconded and carried 4-0 to approve the benefit elections.

Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on November 1, 2015. A motion was made, seconded and carried 4-0 to renew the Fiduciary Liability Insurance with the cost not to exceed \$4,500.

Ms. Adcock stated that an election needed to be done for the Trustee position held by Keith Heasley. He had filled the vacancy that was left due to the resignation of Vicki Van Fossen whose term expires on November 1, 2015. She advised that she would begin the election process.

#### **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Mariana Ortega-Sánchez, Secretary