

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**February 22, 2022**

A meeting was called to order at 9:03 A.M. in the Council Chambers at Village Hall in Palm Springs, Florida. Those persons present were:

**TRUSTEES**

Patti Waller  
Bruce Gosman  
Kimberly Glas-Castro

**OTHERS**

Bonni Jensen, Fund Counsel  
Margie Adcock, Administrator  
Jennifer Gainfort, Monitor  
Chad Little, Actuary (via teleconference)  
John Boles & William Hickey, Anchor

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held November 29, 2021. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held November 29, 2021.

**INVESTMENT MANAGER REPORT – ANCHOR CAPITAL**

John Boles and William Hickey appeared before the Board. Mr. Boles stated that he was the Director of Institutional Marketing and Client Service. He introduced Mr. Hickey who is the portfolio manager. Mr. Boles talked about relative value versus deep value. He stated that they are relative value managers. He stated that deep value managers look for companies that are significantly discounted to the market. He stated that relative value has underperformed deep value, as well as most of the index through most of 2021. He stated that they identify ways to protect the principal of the portfolio. There is a significant upcapture of deep value versus relative value because relative value does a significant job in protecting on the downside. Mr. Boles reviewed the full market cycle of deep value versus relative value for 15 years ending December 31, 2021. Mr. Boles stated that they reached the peak last year in terms of assets under management. There have been no changes to the investment team. He reviewed the investment process

Mr. Hickey discussed the recession. He stated that the market is in the middle of a brand new cycle. Things are coming back so far so fast that it is not sustainable. He stated that he thinks the portfolio is in a good place here. He stated that they were conservative last year which hurt. They were hurt by not being in oil. Large cap banks came back fast and they did not own as much as the Index, so they trailed the Index. Another thing that hurt their performance was health care. They thought surgeries would come back but few were doing elective surgeries. A resurgence of elective surgeries came back but it did not happen as quickly as they thought. They do not own as much as the Index in oil, but it is really trading on fear. Mr. Hickey stated that he thinks they are in a normal cycle and it will be a little choppy. He thinks they are in a good place. They have some cash. A lot of sectors are due for a pullback. The total market value as of December 31, 2021 was \$4,615,216. For the quarter ending December 31, 2021 the portfolio was up 6.35% while

the Russell 3000 Value was up 7.54%. As of last night they are trailing the Index by 140 basis points. Mr. Hickey stated that this is due 100% to oil.

John Boles and William Hickey departed the meeting.

### **INVESTMENT MONITOR REPORT**

Jennifer Gainfort appeared before the Board. She provided an update on the firm. She stated that they have 81 employees and added two more partners this year. They have \$123 billion in client assets under advisement. They re-invest 100% of their net profits back into the firm. She reviewed their organizational chart.

Ms. Gainfort reviewed the market environment for the period ending December 31, 2021. She stated that it was a volatile quarter. Large cap lead the way. There are positive signs coming out of the market. Inflation continues to be high. Inflation is at multi-decade highs. The Fed has started to scale back on their monthly bond purchases and is looking to raise interest rates two or three time this year, which is earlier than projected. Ms. Gainfort stated that large cap has been positive for seven straight quarters. International was positive but emerging markets was negative for the quarter and the year due to the strong US dollar and future economic growth concerns out of China, which makes up one- third of the index. For the quarter growth did better than value in large cap. Small and mid cap value outperformed growth.

Ms. Gainfort reviewed the performance of the Fund for the period ending December 31, 2021. The total market value of the Fund as of December 31, 2021 was \$35,711,796. The asset allocation was 51.9% in domestic equities; 8.7% in international; 21.8% in domestic fixed income; 3.9% in global fixed income; 9.0% in real estate; and 4.6% in cash.

Ms. Gainfort reviewed the portfolio as of December 31, 2021. The total portfolio was up 4.45% net of fees for the quarter ending December 31, 2021 while the benchmark was up 5.47%. The total equity portfolio was up 5.86% for the quarter while the benchmark was up 8.00%. The total domestic equity portfolio was up 7.12% for the quarter while the benchmark was up 9.28%. The total international portfolio was down 1.13% for the quarter while the benchmark was up 1.88%. The total fixed income portfolio was down .10% for the quarter while the benchmark was down .42%. The total domestic fixed income portfolio was down .13% for the quarter while the benchmark was down .51%. The total global fixed income portfolio was up .04% for the quarter while the benchmark was down .03%. The total real estate portfolio was up 9.98% while the benchmark was up 7.46%.

Ms. Gainfort reviewed the performance of the managers. The Anchor All Cap Value portfolio was up 6.44% for the quarter while the Russell 3000 Value was up 7.54%. MFS Growth Fund was up 8.11% while the Russell 1000 Growth was up 11.64%. The Vanguard Mid Cap portfolio was up 7.97% for the quarter while the Russell Mid Cap was up 6.44%. The Vanguard Total Stock portfolio was up 9.167% for the quarter while the Russell 3000 was up 9.28%. The Garcia Hamilton Fixed Income portfolio was down .13% for the quarter while the benchmark was down .51%. The Europacific Growth portfolio was down 1.13% for the quarter while the benchmark was up 1.88%. The Principal portfolio was up 9.98% for the quarter while the benchmark was up 7.40%. The PIMCO Diversified Fund was up .04% for the quarter while the benchmark was down .03%. Ms. Gainfort stated that Principal was the top performer for the quarter. They have

had a great bounce back from pandemic lows. It has been primarily industrials and multi-family that has driven the real estate performance.

Ms. Gainfort stated that the Village had requested \$300,000 to carry the Fund through for the fiscal year to pay benefits and expenses. A motion was made, seconded and carried 3-0 to ratify the transfer of monies to the Village. Ms. Jensen discussed the process. It was noted that Ms. Gainfort would ask the Village for the cash flow needs going forward before each quarterly meeting. She stated that she would rather do it quarterly than annually. A motion was made, seconded and carried 3-0 to authorize the Chair and Secretary to raise cash if needed by the Village in between meetings.

Ms. Gainfort provided the Board with an updated Investment Policy Statement that sets forth a specific target allocation to cash so performance will line up better. If there is not a 4% cash allocation then it will look like performance is dragging. She reviewed the recommended changes. A motion was made, seconded and carried to adopt the updated Investment Policy Statement.

### **ACTUARY REPORT**

Chad Little appeared before the Board via teleconference. Mr. Little presented the Actuarial Valuation as of October 1, 2021. He noted that the Valuation sets forth the contribution requirements for the fiscal year ending September 30, 2023. He stated that the contribution increased from \$429,329 to \$514,342. He stated that the contribution is up from last year but it is about half the amount as it was two years ago. He stated that the Valuation reflects an assumed investment return of 6.0%. The assumed investment return was reduced from 6.25% to 6%. The funded ratio was 107.15. Mr. Little stated that there was a demographic gain due primarily to a forfeiture in benefits and pay increases that were less than expected. Payroll was 3.4% versus the expected 5.5%. The net return on the market value of assets was 18.51% in comparison to the 6.0% assumed rate of return such that there was an actuarial investment gain. There were no changes in Plan provisions that impacted the Fund.

Mr. Little reviewed the method changes. He stated that the unfunded liability has been changed to adjust the current year actuarial experience base. He reviewed the assessment and disclosure of risk. He reviewed the ratio of benefit payments to contributions. He stated that the Fund is paying out more in benefit payments than it is bringing in. He reviewed the reconciliation of the market value of assets. He reviewed the historical investment returns from September 30, 1995 through September 30, 2021. He reviewed the amortization of the unfunded accrued liability. He stated that the Fund is in a very good funded position at this point. He reviewed the cash flow derived by asset and the reconciliation of change in the Village minimum required contribution. A motion was made, seconded and carried 3-0 to approve the Actuarial Valuation as of October 1, 2021.

It was noted that the Board needs to formally determine the expected rate of return for the short term and long term, as is required by the State. It was noted that the Board just approved the return of 6.0% in the Valuation. Ms. Gainfort stated that it was reasonable to assume that the assets would return 6.0% over the short term, mid-term and long term. A motion was made, seconded and carried 3-0 to determine the expected rate of return using the rate of 6.0%. Ms. Gainfort stated that she would prepare the letter to be sent to the State.

Chad Little departed the meeting.

### **ATTORNEY REPORT**

Ms. Jensen provided an update on the Davis matter. She provided a letter from Lewis Longman advising that they were closing their file on the matter where they represented the Board at the administrative hearing. She recommended the Board obtain a copy of the file for the Board's records. A motion was made, seconded and carried 3-0 to obtain the records from Lewis Longman.

Ms. Jensen discussed the appeal before the 4<sup>th</sup> District Court of Appeals. She stated that she has received the appeal letter from Mr. Davis requesting the Board hold the appeal on liquidating the amount of repayment in abeyance until the 4<sup>th</sup> District Court of Appeals decision on the forfeiture has been rendered. A motion was made, seconded and carried 3-0 to hold the appeal on liquidating the amount of repayment in abeyance until the 4<sup>th</sup> District Court of Appeals decision on the forfeiture has been rendered.

### **ADMINISTRATIVE REPORT**

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

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

There was discussion on the status of the Trustee vacancies. It was noted that there are currently two employee vacancies. The Board decided to suspend elections as long as the Davis appeal is ongoing.

### **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Kimberly Glas-Castro  
Secretary