

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
February 6, 2024**

A meeting was called to order at 10:33 A.M. at Village Hall in Palm Springs, Florida.  
Those persons present were:

**TRUSTEES**

Tim Conboy  
Frank Castro  
Sean Grant  
Donald Bell

**OTHERS**

Bonni Jensen, Attorney  
Margie Adcock, The Resource Centers  
Jennifer Gainfort, AndCo Consulting  
Shelly Jones, Actuary

**PUBLIC COMMENTS**

There were no public comments,

**MINUTES**

The Board reviewed the minutes of the meeting held November 7, 2023. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held November 7, 2023.

**ACTUARY REPORT**

Shelly Jones appeared before the Board. Ms. Jones presented the Actuarial Valuation as of October 1, 2023. She noted that the Valuation sets forth the contribution requirements for the fiscal year ending September 30, 2025. She reviewed the total contribution requirement. She stated that the total contribution requirement increased from the prior year because some losses are still being smoothed in. The total minimum required contribution for fiscal year beginning October 1, 2024 is \$516,642, with \$310,589 from the Village, \$126,010 from the State, and \$80,043 from the members.

Ms. Jones stated that there were no assumption changes and no Plan provision changes. She reviewed the cost data comparison from last year. There was a net actuarial loss of \$698,110. She noted that the funded ratio was 99.5% compared to 96.1% last year. She reviewed the unfunded actuarial accrued liabilities. Ms. Jones reviewed the salary scales. She stated that they assumed a 5.0% salary increase and the actual average salary increase was 11.4% which was a source of the actuarial loss.

Mr. Jones reviewed the summary of assets. She reviewed the revenues and expenditures. She reviewed the reconciliation of DROP Account balances. Ms. Jones reviewed the development of the smoothed value of pension plan assets. There was discussion on the assumed investment rate of return. There was discussion on the market and the impact on future Valuations. She reviewed the amortization of the unfunded actuarial accrued liability. A motion was made, seconded and carried 4-0 to approve the Actuarial Valuation as of October 1, 2023.

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 6.75% in the Valuation. Ms. Gainfort stated that it was reasonable to assume that the assets would return 6.75% over the short term, mid-term and long term. A motion was made, seconded and carried 4-0 to determine the expected rate of return using the rate of 6.75%. Ms. Gainfort stated that she would prepare the letter to be sent to the State.

Ms. Jones provided the Share Account Allocations as of October 1, 2023. A motion was made, seconded and carried 4-0 to approve the Share Account Allocations as of October 1, 2023.

### **INVESTMENT MONITOR REPORT**

Jennifer Gainfort appeared before the Board. She discussed a firm announcement involving the merger of AndCo with Mariner. She stated that AndCo was being acquired by Mariner. She stated that Mariner is a strategic partner, and they do business in all 50 states. They are a well-resourced firm. Mariner is acquiring everyone at AndCo except for one marketing person, who was offered a job but at a demotion. There are no changes to the services currently offered by AndCo or to the service team. The target date for the merger is April 2, 2024. She stated that the only noticeable change would be to their name. She stated that they are required to notify the Board of such transactions and ask for consent due to SEC regulations. There was a lengthy discussion. Ms. Jensen stated that they were still working with AndCo on the Consent for Assignment. A motion was made, seconded and carried 4-0 to authorize the Chair to sign the Consent for Assignment of Investment Advisory Agreement once it has been finalized.

Ms. Gainfort reported on the performance for the quarter ending December 31, 2023. She reviewed the market environment for the period ending December 31, 2023. She stated that it was a great start to the fiscal year. She stated that 2023 was a very good year for stocks, which was not really projected. A recession did not happen in 2023 but that does not necessarily mean that the market is in the clear yet. She stated that the Fed started raising interest rates in March 2022. Historically a recession is about two years after interest rate hikes start. She stated that the markets might see some sort of slowdown. The Fed is expected to cut rates by 75 basis points this year. Ms. Gainfort stated that everything was positive for the quarter and the year.

Ms. Gainfort reported on the performance of the Fund for the quarter ending December 31, 2023. The total market value of the Fund as of December 31, 2023 was \$40,376,203. The asset allocation was 58.4% in domestic equities; 9.1% in international; 18.0% in domestic fixed income; 3.9% in global fixed income; 10.6% in real estate; and 0.0% in cash.

Ms. Gainfort reviewed the performance for the quarter ending December 31, 2023. The total portfolio was up 8.88% net of fees for the quarter ending December 31, 2023 while the benchmark was up 8.54%. The total equity portfolio was up 11.48% for the quarter while the benchmark was up 11.73%. The total domestic equity portfolio was up 11.98% for the quarter while the benchmark was up 12.07%. The total international portfolio was up 8.38% for the quarter while the benchmark was up 9.82%. The total fixed income portfolio was up 7.14% for the quarter while the benchmark was up 5.86%. The total

domestic fixed income portfolio was up 7.01% for the quarter while the benchmark was up 5.50%. The total global fixed income portfolio was up 7.79% for the quarter while the benchmark was up 7.32%. The total real estate portfolio was down 2.35% for the quarter while the benchmark was down 5.38%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 11.65% for the quarter while the S&P 500 was up 11.69%. The Parnassus Core portfolio was up 11.84% for the quarter while the S&P 500 was up 11.69%. The Vanguard Mid Cap Index portfolio was up 12.27% for the quarter while the Russell Mid Cap Index was up 12.82%. The Vanguard Total Stock Market portfolio was up 12.17% for the quarter while the Russell 3000 benchmark was up 12.07%. The EuroPacific Growth portfolio was up 10.37% for the quarter while the benchmark was up 9.82%. The Dimensional Fund Advisors portfolio was up 6.48% for the quarter while the benchmark was up 8.28%. The PIMCO Diversified Income was up 7.79% for the quarter while the benchmark was up 7.32%. The Garcia Hamilton portfolio was up 7.01% for the quarter while the benchmark was up 5.50%. The Principal portfolio was down 2.35% for the quarter while the NCREIF was down 5.38%. Ms. Gainfort stated that it was a great quarter. She has no complaints with any of the managers. The portfolio is working very well. The fees are about 36 basis points, which is very low and giving strong performance.

Ms. Gainfort discussed the funding needs of the Village. She stated that the Village has requested \$600,000 in cash flow needs. She stated that the Fund is overweight in domestic equities so that is where she recommended pulling the money from. She recommended taking \$200,000 each from Parnassus, JP Morgan, and the Vanguard Total Stock portfolios. A motion was made, seconded and carried 4-0 to raise \$600,000 for the funding needs of the Village by selling \$200,000 from Parnassus; \$200,000 from JP Morgan; and \$200,000 from Vanguard Total Stock.

Ms. Gainfort presented a fixed income manager review as of December 31, 2023. She stated that the Board had requested this at the last meeting given the underperformance of Garcia Hamilton. She presented 5 candidates: Baird Advisors, CS McKee, Loomis Sayles, Vanguard, and Garcia Hamilton. She noted that Vanguard is not an intermediate fixed income manager, so performance is not really apples to apples. She reviewed each firm and their investment options available to the Fund. CS McKee and Garcia Hamilton offer separate accounts while the others would be a mutual fund. She reviewed the performance characteristics as of December 31, 2023, including average duration and quality distribution. Ms. Gainfort stated that Garcia Hamilton currently expects interest rates to pull back. It was noted that every year Baird Advisors did better than Garcia Hamilton. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to change the fixed income manager from Garcia Hamilton to Baird Advisors.

The Board was provided with a leadership announcement from Principal dated January 2024. It was noted that the current global head of investments and President and Chairman of Principal Funds will be the new President and CEO of Principal Asset Management. Ms. Gainfort stated that there is no impact on the Principal Real Estate Fund. She stated that the person does not run nor are they a part of the Real Estate Team.

### **ATTORNEY REPORT**

Ms. Jensen provided a Memorandum regarding the IRS Mileage Rate for 2024 dated January 2024. She noted that effective January 1, 2024 the mileage rate has been increased to 67.0 cents per mile.

Ms. Jensen provided the Board with a Memorandum regarding the 2024 Online Form 1 Filing dated January 2024. She stated that the Trustees are now mandated to file the Form 1 online. She provided the link to the website for them to register online and complete the Form.

### **ADMINISTRATIVE REPORT**

Ms. Adcock presented the Board with the benefit calculation and election approval, as well as Share Account distribution for Brenda Taft, 50% beneficiary of Adam Taft. A motion was made, seconded and carried 4-0 to approve the benefit calculation and election, as well as the Share Account distribution for Brenda Taft.

Ms. Adcock presented the disbursement list. A motion was made, seconded and carried 4-0 to approve and pay all listed disbursements.

Ms. Adcock reported that the comprehensive report that was required to be filed by House Bill 3 was filed prior to the December 15<sup>th</sup> deadline.

The Board was provided with certification from the Resource Centers that they successfully completed their SOC 1 Type 2 Audit and received a clean opinion as of September 30, 2023.

### **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Sean Grant, Secretary