

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
November 1, 2016

The meeting was called to order at 1:33 P.M. in the Council Chambers 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
Steve Loughrey

OTHERS

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

WELCOME NEW TRUSTEE STEVE LOUGHREY

The Board welcomed Steve Loughrey as the new Employee Trustee. It was noted that he is replacing the Employee Trustee position that was previously held by Keith Heasley.

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held August 2, 2016. A motion was made, seconded and carried 5-0 to approve the minutes of the meeting held August 2, 2016.

ACTUARY REPORT

Chad Little appeared before the Board. He stated that the Valuation reporting may be done electronically next year which will hopefully streamline the entire process.

INVESTMENT MANAGER REPORT – GARCIA HAMILTON & ASSOCIATES

Janna Hamilton appeared before the Board. She reviewed their investment goal which is to outperform the benchmark, net of fees, over a full market cycle using a high quality strategy with less risk, lower volatility and low turnover. She reviewed the performance for the quarter ending September 30, 2016. The total market value of the portfolio as of September 30, 2016 was \$4,426,411.37. The asset allocation was 97.4% in fixed income and 2.6% in cash. The portfolio was up .3% for the quarter ending September 30, 2016 while the benchmark was up .3%. For the fiscal year to date, the portfolio was up 3.9% while the benchmark was up 3.6%. Ms. Hamilton discussed the market environment. She

stated that the Fed has been holding off on raising interest rates but she thinks they will raise the rates in December. She stated that she thinks the economic improvement has lagged. She expects to see the yield curve flatten with the anticipation of the Fed raising rates. She reviewed the current fixed income market factors. She stated that the market remains neutral on sentiment, monetary, valuation, economic and inflation factors. Ms. Hamilton reviewed the portfolio characteristics as of September 30, 2016. She stated that they started to add back into corporates in the last quarter. The U.S. looks better than the world economies. Greece and Spain have high unemployment rates. She stated that this year their company received the 2016 Institutional Investor Intermediate-Term Fixed Income Manager of the Year Award. This is the second year in a row that they have received this Award and the third year in a row where they have been honored by Institutional Investor.

INVESTMENT MONITOR REPORT

Tyler Grumbles appeared before the Board. He stated that The Bogdahn Group would be rebranding its name. The change will occur early in 2017. He stated that the name will reflect the company's independence as well as the company's desire to always put the client first. He informed the Board that this is an important milestone as Joe Bogdahn has transitioned over the majority of his ownership to the new generations leaders.

Mr. Grumbles reviewed the market environment for the period ending September 30, 2016. He stated that returns for the quarter were very good, especially in international equity. All markets were positive. He stated that information technology and financials were the best performing sectors while telecommunication services and utilities were the worst performing sectors.

Mr. Grumbles reported on the performance of the Fund for the quarter ending September 30, 2016. The total market value of the Fund as of September 30, 2016 was \$21,785,335. The asset allocation was 50.9% in domestic equities; 14.7% in international; 20.3% in domestic fixed income; 4.6% in global fixed income; 9.5% in real estate; and .0% in cash. The total portfolio was up 3.42% net of fees for the quarter while the benchmark was up 3.68%. The total equity portfolio was up 5.05% for the quarter while the benchmark was up 4.99%. The total domestic equity portfolio was up 4.21% for the quarter while the benchmark was up 4.40%. The total fixed income portfolio was up .21% for the quarter while the benchmark was up .86%. The total domestic fixed income portfolio was up .33% for the quarter while the benchmark was up .31%. The total international portfolio was up 8.23% for the quarter while the benchmark was up 7.00%. The total global fixed income portfolio was down .34% for the quarter while the benchmark was up 3.08%. The total real estate portfolio was up 2.01% while the benchmark was up 2.13%.

Mr. Grumbles reviewed the performance of the managers. The Anchor All Cap Value portfolio was up 3.50% for the quarter while the Russell 3000 Value was up 3.87%. The Brown Large Cap Growth portfolio was up 3.77% for the quarter while the Russell 1000 Growth was up 4.58%. Mr. Grumbles stated that Brown has had a difficult few years as

has all active grown managers. He stated that he thinks Brown is still good for the long term. The Vanguard Mid Cap portfolio was up 5.18% for the quarter while the Russell Mid Cap was up 4.52%. The Vanguard Total Stock portfolio was up 4.42% for the quarter while the Russell 3000 was up 4.40%. The Garcia Hamilton Fixed Income portfolio was up .33% for the quarter while the benchmark was up .31 The Templeton Global Fixed Income portfolio was down .34% for the quarter while the benchmark was up 3.08%. Mr. Grumbles noted that Templeton has struggled over the last year. He stated that they are shorting U.S. interest rates, heavily into emerging markets currency and shorting the Yen and Euro which has all hurt their performance. He stated that in October the trends are reversing and they were up 4.3% and in the top percentile. He noted that over time their results have been very good. He stated that they are still comfortable with them and have a lot of faith in them. The things Templeton are doing still make sense to them. The Europacific Growth portfolio was up 8.23% for the quarter while the benchmark was up 7.00%. The Principal portfolio was up 2.01% for the quarter while the benchmark was up 2.13%.

ATTORNEY REPORT

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

ADMINISTRATIVE REPORT

Ms. Adcock presented the disbursements. A motion was made, seconded and approved 5-0 to pay the listed disbursements.

Ms. Adcock presented the Board with the election approval for Vicki Van Fossen. A motion was made, seconded and carried 5-0 to approve the benefit election for Vicki Van Fossen.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Mariana Ortega-Sánchez, Secretary