

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**May 3, 2022**

A meeting was called to order at 2:00 P.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  
Gregory Pittenger, Principal Real Estate

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held February 22, 2022. It was noted that there was a typographical error under the Attorney's Report. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held February 22, 2022 as corrected.

**ACTUARY REPORT**

Chad Little appeared before the Board. He discussed mortality tables. He stated that he attended an actuarial conference this year and provided a handout of the US historical excess deaths versus the trend from 1960 to 2021. He reviewed the five year average of what the mortality trend was and compared what it was a year ago after the pandemic. He stated that 2020 and 2021 show huge spikes in deaths. There are always variations, but nothing like the last two years. The question is whether the most recent trend is temporary or permanent. He stated that from what he has seen so far, he does not think they will adjust the tables going forward.

**INVESTMENT MANAGER REPORT – PRINCIPAL**

Gregory Pittenger appeared before the Board. Mr. Pittenger provided a brief introduction. He stated that he is the institutional sales and relationship manager. He provided a brief overview of the firm. He noted that they have 425 employees in 11 countries. They have \$106.2 billion in assets under management, with \$46.4 billion in private real estate. They have 550 institutional clients from 28 countries. The total market value of the Fund's portfolio as of March 31, 2022 was \$3,454,756.

Mr. Pittenger discussed the US Property Account. He stated that it is a core real estate investment strategy. It is a daily valued, open ended commingled portfolio. There have been no changes to the investment team. They have a very consistent team. He reviewed the account profile. They have 146 investments across the US and are 20.7% leveraged. The occupancy rate is 95.1%. The contribution queue balance is \$206.8 million. Mr. Pittenger reviewed the 2022 strategic themes. He reviewed their investment strategy;

discussed how they monitor and mitigate risk; and discussed their operations. He discussed the diversification of the portfolio. The asset allocation by region is 23% in the South; 51% in the West; 22% in the East; and 4% in the Mid-West. He noted that they were overweight in the South and West. Mr. Pittenger discussed their four main areas of investments. With respect to industrial, that has been the strongest performing area in the last several years. They have a 32% weighting versus the 28% weighting of the benchmark. With respect to office, they reduced their allocation and are now slightly underweight at 25% versus the benchmark at 26%. He stated that they are not focusing on office space and were active in writing down the areas they felt reached the top. With respect to retail, they are underweight at 10% versus the benchmark at 12%. They have no mall exposure in the portfolio. They own primarily necessity-based formats. He reviewed the property sector diversification. He reviewed the 2022 acquisition and disposition activity as of March 31, 2022. He reviewed the top ten properties and the leverage highlights. He noted that the portfolio was up 7.33% for the quarter ending March 31, 2022 and up 28.59% for the one year ending March 31, 2022.

Gregory Pittenger departed the meeting.

### **INVESTMENT MONITOR REPORT**

Jennifer Gainfort appeared before the Board. She reviewed the market environment for the period ending March 31, 2022. She stated that the quarter was challenging. She stated that the Fund's fiscal year numbers are the highest she has seen so far from their clients. There were a number of distractions in the market. For the first time in two years Covid was not the driver of return. Rather, the driver of return was the Russian invasion into Ukraine which has put additional pressures on the supply chain. She stated that they expected growth to slow down but the war exacerbated that slowdown. Unemployment fell to 3.6% with a number of workers re-entering the workforce. The Fed increased rates 25 basis points for the first time since 2018. They are expecting another 50 basis point increase this week. Rising interest rates will continue to be a headwind for fixed income. Ms. Gainfort stated that this was the first negative quarter since the beginning of the pandemic. The weakness is across the board. There was no where to hide. All equity markets were negative. She stated that beside the weak quarter, equities were nicely positive for the year, except for smid cap. Large cap outperformed small and mid cap. There was a shift from growth to value during the quarter. The two positive sectors in the quarter were energy and utilities.

Ms. Gainfort reviewed the performance of the Fund for the period ending March 31, 2022. The total market value of the Fund as of March 31, 2022 was \$33,655,608. The asset allocation was 51.3% in domestic equities; 8.1% in international; 22.2% in domestic fixed income; 3.8% in global fixed income; 10.3% in real estate; and 4.2% in cash. Ms. Gainfort stated that everything is in line with the targets. She has not recommendation to rebalance the portfolio at this time.

Ms. Gainfort reviewed the portfolio as of March 31, 2022. The total portfolio was down 4.93% net of fees for the quarter ending March 31, 2022 while the benchmark was down 3.78%. The total equity portfolio was down 7.47% for the quarter while the benchmark was down 5.28%. The total domestic equity portfolio was down 6.66% for the quarter while the benchmark was down 5.28%. The total international portfolio was down 12.24% for the quarter while the benchmark was down 5.33%. The total fixed income portfolio was down 4.06% for the quarter while the benchmark was down 5.01%. The total domestic fixed income portfolio was down 3.52% for the quarter while the

benchmark was down 4.69%. The total global fixed income portfolio was down 7.10% for the quarter while the benchmark was down 6.67%. The total real estate portfolio was up 7.25% while the benchmark was up 7.77%.

Ms. Gainfort reviewed the performance of the managers. The Anchor All Cap Value portfolio was down 2.79% for the quarter while the Russell 3000 Value was down .85%. Ms. Gainfort stated that she has a concern with Anchor and will bring a review for the Board to look at for the next meeting. MFS Growth Fund was down 12.33% while the Russell 1000 Growth was down 9.04%. The Vanguard Mid Cap portfolio was down 6.32% for the quarter while the Russell Mid Cap was down 5.68%. The Vanguard Total Stock portfolio was down 5.46% for the quarter while the Russell 3000 was down 5.28%. The Garcia Hamilton Fixed Income portfolio was down 3.52% for the quarter while the benchmark was down 4.69%. The Europacific Growth portfolio was down 12.24% for the quarter while the benchmark was down 5.33%. Ms. Gainfort stated that Europacific's underperformance was driven by their growth tilt while value was in favor. Their emerging markets and China exposure hurt their performance as well. She noted that they have good long term numbers though so is not concerned. The Principal portfolio was up 7.25% for the quarter while the benchmark was up 7.77%. The PIMCO Diversified Fund was down 7.10% for the quarter while the benchmark was down 6.67%. Ms. Gainfort stated that it has been a challenging market for active managers. She stated that she thinks it will be challenging going forward. They will remain focused on the long term.

Ms. Gainfort discussed the Village funding needs. She stated that the Village has requested \$225,000 to pay benefits and expenses. A motion was made, seconded and carried 3-0 to transfer \$225,000 to the Village.

### **ATTORNEY REPORT**

Ms. Jensen provided an update on the Davis matter. She stated that the Village asked if David Miller could call into the meeting to listen.

David Miller appeared before the Board via teleconference.

Ms. Jensen advised that the 4<sup>th</sup> District Court of Appeals entered an Order affirming the Fund's order forfeiting Mr. Davis' benefits. She stated that the Court proceeding on the forfeiture is complete. She reminded the Board that Mr. Davis had filed an appeal 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. Now that the Court's decision has been rendered, she has been in contact with Mr. Davis' attorney. She advised that they stated they would not be challenging the amount of repayment. There is no factual dispute with the numbers. However, he has not withdrawn his appeal at this point. Ms. Jensen stated that she would like to retain an attorney for the purposes of the appeal for the collection of the money the Fund overpaid to Mr. Davis. She recommended using LLW, who were the attorneys that represented the Board in the proceeding before DOAH because they are already familiar with the matter. She is still hoping that she will be able to work the issue out and not go through the appeal process. The State Statute requires the Board to collect the money and so the Board needs to get to a place to collect it. Right now Mr. Davis is challenging the Order. She is suggesting that, because there is a pending request, the Board should have a hearing over the Order. She stated that because the Board is paying her outside of the retainer, she is trying to get this resolved but Mr. Davis has not yet withdrawn his appeal. Ms. Jensen stated that she recommended the Board retain an attorney in the event a hearing needs to be held. It was

noted that the Board believed the Village does not want or need to participate in this process. The Village does not want to spend any more money on this matter.

Mr. Miller stated that the position of the Village has not been communicated to him. He does not know the Village position at this time. He would talk to the Village as Village officials when the time is right. He stated that he did agree with Ms. Jensen. The Board is under an obligation to begin the process to collect the overpayment. He stated that the Board did not need to decide today whether it was going to take steps to enter the judgment, but the Statute requires the Board to take the initial step, which is to offer due process under the Ordinance. If Mr. Davis wants to contest the Order, the Board needs to offer them a procedure and process for him to do that. A motion was made, seconded and carried 3-0 to authorize the Attorney to retain LLW to handle the appeal on liquidating the amount of repayment.

Ms. Jensen provided a Memorandum regarding the IRS Mileage Rate for 2022 dated March 2022. She noted that effective January 1, 2022 the mileage rate has been increased to 58.5 cents per mile.

Ms. Jensen provided the Board with a proposed IRS-RMD Ordinance. She stated that the proposed Ordinance has been filed with the Village.

Ms. Jensen provided a Memorandum Regarding Update of Signature Authorization Form for Providers Dated April 2022. She stated that lately, when they are doing investment management agreements, the managers are asking for separate signatures for the Trustees. She recommended updating the authorized signers for the Board.

Ms. Jensen provided a Memorandum Regarding the Annual Form 1 Filing dated April 2022. She reminded the Board that the Form 1 needed to be filed by July 1, 2022.

Ms. Jensen provided a Memorandum Regarding Required Minimum Distributions (RMD) Proposed Regulations and Cryptocurrencies Guidance dated April 2022. She reviewed the information. She noted that there was an increase in the RMD age to 72. The regulations clarify the definition of eligible designated beneficiaries. With respect to cryptocurrency, while the DOL is not a governing authority over public pension plans, such plans do look to the DOL for guidance. The DOL has stated that cryptocurrencies are not a prudent investment.

## **ADMINISTRATIVE REPORT**

Ms. Adcock provided the Board with a Memorandum Regarding Office Lease Rollover Example Dated April 14, 2022. She stated that it was an example what is happening in the real estate market as the lease for their office space is due to renew this summer. She stated that her office thought the Board might find this interesting in terms of what is happening in the office sector space.

Ms. Adcock provided a Comerica User Profile Change Request from AndCo. It was noted that Donna Sullivan would be retiring at the end of the year and AndCo wanted to update their users with Comerica. The Board directed the Administrator to work with Comerica in allowing the changes requested.

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 continue 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