

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

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
Robert Perez

OTHERS

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

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held May 3, 2016. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held May 3, 2016.

INVESTMENT MONITOR REPORT

Tyler Grumbles appeared before the Board. He reviewed the market environment for the period ending June 30, 2016. He stated that Brexit occurred in the quarter where the UK elected to leave the European Union. The market had a pretty big pull back in the following days but the market snapped back after that and is on a good pace now. He stated that he is not sure if the impact of Brexit will really be known for a long time. Mr. Grumbles stated that it was a nice, strong quarter for domestic equities. Value did much better than growth for the quarter. He stated that a lot had to do with interest rates declining and people looked for higher dividend paying stocks. Energy was a good performing sector. Information technology and consumer discretion were the worst performing sectors. Mr. Grumbles provided a firm update. He stated that they have \$64 billion in assets under advisement. They have 71 employees.

Mr. Grumbles reported on the performance of the Fund for the quarter ending June 30, 2016. The total market value of the Fund as of June 30, 2016 was \$21,357,554. The asset allocation was 55.6% in domestic equities; 9.3% in international; 20.8% in domestic fixed income; 4.7% in global fixed income; 9.5% in real estate; and .0% in cash. The total portfolio was up 1.46% net of fees for the quarter ending June 30, 2016 while the benchmark was up 1.88%. The total equity portfolio was up 1.49% while the benchmark was up 2.18%. The total domestic equity portfolio was up 1.80% for the quarter while the benchmark was up 2.63%. The total fixed income portfolio was up 1.14% for the quarter while the benchmark was up 2.19%. The total domestic fixed income portfolio was up 1.28% for the quarter while the benchmark was up 1.44%. The total international portfolio was down .32% for the quarter while the benchmark was down .40%. The total

global fixed income portfolio was up .52% for the quarter while the benchmark was up 5.20%. The total real estate portfolio was up 2.26% for the quarter while the benchmark was up 2.18%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 1.45% for the quarter while the S&P 500 was up 2.46%. Mr. Grumbles noted that stock selection, in particular technology stocks and health care, were the primary detractors from the portfolio. The Parnassus Core portfolio was up .77% for the quarter while the S&P 500 was up 2.46%. Mr. Grumbles noted that their stock selection in health care detracted from the portfolio. The Vanguard Mid Cap Index portfolio was up 2.33% for the quarter while the Russell Mid Cap Index was up 3.18%. The Vanguard Total Stock Market portfolio was up 2.67% for the quarter while the Russell 3000 benchmark was up 2.63%. The EuroPacific Growth portfolio was down .32% for the quarter while the benchmark was down .40%. The Garcia Hamilton portfolio was up 1.28% for the quarter while the benchmark was up 1.44%. Mr. Grumbles noted that corporates did much better than government bonds and Garcia Hamilton had more in government bonds. The Templeton Global Total Return portfolio was up .52% while the benchmark was up 5.20%. Mr. Grumbles noted that Templeton has really struggled over the last year. He stated that there are no growth fixed income managers that beat the Index. He stated that Templeton is positioned short versus interest rates. However, interest rates have not risen but rather fallen. They are also positioned short versus the Yen. He stated that longer term he thinks Templeton is really solid but they have had some major short term struggles. The Principal portfolio was up 2.26% for the quarter while the NCREIF was up 2.18%. Mr. Grumbles stated that indexing has done better than active management. The Fund has a good mix of active and indexing.

ATTORNEY REPORT

Ms. Jensen stated that she has not heard anything from the IRS regarding the Determination Letter that was filed. She will keep the Board apprised when she hears back from the IRS.

Ms. Jensen discussed the requirement of mutual consent regarding the state premium tax monies. She stated that there have been negotiations between the Union and the Village and she was present to help answer some questions. The parties are working on putting something in writing but there is no signed agreement at this time that she is aware of. She stated that the parties basically agreed to the default provision which provides a split of 50%-50% going forward. She stated that the current amount the Village uses to offset its contribution will continue. There was a lengthy discussion.

ADMINISTRATIVE REPORT

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

Ms. Adcock presented the Board with the cost of living amount effective October 1, 2016 from the Actuary. It was noted that the retirees will receive a .6% cost of living adjustment effective October 1, 2016.

Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on November 1, 2016. A motion was made, seconded and carried 3-0 to renew the Fiduciary Liability Insurance with the cost not to exceed \$5,000.

Ms. Adcock presented a draft administrative expense budget for fiscal year 2017 that is required by Section 175.061(8)(a)2, Florida Statutes. The Board reviewed the draft budget. There was a lengthy discussion. Ms. Jensen stated that with respect to the budget line related to the Actuary, she recommended it be increased to \$30,000 because she knows that an amendment to the Ordinance will be necessary and the Actuary will be calculating Share Accounts again. The Board agreed to increase the budget line related to actuary to \$30,000. A motion was made, seconded and carried 3-0 to adopt the administrative expense budget as amended and provide the budget to the Village in compliance with Section 175.061(8)(a)2, Florida Statutes.

Ms. Adcock noted that the terms of James Gregory and Darrell Diez are due to expire on September 30, 2016. She stated that she will conduct an election for those positions. It was noted that both James Gregory and Darrell Diez were interested in serving another term on the Board. Ms. Adcock also noted that the Village appointed Trustee position that was held by Gene Hall is still vacant. If the Board knows of anyone interested in this position they should refer the person to the Village Clerk.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary