

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
May 14, 2014**

The meeting was called to order at 10:01 A.M. in the Conference Room on the First Floor at Village Hall in Palm Springs, Florida. Those persons present were:

**TRUSTEES**

Tim Conboy  
James Gregory  
Gene Hall (10:25 A.M.)  
Darrell Diez

**OTHERS**

Bonni Jensen, Attorney  
Margie Adcock, The Resource Centers  
John Thinnes, Bogdahn Consulting  
Chris Long, Manning & Napier  
George Nobilski, Manning & Napier (via teleconference)

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held January 27, 2014. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held January 27, 2014.

**INVESTMENT MANAGER: MANNING & NAPIER**

Chris Long appeared before the Board and George Nobilski appeared via teleconference. Mr. Long provided a brief background. He reviewed their strategy in selecting securities. He reviewed the performance of the portfolio. The total market value of the portfolio as of March 31, 2014 was \$1,998,367. The portfolio was up 2.13% while the benchmark was up .51%. He reviewed the portfolio characteristics and the top 10 holdings. Mr. Nobilski stated that the portfolio has done pretty well. For the one year, the portfolio was up 15.95% while the benchmark was up 12.31%. He noted that while the portfolio has done well, not all countries have done that well. He stated that they are trying to keep the risk level low. He discussed the market environment. He stated that overall there has been a lot of news country by country over the past year to three years. He stated that they are a bit overweight in Europe which has largely helped performance. Europe is a good safe haven for many solid companies. He stated that they have been underweight to emerging market countries over the past several years, noting that emerging markets have struggled. This underweighting has helped the portfolio significantly. Mr. Nobilski reviewed the country allocation. He stated that the largest weighting is in the United Kingdom. They were vastly underweight in Japan. He noted that Japan was flat for the quarter and has lagged over the last year, 3 and 5 year periods. Japan has tough demographics, is a high cost producer, is surrounded by countries that can produce low cost, and has very high debt. He stated that Japan's allocation in the benchmark is 15%

while the portfolio has under a 3% allocation to Japan. He stated that he is comfortable with the way the portfolio is positioned, noting that the positions have not changed a lot. He reviewed the portfolio as of March 31, 2014.

Chris Long and George Nobilski departed the meeting.

Gene Hall entered the meeting.

### **INVESTMENT MONITOR REPORT**

John Thinnes appeared before the Board. He reviewed the market environment for the period ending March 31, 2014. He stated that the quarter was more volatile than over the last year. He noted that even with that volatility the benchmarks were, in general, still positive. Emerging markets was the only market that was negative in the quarter. He reported on the performance of the Fund for the quarter ending March 31, 2014. The total market value of the Fund as of March 31, 2014 was \$18,661,805. The asset allocation was 56.5% in domestic equities; 10.7% in international; 27.8% in domestic fixed income; 4.7% in global fixed income; and .3% in cash. The asset allocation by manager was 56.5% with Vanguard Total Stock Market; 28.1% with Garcia Hamilton Fixed Income; 10.7% with Manning & Napier; and 4.7% with Templeton Global Fixed Income.

The total portfolio was up 1.88% net of fees for the quarter ending March 31, 2014 while the benchmark was up 1.71%. The total equity portfolio was up 2.05% while the benchmark was up 1.77%. The total domestic equity portfolio was up 2.03% for the quarter while the benchmark was up 1.97%. The total fixed income portfolio was up 1.61% for the quarter while the benchmark was up 1.49%. The total domestic fixed income portfolio was up 1.81% for the quarter while the benchmark was up 1.20%. The total international portfolio was up 2.13% for the quarter while the benchmark was up .61%. The total global fixed income portfolio was up .46% for the quarter while the benchmark was up 3.13%.

Mr. Thinnes reviewed the performance of the individual manager portfolios. The Vanguard Total Stock Market portfolio was up 2.03% for the quarter while the Russell 3000 benchmark was up 1.97%. Mr. Thinnes stated that the Vanguard Total Stock Market is very cheap and efficient. There are no surprises and the Fund knows what it is going to get. The Manning & Napier portfolio was up 2.13% for the quarter while the benchmark was up .61%. The Garcia Hamilton portfolio was up 1.81% for the quarter while the benchmark was up 1.20%. The Templeton Global Total Return portfolio was up .46% while the benchmark was up 3.13%. Mr. Thinnes stated that Templeton is the black eye in the Fund's portfolio, but it is the best product out there. They still strongly support this manager and believe it will be a good allocation long term.

Mr. Thinnes stated that it was a good quarter and great fiscal year so far. He is happy with the allocations and the managers currently in place.

Mr. Thinnes discussed real estate. He stated that the Fund needed to do something to generate a higher fixed income return. He stated that this would be a new allocation for the Fund. He reviewed the real estate return numbers and discussed the diversification

benefits. He noted that real estate is not correlated to other asset classes. He reviewed the risk and return analysis. He reviewed historical returns. He presented an open-end diversified core real estate fund review. He reviewed the manager options: American Core Realty Fund; ASB Allegiance Real Estate Fund; Cornerstone Patriot Fund; J.P Morgan Strategic Property Fund; Morgan Stanley Prime Property Fund; Principal US Property Account; and UBS Trumbull Property Fund. He stated that the Fund did not meet the minimum funding requirements for J.P Morgan, Morgan Stanley and UBS. He stated that Cornerstone does not accept fiduciary duty. He reviewed the property sector allocations as of December 31, 2013. There was a lengthy discussion. Mr. Thinnes stated that he thinks ASB and Principal would be the best fit for this Fund. He would recommend the Board invite both managers to make a presentation at the next meeting. A motion was made, seconded and carried 4-0 to invite ASB and Principal to attend the next meeting to make presentations to the Board.

### **ATTORNEY REPORT**

Ms. Jensen provided a Legislative Update. She also reminded the Board to file their Financial Disclosure Form 1.

Ms. Jensen stated that she sent correspondence to the Village to see how future premium tax monies should be used. She stated that the Village and the Union need to negotiate this and let the Board know what is going to be done. The Board felt that the monies should be put into the Share Accounts. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to authorize the Attorney to send a letter to the Village and Union recommending that they allocate the 185 premium tax monies to the Share Accounts as has been done in the past.

### **ADMINISTRATIVE REPORT**

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

Ms. Adcock presented the Board with the benefit calculation and election approval for Karl Umberger. A motion was made, seconded and carried 4-0 to approve the benefit election.

### **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary