

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**May 3, 2016**

The workshop was called to order at 2:05 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  
Rebecca Morse

**OTHERS**

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

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held February 16, 2016. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held February 16, 2016.

**ACTUARY REPORT**

Chad Little appeared before the Board. He provided the Board with the Actuarial Valuation as of October 1, 2015. He presented the Valuation at the last meeting but inadvertently forgot to bring or send copies of the Valuation. He reviewed the summary of the Valuation for the Board. He noted that the minimum required contribution decreased from last year and the funded ratio increased. He stated that next year the mortality table will be changed as is required by the recent legislation and he will review the assumed rate of return. He stated that he will also look at tightening up the assumptions going forward. He stated that the Fund is in great shape. A motion was made, seconded and carried 4-0 to approve the Actuarial Valuation as of October 1, 2015.

**INVESTMENT MONITOR REPORT**

Tyler Grumbles appeared before the Board. He reviewed the market environment for the period ending March 31, 2016. He stated that last quarter the S&P got off to the worst start in its history. He noted that equities recovered through the second half of the quarter. He noted that it was a tough quarter for active managers again. He stated that international developed markets were down while emerging markets were up for the quarter. Energy and materials bounced back during the quarter. Fixed income was positive for the quarter while interest rates declined. He stated that it has been a slow growth phase ever since the recession. Mr. Grumbles discussed the sector performance. He noted that telecommunication services and utilities were the best performing sectors for the quarter while financials and healthcare were the worst performing sectors.

Mr. Grumbles reported on the performance of the Fund for the quarter ending March 31, 2016. The total market value of the Fund as of March 31, 2016 was \$20,321,392. The asset allocation was 50.2% in domestic equities; 13.9% in international; 21.4% in domestic fixed income; 4.7% in global fixed income; 9.8% in real estate; and .0% in cash. The total portfolio was up .64% net of fees for the quarter while the benchmark was up 1.46%. The total equity portfolio was down .11% for the quarter while the benchmark was up .69%. The total domestic equity portfolio was up .52% for the quarter while the benchmark was up .97%. The total fixed income portfolio was up 2.47% for the quarter while the benchmark was up 3.07%. The total domestic fixed income portfolio was up 2.97% for the quarter while the benchmark was up 2.31%. The total international portfolio was down 2.32% for the quarter while the benchmark was down .26%. The total global fixed income portfolio was up .24% for the quarter while the benchmark was up 6.12%. The total real estate portfolio was up 1.81% while the benchmark was up 2.50%.

Mr. Grumbles reviewed the performance of the managers. The Anchor All Cap Value portfolio was up 2.43% for the quarter while the Russell 3000 Value was up 1.64%. The Brown Large Cap Growth portfolio was down 1.24% for the quarter while the Russell 1000 Growth was up .74%. Mr. Grumbles stated that he still thinks Brown has a good management team and has done well over the long term, but the Fund's experience has not been good. The Garcia Hamilton Fixed Income portfolio was up 2.97% for the quarter while the benchmark was up 2.31%. The Templeton Global Fixed Income portfolio was up .24% for the quarter while the benchmark was up 6.12%. Mr. Grumbles stated that it was a disappointing quarter and rough year for Templeton. They have been back and forth. The quarter before last they were in the top percentile. He stated that they short the Yen and the Euro in the quarter, and those currencies appreciated versus the dollar which really hurt their performance. The Europacific Growth portfolio was down 2.32% for the quarter while the benchmark was down .26%. The Principal portfolio was up 1.81% for the quarter while the benchmark was up 2.50%. There was further discussion on Brown. The Board expressed their concern over performance. Mr. Grumbles stated that their underperformance is being driven by one really bad year which was not good for their style of management. He thinks they are a good shop and are not changing anything. He thinks their long term number is more consistent. He does not think switching to another active growth manager is the answer. The Board stated that if value is not there for active management, then maybe they need to look at passive managers.

Mr. Grumbles reviewed information on the possibility of adding a passive domestic equity option. He stated that he thinks it makes sense to have both active and passive managers for diversification. He reviewed performance for the ten year period as of March 31, 2016 with different blends: the current domestic equity portfolio; the current domestic equity portfolio with Vanguard Total Stock; the current domestic equity portfolio with Vanguard Mid Cap; the current domestic equity portfolio with Vanguard Mid Cap and Vanguard Total Stock; and the Russell 3000 Index. Mr. Grumbles noted that he thinks overweighting the mid cap area will add value over time. There was a lengthy discussion. A motion was made, seconded and approved 4-0 to add Vanguard Mid Cap and Vanguard Total Stock to the domestic equity portfolio.

**ATTORNEY REPORT**

Ms. Jensen stated that she has not received anything from the IRS regarding the Determination Letter that was filed. She will keep the Board apprised when she hears back from the IRS.

Ms. Jensen provided a Memorandum dated March 2016 regarding the Normal Retirement Age Regulation. She stated that in 2007 proposed rules came out that caused a great deal of concern. It took from 2007 until January 2016 for some sort of resolution. The IRS has now issued rules that will become effective in 2017 that are in favor of, and grandfathered, governmental plans. She stated that it is a nice resolution to a very longstanding problem.

**ADMINISTRATIVE REPORT**

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

**OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Mariana Ortega-Sánchez, Secretary