

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 1, 2023

A meeting was called to order at 2:02 P.M. at Village Hall in Palm Springs, Florida.
Those persons present were:

TRUSTEES

Jane Worth
Ed Horton
Kimberly Glas-Castro

OTHERS

Bonni Jensen, Fund Counsel
Margie Adcock, Administrator
Jennifer Gainfort, Monitor

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held May 2, 2023. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held May 2, 2023.

ACTUARY REPORT

It was noted that Chad Little advised yesterday that he would be unable to attend the meeting today.

INVESTMENT MONITOR REPORT

Jennifer Gainfort appeared before the Board. She reviewed the market environment for the period ending June 30, 2023. She stated that the US economy has proved its resiliency. The market continued to rally. Large cap growth drove market returns, although it was a narrow market. AI names really drove the market. The Fed raised interest rates for the tenth time in May 2023. The Fed took a pause in June 2023 from raising rates, then increased rates by 25 basis points in July. With respect to the labor market, June was the slowest month for job creation since December 2020. Equities were positive for the quarter and the year while bonds were negative for the quarter and the year. Growth significantly outperformed value for the quarter and the year. There was a looming recession on the horizon, but it has not materialized. They are not going to try to time a recession.

Ms. Gainfort reported on the performance of the Fund for the quarter ending June 30, 2023. The total market value of the Fund as of June 30, 2023 was \$31,963,237. The asset allocation was 51.5% in domestic equities; 8.2% in international; 22.1% in domestic fixed income; 3.9% in global fixed income; 9.9% in real estate; and 4.4% in cash. Ms. Gainfort stated that everything was in line with the targets and there was no need to rebalance. The total portfolio was up 3.31% net of fees for the quarter ending June 30, 2023 while the benchmark was up 4.06%. The total equity portfolio was up 6.34% for the quarter while the benchmark was up 7.41%. The total domestic equity portfolio was up 6.88% for the quarter while the benchmark was up 8.39%. The total international portfolio was up 3.05% for the quarter while the benchmark was up 2.67%. The total fixed income portfolio was down .76% for the quarter while the benchmark was down

.54%. The total domestic fixed income portfolio was down 1.04% for the quarter while the benchmark was down .75%. The total global fixed income portfolio was up .90% for the quarter while the benchmark was up .28%. The total real estate portfolio was down 1.94% while the benchmark was down 3.03%.

Ms. Gainfort reviewed the performance of the managers. The Vanguard Value Fund was up 3.06% while the Russell 1000 Value was up 4.07%. MFS Growth Fund was up 12.18% while the Russell 1000 Growth was up 12.81%. The Vanguard Mid Cap portfolio was up 4.76% for the quarter while the Russell Mid Cap was up 4.76%. The Vanguard Total Stock portfolio was up 8.41% for the quarter while the Russell 3000 was up 8.39%. The Garcia Hamilton Fixed Income portfolio was down 1.04% for the quarter while the benchmark was down .75%. The EuroPacific Growth portfolio was up 2.16% for the quarter while the benchmark was up 2.67%. The Dimensional Fund Advisors portfolio was up 3.97% for the quarter while the benchmark was up 3.54%. The Principal portfolio was down 1.94% for the quarter while the benchmark was down 3.03%. The PIMCO Diversified Fund was up .90% for the quarter while the benchmark was up .28%. Ms. Gainfort stated that she is pleased with the performance. She stated that she was pleased to see the markets moving along.

Ms. Gainfort discussed the status of the Village's funding needs. She also noted that the Village has requested \$400,000 for cash flow needs. She stated that there is enough cash in the account, it just needs to be transferred from Comerica to the Village. A motion was made, seconded and carried 3-0 to authorize the transfer of \$400,000 from the cash currently at Comerica to the Village.

Ms. Gainfort provided a revised Investment Policy Statement. Bonni Jensen stated that a new law passed in Florida, House Bill 3. She stated that House Bill 3 provides that the Board cannot make investment decisions on anything other than pecuniary factors and proxies have to be voted on in a pecuniary manner. She stated that House Bill 3 was at the implementation phase. She stated that she did not think it would make any difference for the Board because it does not really change anything. A report has to be filed with the State by December 15 and there are no rules regarding exactly what needs to be filed as of yet. She stated that the IPS needs to be revised as some provisions need to be documented in the IPS, but it will not change how the Board functions. She stated that her office worked with AndCo to create the necessary language for the IPS. Ms. Gainfort reviewed the revised IPS. She stated that they have never based a recommendation on ESG factors. Their recommendations have only been based on financial factors. There was a lengthy discussion. A motion was made, seconded and carried 3-0 to adopt the revised Investment Policy Statement.

The Board was provided with a Cybersecurity Notice from Garcia Hamilton dated May 26, 2023. She stated that there was an incident that occurred on April 14, 2023. Ms. Jensen stated that there was a breach in their software system. It did not involve the investment side of GHA. It did not impact any holdings of the Fund and there was no personal identifiable information that was accessed.

ATTORNEY REPORT

Ms. Jensen provided an article regarding a California man who hid his mother's death for 30 years to collect her benefits. She stated that the mother died in Japan and the death information never filtered back to the US. When she never applied for Social Security, the IRS looked into it. She noted that it was important to try to conduct death searches to

try to prevent such issues. She stated that the Board has had discussions regarding looking into conducting death searches. She stated that she thinks it is a best practice.

Ms. Jensen provided an updated Special Tax Notice. She stated that she updated the Notice because she wanted members to be aware of all the benefits available to them.

ADMINISTRATIVE REPORT

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

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

Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on November 1, 2023. A motion was made, seconded and carried 3-0 to renew the Fiduciary Liability Insurance.

Ms. Adcock noted that at the last meeting there was continued discussion on Ms. Jensen's suggestion that a third party be used to do a death search on retirees in pay status on an ongoing basis. Ms. Adcock stated that her firm uses a company that does electronic death searches on the members that they issue pension checks to for other pension plans they administer. She stated that they could include the members that are currently paid by the Village for this Plan in their death searches. It would be a more manual set up as the members would need to be added as they are not being paid through the Administrator's office. She stated that they could offer such a death search for a fee of \$100 a month. There was a lengthy discussion. Ms. Jensen stated that this would be a worthwhile expenditure and would limit the exposure of a possible overpayment due to a death. A motion was made, seconded and carried 3-0 to have the Administrator include the members paid by the Plan in an electronic death search at a fee of \$100 a month.

OTHER BUSINESS

Ms. Glas-Castro stated that the Mayor suggested the Board members receive educational training to help assist them being a Trustee on the Board. There was discussion on the educational options available through the FPPTA.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Kimberly Glas-Castro
Secretary