

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
November 1, 2016**

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

TRUSTEES

Tim Conboy
James Gregory
Robert Perez
Dawn Cox

OTHERS

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

WELCOME NEW TRUSTEE DAWN COX

The Board welcomed Dawn Cox as the new Village Trustee. It was noted that she is replacing the Village Trustee position that was previously held by Gene Hall.

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held August 2, 2016. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held August 2, 2016.

INVESTMENT MANAGER REPORT – GARCIA HAMILTON & ASSOCIATES

Janna Hamilton appeared before the Board. She reviewed their investment goal which is to outperform the benchmark, net of fees, over a full market cycle using a high quality strategy with less risk, lower volatility and low turnover. She reviewed the performance for the quarter ending September 30, 2016. The total market value of the portfolio as of September 30, 2016 was \$4,638,811.06. The asset allocation was 95.5% in fixed income and 4.5% in cash. The portfolio was up .4% for the quarter ending September 30, 2016 while the benchmark was up .3%. For the fiscal year to date, the portfolio was up 4% while the benchmark was up 3.6%. Ms. Hamilton discussed the market environment. She stated that the Fed has been holding off on raising interest rates but she thinks they will raise the rates in December. She stated that she thinks the economic improvement has lagged. She expects to see the yield curve flatten with the anticipation of the Fed raising rates. She reviewed the current fixed income market factors. She stated that the market remains neutral on sentiment, monetary, valuation, economic and inflation factors. Ms. Hamilton reviewed the portfolio characteristics as of September 30, 2016. She stated that they started to add back into corporates in the last quarter. The U.S. looks better than the world economies. Greece and Spain have high unemployment rates. She stated that this

year their company received the 2016 Institutional Investor Intermediate-Term Fixed Income Manager of the Year Award. This is the second year in a row that they have received this Award and the third year in a row where they have been honored by Institutional Investor.

INVESTMENT MONITOR REPORT

Tyler Grumbles appeared before the Board. He stated that The Bogdahn Group would be rebranding its name. The change will occur early in 2017. He stated that the name will reflect the company's independence as well as the company's desire to always put the client first. He informed the Board that this is an important milestone as Joe Bogdahn has transitioned over the majority of his ownership to the new generations leaders.

Mr. Grumbles reviewed the market environment for the period ending September 30, 2016. He stated that returns for the quarter were very good. All markets were positive. He stated that information technology and financials were the best performing sectors while telecommunication services and utilities were the worst performing sectors.

Mr. Grumbles reported on the performance of the Fund for the quarter ending September 30, 2016. The total market value of the Fund as of September 30, 2016 was \$22,872,559. The asset allocation was 55.2% in domestic equities; 10.3% in international; 20.3% in domestic fixed income; 5.2% in global fixed income; 9.1% in real estate; and .0% in cash. The total portfolio was up 3.54% net of fees for the quarter ending September 30, 2016 while the benchmark was up 3.55%. The total equity portfolio was up 5.13% while the benchmark was up 4.79%. The total domestic equity portfolio was up 4.60% for the quarter while the benchmark was up 4.40%. The total fixed income portfolio was up .12% for the quarter while the benchmark was up .86%. The total domestic fixed income portfolio was up .23% for the quarter while the benchmark was up .31%. The total international portfolio was up 8.23% for the quarter while the benchmark was up 7.00%. The total global fixed income portfolio was down .34% for the quarter while the benchmark was up 3.18%. The total real estate portfolio was up 2.01% for the quarter while the benchmark was up 2.13%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 4.25% for the quarter while the S&P 500 was up 3.85%. The Parnassus Core portfolio was up 4.60% for the quarter while the S&P 500 was up 3.85%. The Vanguard Mid Cap Index portfolio was up 5.18% for the quarter while the Russell Mid Cap Index was up 4.52%. The Vanguard Total Stock Market portfolio was up 4.42% for the quarter while the Russell 3000 benchmark was up 4.40%. The EuroPacific Growth portfolio was up 8.23% for the quarter while the benchmark was up 7.00%. The Garcia Hamilton portfolio was up .23% for the quarter while the benchmark was up .31%. The Templeton Global Total Return portfolio was down .34% while the benchmark was up 3.18%. Mr. Grumbles noted that Templeton has struggled over the last year. He stated that they are shorting U.S. interest rates, heavily into emerging markets currency and shorting the Yen and Euro which has all hurt their performance. He stated that in October the trends are reversing and they were up 4.3% and in the top percentile. He noted that over time their results have been very good. He stated that they are still comfortable with them and have a lot of faith in them. The things

Templeton are doing still make sense to them. The Principal portfolio was up 2.01% for the quarter while the NCREIF was up 2.13%.

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 the Union and the Village have reached a tentative agreement. She stated that there is about \$32,000 that is waiting to be allocated and the parties have agreed to allocate that amount to the Village's contribution. Going forward, any increase received over the 2012 amount received will be split evenly between the Village and the Plan for the Share Accounts

Janna Hamilton departed the meeting.

ADMINISTRATIVE REPORT

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

Ms. Adcock reported that an election was held for the positions held by James Gregory and Darrell Diez, which terms expired on September 30, 2016. She stated that she no one ran against them so they were re-elected for another term.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary