

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
November 3, 2015

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
Ed Horton
Keith Heasley

OTHERS

Bonni Jensen, Fund Counsel
Margie Adcock, Administrator
Tyler Grumbles, Monitor
Chad Little, Actuary
Janna Hamilton, Garcia Hamilton & Associates

PUBLIC COMMENTS

There were no public comments.

MINUTES

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

ACTUARY REPORT

Chad Little appeared before the Board. He stated that he received all of the data already from the Village to begin working on the Valuation. He discussed the GASB requirements and stated that because he received the data from the Village so quickly after the fiscal year end, he is able to use the same date for the valuation date, statement date and reporting date in preparing the Valuation, GASB 67 and GASB 68. Mr. Little stated that at the last meeting he reported on the change that resulted from the passage of HB 1309 which requires all Florida public pension plans to use the mortality tables used by FRS beginning with the October 1, 2016 Valuation. He stated that the law allows the Plan to use the mortality tables from one of the most recent two years so there arguably are two mortality table choices. He stated that he would take the 2015 Valuation results and communicate with the Village regarding their budget and possibly see if it might be best to adopt the FRS tables in doing the October 1, 2015 Valuation rather than waiting until next year while also dropping the assumed investment rate of return. He stated that he thought there might be a drop in the contribution requirement so it might be best to take the opportunity to drop the assumed investment rate of return and change the mortality.

Chad Little departed the meeting.

INVESTMENT MANAGER REPORT – GARCIA HAMILTON & ASSOCIATES

Janna Hamilton appeared before the Board. She reviewed their investment goals which are to preserve the principal; maintain liquidity; and provide high current income. She stated that everything in the portfolio is A rated or better. She reviewed the performance for the quarter ending September 30, 2015. The total market value of the portfolio as of September 30, 2015 was \$6,159,408.13. The asset allocation was 68.9% in fixed income and 31.1% in cash. She stated that there was a high cash allocation at September 30th because the Board asked them to raise cash for the Fund's real estate investment, which cash was moved out of their portfolio on October 1. The portfolio was up 1.7% for the quarter ending September 30, 2015 while the benchmark was up 1.1%. For the fiscal year to date, the portfolio was up 4% while the benchmark was up 2.9%. Ms. Hamilton stated that they have added value by looking at opportunistic possibilities. She stated that the Fed meets again in December but thinks they will keep their stance based on what the economy is doing, not just domestically but globally as well. China is really slowing. She stated that earnings are coming down in a lot of companies and she thinks that will remain the case. She noted that oil prices are low, the dollar is strong, and unemployment is not as good as most people think. Their duration remains longer than the benchmark. The longer duration has been a net benefit over the last year. She reviewed the current fixed income market factors. She does not see any near term concerns for inflation. She reviewed the fixed income intermediate historical sector weighting. She reviewed the portfolio characteristics. Ms. Hamilton stated that she did not think returns would go up over the next few quarters. She thinks the market will remain flat. She sees headwinds abroad. She stated that this year they received the 2015 Institutional Investor Intermediate-Term Fixed Income Manager of the Year Award. Mr. Grumbles stated that Garcia Hamilton has done an excellent job and has added a lot of value to this Plan.

INVESTMENT MONITOR REPORT

Mr. Grumbles appeared before the Board. He reviewed the market environment for the period ending September 30, 2015. He stated that it was not a great couple of months for the last two months of the fiscal year. It was almost similar to what happened last year. International and domestic equities were down for the quarter and the year. Fixed income was positive for the quarter and the fiscal year, although TIPS were down. Utilities were positive for the quarter while energy and materials were negative.

Mr. Grumbles reported on the performance of the Fund for the quarter ending September 30, 2015. The total market value of the Fund as of September 30, 2015 was \$19,376,442. The asset allocation was 45.0% in domestic equities; 14.5% in international; 21.8% in domestic fixed income; 4.8% in global fixed income; 9.8% in real estate; and 4.1% in cash. The total portfolio was down 4.96% net of fees for the quarter while the benchmark was down 4.93%. The total equity portfolio was down 7.58% for the quarter while the benchmark was down 8.38%. The total domestic equity portfolio was down 6.90% for the quarter while the benchmark was down 7.25%. The total fixed income portfolio was up .51% for the quarter while the benchmark was up .61%. The total domestic fixed income portfolio was up 1.72% for the quarter while the benchmark was up 1.08%. The

total international portfolio was down 9.81% for the quarter while the benchmark was down 12.10%. The total global fixed income portfolio was down 6.79% for the quarter while the benchmark was down 1.38%. It was noted that the Principal real estate investment was funded during the quarter. Mr. Grumbles stated that they took the entire amount all at once on October 1, 2015.

Mr. Grumbles reviewed the performance of the managers. The Anchor All Cap Value portfolio was down 8.98% for the quarter while the Russell 3000 Value was down 8.59%. Mr. Grumbles stated that Anchor's performance raised an eyebrow because they expected them to protect better on the downside and they did not. However, they think long term Anchor will be okay. They had an overexposure to materials which did not do well in the quarter. Also, utilities did well this quarter but Brown did not have any exposure in utilities which hurt. He stated that they still have faith in Anchor noting that Anchor has generated substantial value in the long term. The Brown Large Cap Growth portfolio was down 4.90% for the quarter while the Russell 1000 Growth was down 5.29%. Mr. Grumbles stated that Brown continues to do a good job. They had good performance for the fiscal year being up 5.01% while the Russell 1000 Growth was up only 3.17%. The Garcia Hamilton Fixed Income portfolio was up 1.72% for the quarter while the benchmark was up 1.08%. The Templeton Global Fixed Income portfolio was down 6.79% for the quarter while the benchmark was down 1.38%. The Europacific Growth portfolio was down 9.81% for the quarter while the benchmark was down 12.10%.

Mr. Grumbles noted that at the last meeting there was a discussion on adding a passive domestic equity option which was tabled as a full Board was not present. Mr. Grumbles stated again that he thought it was worth looking at in order to take out some volatility and reduce the expenses of the Plan, but noted that it was not an emergency. 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 the NCPERS Code of Conduct for Public Pension Service Providers. She reviewed the Code with the Board. Schedule A to the Code identifies organizations that actively work against public pension plans. She stated that the Board could adopt the Code if they so desired. She stated that she has not had any of her other public pension plan clients adopt the policy as of yet. She stated that no action is required.

Ms. Jensen provided an updated Summary Plan Description. She stated that it includes the amendment that was done in 2013, and updated information on the Trustees, investments and other necessary information. She reviewed the changes. A motion as made, seconded and carried 4-0 to adopt the updated Summary Plan Description.

Ms. Jensen stated that she needed a Power of Attorney for the IRS Determination Letter. She also noted that the IRS Determination Letter filing fee is \$2,500. A motion was made, seconded and carried 4-0 to authorize the payment of \$2,500 for the filing fee of the IRS Determination Letter. A motion was made, seconded and carried 4-0 to authorize the Chair to sign the Power of Attorney for the IRS Determination Letter.

ADMINISTRATIVE REPORT

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

Ms. Adcock stated that an election was currently being conducted for the Trustee position held by Keith Heasley.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Mariana Ortega-Sánchez, Secretary