

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**November 7, 2023**

A meeting was called to order at 2:00 P.M. at Village Hall in Palm Springs, Florida.  
Those persons present were:

**TRUSTEES**

Jane Worth  
Ed Horton  
Kimberly Glas-Castro  
Bev Smith

**OTHERS**

Bonni Jensen, Fund Counsel  
Margie Adcock, Administrator  
Jennifer Gainfort, Monitor  
Chad Little, Actuary (2:07 P.M.)  
Janna Hamilton & Benjamin Monkiewicz, Garcia Hamilton

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held August 1, 2023. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held August 1, 2023.

**INVESTMENT MANAGER REPORT: GARCIA HAMILTON & ASSOCIATES**

Janna Hamilton and Benjamin Monkiewicz appeared before the Board. Ms. Hamilton provided a brief introduction. She stated that she was the client services manager and Mr. Monkiewicz was a senior portfolio manager. She stated that they underperformed quite a bit which impacted their fiscal year, 2, 3, 4 and 5 year numbers. They are still ahead for the 10-year period and since inception. She discussed the performance. The total market value of the portfolio as of September 30, 2023 was \$6,811,538.21. The portfolio was up down 3.55% for the quarter while the benchmark was down 1.89%. For the fiscal year, the portfolio was up .40% while the benchmark was up 1.42%. Ms. Hamilton stated that they still expect a recession, so they are holding their own with respect to positioning. They buy A or better bonds. When lower quality bonds do better, they will underperform.

Chad Little entered the meeting.

Mr. Monkiewicz stated that there has been a significant rise in interest rates over the past year. He stated that they are currently long in duration. Their view is that interest rates have topped out and the market will see a decline in rates in the future. Another factor is that corporate bonds did well in the 3<sup>rd</sup> quarter. Their view is that corporate bonds will underperform as the market goes into a recession. They are overweight in mortgage-backed securities. This is an extremely attractive area and is backed by the full guarantee of the government. Mr. Monkiewicz discussed the money supply of long-term growth. February 2020 was the peak of money supply. The Fed has increased interest rates at the fastest pace since 1982.

Mr. Monkiewicz stated that the market has not seen the full impact of what the Fed did in 2022, much less what has been done in 2023. He stated that he thinks the market is heading toward a slowdown and recession. If so, it is best to have more interest rate exposure than the Index. If nothing changes the yield will be about 5%. If the rates decline by 100 basis points, then they expect a high single digit total return. He stated that it is the most attractive time to be in fixed income in the last 20 years. He stated that the low money supply growth suggests lower CPI rates. He noted that cutting interest rates has always been bigger and faster than the increases. The market cannot sustain interest rates at the level they are at now. There is not going to be another big stimulus plan like everyone received in 2021. Such a stimulus plan raises inflationary pressure which is what the market is seeing now. Mr. Monkiewicz stated that the supply chain pressures are easing. Inflationary pressures are moderating. Home affordability has declined significantly. The leading economic indicators are signaling a recession. The delinquency rate is alarming despite low unemployment. There was a discussion on how fixed income could lose money or be negative. The market had 0 interest rates for several years and then went to 4.5% in a matter of 7 months. He stated that they outperformed the bond market in 2022. In 2023 they positioned the long-term duration too early. There was more stimulus money in the system than they expected. They are trying to position the portfolio in the best position for the future. They are waiting for the opportunity to put money in corporate bonds and do not think that will happen until mid-2024. He thinks, given the level of interest rates, that fixed income is the most attractive asset class right now.

Ms. Hamilton stated that all indicators are out there for a recession. They do not see a soft landing. They think they are positioned very well looking forward. They asked the Board for a little patience and think the Board will be pleased in the long term.

### **INVESTMENT MONITOR REPORT**

Jennifer Gainfort appeared before the Board. She reviewed the market environment for the period ending September 30, 2023. She stated that the Fed continued to increase interest rates with a 25-basis point increase in July and a pause in September. It was a strong fiscal year despite a negative quarter. Everything was down in the quarter while positive for the fiscal year.

Ms. Gainfort reported on the performance of the Fund for the quarter ending September 30, 2023. The total market value of the Fund as of September 30, 2023 was \$30,592,923. The asset allocation was 51.9% in domestic equities; 8.3% in international; 22.3% in domestic fixed income; 4.0% in global fixed income; 10.0% in real estate; and 3.5% in cash. The total portfolio was down 3.19% net of fees for the quarter ending September 30, 2023 while the benchmark was down 2.57%. For the fiscal year the total portfolio was up 8.15% while the benchmark was up 11.57%. The total equity portfolio was down 3.25% for the quarter while the benchmark was down 3.32%. The total domestic equity portfolio was down 3.28% for the quarter while the benchmark was down 3.25%. The total international portfolio was down 3.07% for the quarter while the benchmark was down 3.68%. The total fixed income portfolio was down 3.14% for the quarter while the benchmark was down 1.77%. The total domestic fixed income portfolio was down 3.50% for the quarter while the benchmark was down 1.89%. The total global fixed income portfolio was down 1.09% for the quarter while the benchmark was down 1.32%. The total real estate portfolio was down 3.94% while the benchmark was down 2.14%.

Ms. Gainfort reviewed the performance of the managers. The Vanguard Value Fund was down 1.99% while the Russell 1000 Value was down 3.16%. MFS Growth Fund was down 2.82% while the Russell 1000 Growth was down 3.13%. The Vanguard Mid Cap portfolio was down 5.07% for the quarter while the Russell Mid Cap was down 4.68%. The Vanguard Total Stock portfolio was down 3.29% for the quarter while the Russell 3000 was down 3.25%. The Garcia Hamilton Fixed Income portfolio was down 3.50% for the quarter while the benchmark was down 1.89%. The EuroPacific Growth portfolio was down 6.33% for the quarter while the benchmark was down 3.68%. The Dimensional Fund Advisors portfolio was up .26% for the quarter while the benchmark was up .68%. The Principal portfolio was down 3.94% for the quarter while the benchmark was down 2.14%. The PIMCO Diversified Fund was down 1.09% for the quarter while the benchmark was down 1.32%. Ms. Gainfort stated that the portfolio for the fiscal year was very strong. Despite some pullback in the quarter, the fiscal year was good.

Ms. Gainfort discussed the funding needs of the Village. She stated that she was not advised that the Village had any funding needs at this time. She noted that the Fund transferred \$400,000 to the Village after the last meeting.

### **ACTUARY REPORT**

The Board was provided with correspondence from the State regarding the State acceptance of Valuations through October 1, 2021. Mr. Little noted that the State made no comments on anything.

Mr. Little discussed the assumed rate of return. He stated that he was not recommending any change in the assumed rate of return at this time. He is recommending the Fund stay the course for the next year. He stated that he will do an experience study and study on the assumed rate of return for the following year at a future meeting.

### **ATTORNEY REPORT**

Ms. Jensen provided the Board with Memorandums regarding House Bill 3 and the required comprehensive state report. She stated that her office has worked with other public pension attorneys in the State and it was determined that all of the plans would file the same cover sheet and attach the IPS to fulfill the comprehensive report requirement. The report has to be filed with the State by December 15. Ms. Adcock advised that her office registered as the contact for the Fund and will file the required report on time.

### **ADMINISTRATIVE REPORT**

Ms. Adcock stated that there were no benefit approvals for this meeting.

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

The Board was provided with a 2024 conference schedule. There was discussion regarding the upcoming FPPTA Winter School in January 2024. A motion was made, seconded and carried 3-0 to approve of Ms. Worth and Mr. Horton attending the FPPTA Winter School if they were interested.

**OTHER BUSINESS**

There was discussion on the attendance of Mr. Gosman at the Board meetings, noting that the last meeting he attended was in February 2023. Ms. Adcock stated that she assumed he would be attending today as she did not hear from him otherwise. It was noted that he sent an email to Ms. Smith that he would not be able to attend until December.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Kimberly Glas-Castro  
Secretary