

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
November 4, 2014**

The meeting was called to order at 10:00 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  
Robert Perez

**OTHERS**

Bonni Jensen, Attorney  
Margie Adcock, The Resource Centers  
Tyler Grumbles, Bogdahn Consulting  
Janna Hamilton, Garcia Hamilton

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held August 5, 2014. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held August 5, 2014.

**INVESTMENT MANAGER REPORT – GARCIA HAMILTON**

Janna Hamilton appeared before the Board. She provided a brief background of the firm. She stated that they invest in high quality bonds rated A or better. They do not invest in derivatives. They actively manage the portfolio. She stated that they were awarded the Institutional Investor's 2014 Fixed Income Investment Grade Manager of the Year Award. Ms. Hamilton reviewed the performance of the portfolio as of September 30, 2014. The total market value as of September 30, 2014 was \$5,745,827.84. The portfolio was up .3% for the quarter while the benchmark was flat. Since inception of March 31, 2012 through September 30, 2014 the portfolio was up 4.2% while the benchmark was up 1.9%. Ms. Hamilton noted that the Fed stopped quantitative easing in October. She reviewed historical sector weights since inception through September 30, 2014. They still feel the economy has ups and downs. The market sentiment is still on the bearish side. They do not agree so much and think rates will be more sideways and maybe down before they move up. She reviewed the asset allocation. The portfolio is comprised of 52% Treasuries; 9% corporates; 4% agencies and 35% mortgages. She stated that they are staying more conservative with an overweight in Treasuries. She reviewed the portfolio holdings as of September 30, 2014.

**INVESTMENT MONITOR REPORT**

Mr. Grumbles appeared before the Board. He reviewed the market environment for the period ending September 30, 2014. He stated that there was a pullback in the equity markets at the end of the quarter. International markets were down because of the US

dollar appreciation. All major indices were positive for the one year. It was noted that the worst performing sectors were energy and utilities. He reported on the performance of the Fund for the quarter ending September 30, 2014. The total market value of the Fund as of September 30, 2014 was \$19,566,058. The asset allocation was 56.5% in domestic equities; 9.5% in international; 29.1% in domestic fixed income; 4.6% in global fixed income; and .2% in cash. The total portfolio was down 1.01% net of fees for the quarter ending September 30, 2014 while the benchmark was down .65%. The total equity portfolio was down 1.53% while the benchmark was down .77%. The total domestic equity portfolio was down .01% for the quarter while the benchmark was up .01%. The total fixed income portfolio was up .13% for the quarter while the benchmark was down .45%. The total domestic fixed income portfolio was up .27% for the quarter while the benchmark was up .03%. The total international portfolio was down 9.66% for the quarter while the benchmark was down 5.19%. The total global fixed income portfolio was down .75% for the quarter while the benchmark was down 3.17%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The Vanguard Total Stock Market portfolio was down .01% for the quarter while the Russell 3000 benchmark was up .01%. The Manning & Napier portfolio was down 9.66% for the quarter while the benchmark was down 5.19%. The Garcia Hamilton portfolio was up .27% for the quarter while the benchmark was up .03%. The Templeton Global Total Return portfolio was down .75% while the benchmark was down 3.17%.

Mr. Grumbles discussed Manning & Napier. He stated that they have put them on watch because of the drastic underperformance. He stated that they have concerns with their stock selection. He stated that they held a stock that went down 38% and are still holding onto that stock. He stated that they are losing confidence in them at this point and their performance is struggling so far this current quarter. Mr. Grumbles stated that he thinks the Fund should keep an allocation and diversification in international. There was a lengthy discussion. He stated that if the Board wanted to do something today, they could move the money from Manning & Napier to the Vanguard Total International Index Fund. It was noted that the agreement with Manning & Napier had a termination provision requiring 30 days written notice but that Manning & Napier would most likely waive that notice requirement. He stated that he could bring other options to the next meeting. He stated that he does recommend having an active manager in that asset allocation. There was further discussion. A motion was made, seconded and carried 4-0 to terminate Manning & Napier and move the money to the Vanguard Total International Index Fund.

### **ATTORNEY REPORT**

Ms. Jensen appeared before the Board. She reminded the Board that she moved to a full time partner with Klausner, Kaufman, Jensen & Levinson effective October 1, 2014. She provided an Assignment and Assumption effective October 1, 2014. The Board signed the Assignment and Assumption.

Ms. Jensen presented the Agreement with Principal for execution. The Board signed the Agreement with Principal.

Ms. Jensen discussed the new reporting requirements that the Actuary will need to do as a result of new legislation. She discussed the new reporting requirements. She stated that

the rules are not yet complete from the State as to some of the issues that have been raised. She stated that comments have been filed and the State is reviewing them before they issue the final rules. She stated that there will be additional actuarial costs in order to perform the new reporting requirements. She anticipated the cost would be about \$3,000. A motion was made, seconded and carried 4-0 to authorize the Actuary to perform the additional reporting requirements for the Fund to be in compliance with the law.

Ms. Jensen reported that the Fund filed the 2013 Annual Report and received the premium tax monies. She stated that the Division of Retirement wants the Board to file information for the years where the Fund did not file Annual Reports but did not receive any premium tax monies. Ms. Adcock advised that she would file the financial pages that have been requested by the Division.

Ms. Jensen reported that the IRS has extended the normal retirement age rules for governmental plans. She noted that the IRS has delayed making final rules since 2006. She advised that she would continue to monitor this issue.

Ms. Jensen stated that now that the Fund has received the 185 monies, the Actuary needs to know how to apply the monies. She sent a letter to the Village and the Union regarding the matter. She stated that prior to the termination of the Plan, the Village would use a certain amount as an offset to their contribution and then the remainder would be put into the Share Account. She has asked the Village and the Union for guidance. In the meantime, the amount is set up in a reserve account pending direction.

### **ADMINISTRATIVE REPORT**

The Board was provided the Share Account allocations. A motion was made, seconded and carried 4-0 to approve the Share Account allocations.

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

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

### **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary