

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
February 2, 2016**

The meeting was called to order at 10:02 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 (10:30 A.M.)  
Robert Perez  
Darrell Diez

**OTHERS**

Bonni Jensen, Attorney  
Margie Adcock, The Resource Centers  
Tyler Grumbles, Bogdahn Consulting  
Larry Wilson, Actuary

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held November 10, 2015. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held November 10, 2015.

**INVESTMENT MONITOR REPORT**

Tyler Grumbles appeared before the Board. He reviewed the market environment for the period ending December 31, 2015. He stated that there was good news for the quarter ending December 31, 2015. He stated that the U.S. dollar continued to appreciate. Japan lowered rates to negative interest rates. As a foreign investor he thinks it will be a headwind for the U.S. It was a tough quarter for active management to beat the benchmark. Only 14% of active managers beat the benchmark. He stated that the portfolio lagged a little on the equity side by exposure to midcap. The Fed raised rates in December, which was the first time in seven years. He does not think the Fed will raise rates further at the next meeting.

Mr. Grumbles reported on the performance of the Fund for the quarter ending December 31, 2015. The total market value of the Fund as of December 31, 2015 was \$20,815,134. The asset allocation was 55.5% in domestic equities; 9.8% in international; 20.5% in domestic fixed income; 4.8% in global fixed income; 9.4% in real estate; and .0% in cash. The total portfolio was up 3.27% net of fees for the quarter ending December 31, 2015 while the benchmark was up 4.00%. The total equity portfolio was up 4.73% while the benchmark was up 5.82%. The total domestic equity portfolio was up 5.05% for the quarter while the benchmark was up 6.27%. The total fixed income portfolio was down .14 for the quarter while the benchmark was down .51%. The total domestic fixed income portfolio was down .69% for the quarter while the benchmark was down .51%. The total international portfolio was up 2.97% for the quarter while the benchmark was up 3.30%.

The total global fixed income portfolio was up 2.25% for the quarter while the benchmark was down .58%. The total real estate portfolio was up 2.74% for the quarter while the benchmark was up 3.47%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 5.65% for the quarter while the S&P 500 was up 7.04%. The Parnassus Core portfolio was up 4.83% for the quarter while the S&P 500 was up 7.04%. The Vanguard Mid Cap Index portfolio was up 3.44% for the quarter while the Russell Mid Cap Index was up 3.62%. The Vanguard Total Stock Market portfolio was up 6.26% for the quarter while the Russell 3000 benchmark was up 6.27%. The EuroPacific Growth portfolio was up 2.97% for the quarter while the benchmark was up 3.30%. The Garcia Hamilton portfolio was down .69% for the quarter while the benchmark was down .51%. The Templeton Global Total Return portfolio was up 2.25% while the benchmark was down .58%. The Principal portfolio was up 2.74% for the quarter while the NCREIF was up 3.47%.

James Gregory entered the meeting.

### **ACTUARY REPORT**

Larry Wilson appeared before the Board to present the Actuarial Valuation as of October 1, 2015. Mr. Wilson noted that the Valuation set for the contribution requirements for the fiscal year ending September 30, 2017. He stated that the Valuation includes the changes the Board approved from the experience study. He stated that the experience outperformed the assumptions which reduced the cost from last year. He noted that the Fund would be receiving Chapter 185 money from the State again. There is a new Florida Statute regarding the state monies which provides for default provisions if there is not mutual consent between the Village and the Union on how to use the state monies. The 2015 premium tax monies are not subject to the new law. He stated that there is \$33,000 in reserve from the Chapter 185 monies which could be used in a Share Plan.

Ms. Jensen stated that if the Village and the Union agree to the usage of the Chapter 185 right now it could be included in the Valuation. If it goes back to the way it once was, the monies would be used for a Share Plan. In the absence of agreement, the reserve amount will be split 50%/50% between allowing the City to offset their contribution and the establishment of a Share Plan. Mr. Diez stated that, although there is nothing in writing, at recent negotiations the Village and the Union agreed to a split of 75% to the Fund and 25% to the Village. Ms. Jensen stated that she would prepare a letter to the Village and the Union regarding the mutual agreement.

Mr. Wilson reviewed the total contribution requirement. He stated that this Valuation determines the contribution for the fiscal year ending September 30, 2017. The total minimum required contribution for fiscal year beginning October 1, 2016 is \$1,355,361, with \$1,221,733 from the Village and State, and \$117,695 from the members. Mr. Wilson reviewed the changes in the actuarial assumptions and Plan benefits. He stated that the assumed investment return was updated to 7.45%. Additionally, employee withdrawal rates, salary increase rates, retirement rates and mortality rates were also updated. There were no changes in Plan benefits.

Mr. Wilson reviewed the cost data comparison from last year. He reviewed the actuarial gains/losses for plan year ending September 30, 2015 and noted that there was an actuarial gain of \$353,381. He stated that based on the smoothed value of assets, the approximate gain due to investments was \$116,517. He reviewed the allocation of assets at market value. He reviewed the development of the smoothed value of pension plan assets. It was noted that there was unrecognized investment losses of \$563,060 which will need to be recognized over 4 years. Mr. Wilson reviewed the accounting disclosure exhibits for GASB 67 and GASB 68. A motion was made, seconded and carried 4-0 to approve the Actuarial Valuation as of October 1, 2015.

Ms. Jensen stated that at the last meeting the Board decided to incrementally decrease the assumed investment rate of return. She stated 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. A motion was made, seconded and carried 4-0 to determine the expected rate of return using the rate of 7.45% with a reduction of 5% per year until the rate of 7.25% is reached. Mr. Grumbles presented a letter for the Board to send to the State.

### **ATTORNEY REPORT**

Ms. Jensen stated that she filed the IRS Determination Letter. She will keep the Board apprised when she hears back from the IRS.

Ms. Jensen provided a Memorandum dated December 5, 2015 regarding an Insurance Premium Tax (IPT) Database Reminder. She stated that the last time the Village updated the database was on January 1, 2016, which shows the Village is really paying attention and keeping the database up to date.

Ms. Jensen provided a Memorandum dated January 2015 regarding the IRS mileage rate effective January 1, 2016.

Ms. Jensen provided a Legislative update. She discussed the normal retirement age rules. She stated that rules just came out at the end of last week which will become effective in 2017. She stated that this will not impact any of the Plan members. It will only impact those that are hired after the effective date in 2017. She stated that the rules adopted all of the governmental normal retirement dates so a 20 and out normal retirement is acceptable.

### **ADMINISTRATIVE REPORT**

Ms. Adcock presented the Share Account Allocations as of September 30, 2015 that were prepared by the Actuary. A motion was made, seconded and carried 4-0 to approve the Share Account Allocations as of September 30, 2015.

Ms. Adcock reported on an overpayment made to Orville Wright. It was noted that on October 1, 2014 he was given a COLA in the incorrect amount. His total gross amount should have been increased to \$2,897.19, as opposed to \$2,987.19. As such, he received \$90 a month too much since October 2014 (15 months) for a total overpayment of \$1,350 for the time period of October 2014 – December 2015. Ms. Jensen had advised that the Pension Plan document provides that overpayments shall be charged against payments

“next succeeding the correction.” The Plan also provides that overpayments shall be collected at an interest rate approved by the Board of Trustees. Mr. Wright had requested to pay back the overpayment in 10 equal payments with no interest as this was not an error on his part. There was a lengthy discussion. A motion was made to allow Mr. Wright to pay back the overpayment in 10 equal payments with no interest.

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