

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 6, 2019

A meeting was called to order at 2:02 P.M. in the Planning and Zoning Conference Room at 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
Jennifer Gainfort, Monitor
Chad Little, Actuary

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held May 7, 2019. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held May 7, 2019.

ACTUARY REPORT

Chad Little appeared before the Board. He provided a JP Morgan whitepaper on long term capital market assumptions. He stated that it was a forward looking approach over the next 10 to 15 years in various categories. He stated that it is interesting how it has changed from one year to the next. He stated that there was not enough in the material to sway what they will be doing when they make recommendation for the Valuation.

Chad Little departed the meeting.

INVESTMENT MONITOR REPORT

Jennifer Gainfort appeared before the Board. She reviewed the market environment for the period ending June 30, 2019. She stated that it was a strong quarter, although it was volatile. Stocks suffered a bit of a setback in May but came back in June. Growth outperformed value. Large cap outperformed small cap. Developed markets outperformed emerging markets. Fixed income was positive for the quarter. Corporate securities were the best performing securities for the second quarter in a row.

Ms. Gainfort reported on the performance of the Fund for the quarter ending June 30, 2019. The total market value of the Fund as of June 30, 2019 was \$26,767,323. The asset allocation was 53.3% in domestic equities; 11.0% in international; 21.3% in domestic fixed income; 4.4% in global fixed income; 9.5% in real estate; and .5% in cash. The total portfolio was up 3.02% net of fees for the quarter while the benchmark was up 3.43%. The total equity portfolio was up 3.81% for the quarter while the benchmark was up 3.90%. The total domestic equity portfolio was up 3.79% for the quarter while the benchmark was up 4.10%. The total fixed income portfolio was up 1.92% for the quarter while the benchmark was up 2.64%. The total domestic fixed income portfolio was up

2.01% for the quarter while the benchmark was up 2.39%. The total international portfolio was up 3.87% for the quarter while the benchmark was up 3.22%. The total global fixed income portfolio was up 1.46% for the quarter while the benchmark was up 3.61%. The total real estate portfolio was up 1.26% while the benchmark was up 1.35%.

Ms. Gainfort reviewed the performance of the managers. The Anchor All Cap Value portfolio was up 2.93% for the quarter while the Russell 3000 Value was up 3.68%. MFS Growth Fund was up 6.58% and PRIMECAP Odyssey Growth Fund was up .69% while the Russell 1000 Growth was up 4.64%. Ms. Gainfort stated that PRIMECAP continued to struggle. They are more aggressive and making much larger bets. They are very concentrated in healthcare which has suffered and is volatile. She thinks over the long term they have proven the ability to outperform, although it takes patience to stick with them. It is typical for them to have this kind of volatility. It is the nature of their strategy and they typically have come back. The Vanguard Mid Cap portfolio was up 4.36% for the quarter while the Russell Mid Cap was up 4.13%. The Vanguard Total Stock portfolio was up 4.10% for the quarter while the Russell 3000 was up 4.10%. The Garcia Hamilton Fixed Income portfolio was up 2.01% for the quarter while the benchmark was up 2.39%. The Templeton Global Fixed Income portfolio was up 1.46% for the quarter while the benchmark was up 3.61%. The Europacific Growth portfolio was up 3.87% for the quarter while the benchmark was up 3.22%. The Principal portfolio was up 1.26% for the quarter while the benchmark was up 1.35%.

Ms. Gainfort stated that everything is in compliance. She is not recommending any rebalancing this quarter. She does not think there will be a resolution on the global trade issue any time soon. She stated that she expects the market to remain volatile.

Ms. Gainfort presented a global tactical asset allocation manager analysis. She stated that this asset class would reduce the international equity exposure. She stated that consideration could be given to moving 5% from international equity into fixed income. The other option would be to move 5% into GTAA. She provided an educational piece on the managers in this space. She stated that the managers in this space are: BlackRock Advisors; JP Morgan Investment Management; and Pacific Investment Management. The Board stated that they would like to postpone further discussion on this until the next meeting when a full Board should be present.

ATTORNEY REPORT

Ms. Jensen provided a Memorandum regarding Public Records Exemptions for Employees of a Law Enforcement Agency (SB 248) dated May 21, 2019. She stated that the new law expands the list of exemptions to protect sensitive information for current and former employees of law enforcement agencies. She stated that only the employer has to offer the protections as a right. The employees need to let the Fund know if they want to invoke the protections of the Statute.

Ms. Jensen provided an update regarding changing language in the Ordinance regarding the 5th Trustee and the requirement that there not be a connection with municipal government. She stated that she received an email from the Village Manager that the Council would consider this in the next couple of months.

Ms. Jensen provided an update on the matter involving Mr. Davis. She stated that his request to have his plea set aside was denied. However, he is appealing the denial. She will continue to follow up on this matter.

Ms. Jensen provided an update regarding the issue regarding Comerica receiving a qualified SOC 1 Audit as of September 30, 2018. She stated that she finally was able to speak to Ms. Ryans at Comerica. She stated that the exception on the SOC 1 Audit does not really impact the Plan. However, it was noted that this is the second year in a row where Comerica had something remarkable on their SOC 1 Audit. Ms. Ryans advised that they would be more responsive in advising the Board of any issues related to their SOC 1 Audit. She stated that they have made changes to their processes to address the issues raised in the SOC 1 Audit as of September 30, 2018.

ADMINISTRATIVE REPORT

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

Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on November 1, 2019. A motion was made, seconded and carried 3-0 to renew the Fiduciary Liability Insurance with the cost not to 3%.

Ms. Adcock stated that the Custodian inquired as to whether the Authorized Signer List needed to be updated. It was noted that the current Authorized Signer List is still correct.

Ms. Adcock provided an update on the status of the Affidavits for the Confirmation of Receipt of Retirement Benefits that was sent to all retirees. She stated that the one retiree that had not returned their documentation had passed away.

It was noted that the term of the 5th Trustee held by Tina Henderson is due to expire on September 30, 2019. A motion was made, seconded and carried 3-0 to reappoint Tina Henderson as the 5th Trustee for another term.

OTHER BUSINESS

There being no further business, the workshop was adjourned.

Respectfully submitted,

Mariana Ortega-Sánchez, Secretary