

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 7, 2018

A meeting was called to order at 2:10 P.M. in the Council Chambers on the First Floor of Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Patti Waller
Rebecca Morse
Mariana Ortega-Sánchez

OTHERS

Bonni Jensen, Fund Counsel
Margie Adcock, Administrator
Tyler Grumbles & Jennifer Gainfort, Monitor
Chad Little, Actuary
Richard Reade, Village Manager
David Miller & Ellie, Village Attorney
John Rouse, Participant

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held May 1, 2018. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held May 1, 2018.

ACTUARY REPORT

Chad Little appeared before the Board. He stated that he was still putting together information on the expected returns. He stated that he would discuss this at the next meeting. He will review target allocations and projections. He is in the process of building the research. He noted that this Plan has the lowest assumed rate of return at 6.75% of any of his clients. He stated that he has been encouraging his plans to move to lower assumed rates.

INVESTMENT MONITOR REPORT

Tyler Grumbles and Jennifer Gainfort appeared before the Board. Ms. Gainfort reviewed the market environment for the period ending June 30, 2018. She stated that international was down for the quarter, with emerging markets being impacted the worst. Domestic equities were positive in the quarter. Growth outperformed value in large and small cap for the quarter while value outperformed growth in mid cap. Fixed income returns were rather flat and interest rates continued to rise. They expect the Fed to raise rates two more times in 2018.

Ms. Gainfort reported on the performance of the Fund for the quarter ending June 30, 2018. The total market value of the Fund as of June 30, 2018 was \$25,443,379. The asset allocation was 53.2% in domestic equities; 15.5% in international; 17.6% in domestic fixed income; 4.4% in global fixed income; 9.4% in real estate; and .0% in cash. The total

portfolio was up 1.23% net of fees for the quarter while the benchmark was up 1.67%. The total equity portfolio was up 1.62% for the quarter while the benchmark was up 2.44%. The total domestic equity portfolio was up 2.99% for the quarter while the benchmark was up 3.89%. The total fixed income portfolio was down .21% for the quarter while the benchmark was down .49%. The total domestic fixed income portfolio was up .55% for the quarter while the benchmark was up .09%. The total international portfolio was down 2.82% for the quarter while the benchmark was down 2.39%. The total global fixed income portfolio was down 3.14% for the quarter while the benchmark was down 2.76%. The total real estate portfolio was up 2.19% while the benchmark was up 2.10%.

Ms. Gainfort reviewed the performance of the managers. The Anchor All Cap Value portfolio was up 2.56% for the quarter while the Russell 3000 Value was up 1.71%. Ms. Gainfort noted that Anchor had a good quarter with strong stock selection in energy and healthcare. MFS Growth Fund was up 6.58% and PRIMECAP Odyssey Growth Fund was down .70% while the Russell 1000 Growth was up 5.76%. Ms. Gainfort noted that PRIMECAP had a poor quarter with one holding down 54%. That holding was up 77% the prior quarter. The Vanguard Mid Cap portfolio was up 2.57% for the quarter while the Russell Mid Cap was up 2.82%. The Vanguard Total Stock portfolio was up 3.91% for the quarter while the Russell 3000 was up 3.89%. The Garcia Hamilton Fixed Income portfolio was up .55% for the quarter while the benchmark was up .09%. The Templeton Global Fixed Income portfolio was down 3.14% for the quarter while the benchmark was down 2.76%. Ms. Gainfort noted that Templeton's exposure to emerging markets hurt performance. The Europacific Growth portfolio was down 2.82% for the quarter while the benchmark was down 2.39%. The Principal portfolio was up 2.19% for the quarter while the benchmark was up 2.10%. Ms. Gainfort stated that overall the Fund is in a good place for the fiscal year.

DISCUSSION ON BENEFIT FORFEITURE

Bonni Jensen appeared before the Board. Ms. Jensen stated that on Friday she received a Verified Motion for Post-Conviction Relief related to the matter involving Mr. Davis. She stated that she spoke with the Attorney representing Mr. Davis. The Motion is requesting to set aside the guilty plea which is the basis of the forfeiture proceeding before the Board. She recommended holding in abeyance any decision on the forfeiture proceeding. She found a similar case where a board held a forfeiture proceeding in abeyance while waiting on a ruling from the court. Ms. Jensen stated that a forfeiture is more impactful and the most extreme punishment. The research she found confirmed that this should be held in abeyance. A motion was made, seconded and carried 3-0 to hold the forfeiture proceeding regarding Mr. Davis in abeyance until the next meeting.

Ms. Jensen stated that at the last meeting it was noted of potentially other people that the Board might need to look at in terms of a forfeiture issue. She provided a Memorandum dated August 1, 2018 regarding Former Member Keith Gordon Heasley - Pre-Trial Intervention Follow Up. She stated that Mr. Heasley entered into a Pre-Trial Intervention Agreement whereby he agreed to meet and abide by certain specified conditions in order to defer his prosecution. If he complies with the conditions of the Agreement, no criminal prosecution will be instituted against him. His prosecution has been deferred until February 15, 2019. At that point the Board will know if he has completed the terms of the Agreement. Ms. Jensen stated that she found no records or issues that were raised at the last meeting with any other potential members.

ATTORNEY REPORT

Ms. Jensen provided a Memorandum regarding Government in the Sunshine Law dated May 8, 2018. She discussed the case which involved the improper polling of city council members. She reminded the Board of the Florida Sunshine Law which applies to decision or pending decisions that may come before the Board.

Ms. Jensen advised that she provided a couple options of proposed language to the Chair to better define the language in the Ordinance regarding the 5th Trustee and the requirement that there not be a connection with municipal government. There was a lengthy discussion on the proposed options. A motion was made, seconded and carried 3-0 to propose language to the Village to change the requirement of the 5th Trustee to provide that the 5th Trustee just needs to be a resident of the Village that is elected by a majority of the 4 Board Members.

ADMINISTRATIVE REPORT

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

Ms. Adcock presented the Board with the benefit calculation and election approval for Leslie Hudson. A motion was made, seconded and carried 3-0 to approve the benefit election.

Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on November 1, 2018. A motion was made, seconded and carried 3-0 to renew the Fiduciary Liability Insurance with the cost not to exceed 3%.

Ms. Adcock stated that the Authorized Signer List with the Custodian needed to be updated. The Board executed an updated Authorized Signer List.

There was discussion on the vacancy of the 5th Trustee position. Ms. Morse stated that she knew of a person that might be interested in the position. It was determined that any person interested should complete a form to be submitted to the Board for consideration at the next meeting.

Ms. Adcock noted that the Trustee position held by Mariana Ortega-Sánchez is due to expire on November 1, 2018. She stated that she will conduct an election for that position.

OTHER BUSINESS

There being no further business, the workshop was adjourned.

Respectfully submitted,

Mariana Ortega-Sánchez, Secretary