

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
February 7, 2017**

The meeting was called to order at 10:03 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

OTHERS

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

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held November 1, 2016. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held November 1, 2016.

INVESTMENT MONITOR REPORT

Tyler Grumbles appeared before the Board. He stated that their firm was rebranded early last month and their name has been changed from the Bogdahn Group to AndCo Consulting. They changed their name to better reflect their vision for the future of their company and to acknowledge that their clients come first. It was noted that 5 of their employees became partners in early January.

Mr. Grumbles reviewed the market environment for the period ending December 31, 2016. He stated that the big news item in the quarter was the election. He stated that the markets initially reacted negatively to the election, but then turned around very quickly. He stated that international markets and fixed income markets were down for the quarter. The financial sector did very well, as did industrials and materials. Health care, consumer staples and real estate were down for the quarter.

Mr. Grumbles reported on the performance of the Fund for the quarter ending December 31, 2016. The total market value of the Fund as of December 31, 2016 was \$23,272,661. The asset allocation was 56.0% in domestic equities; 9.7% in international; 19.7% in domestic fixed income; 5.5% in global fixed income; 9.1% in real estate; and .0% in cash. The total portfolio was up 1.75% net of fees for the quarter ending December 31, 2016 while the benchmark was up 1.76%. The total equity portfolio was up 2.09% while the benchmark was up 3.41%. The total domestic equity portfolio was up 3.25% for the quarter while the benchmark was up 4.21%. The total fixed income portfolio was up

.62% for the quarter while the benchmark was down 2.62%. The total domestic fixed income portfolio was down 1.36% for the quarter while the benchmark was down 2.05%. The total international portfolio was down 4.15% for the quarter while the benchmark was down 1.20%. The total global fixed income portfolio was up 8.36% for the quarter while the benchmark was down 4.68%. The total real estate portfolio was up 2.47% for the quarter while the benchmark was up 2.19%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 4.53% for the quarter while the S&P 500 was up 3.82%. The Parnassus Core portfolio was up 2.24% for the quarter while the S&P 500 was up 3.82%. The Vanguard Mid Cap Index portfolio was up 2.14% for the quarter while the Russell Mid Cap Index was up 3.21%. The Vanguard Total Stock Market portfolio was up 4.12% for the quarter while the Russell 3000 benchmark was up 4.21%. The EuroPacific Growth portfolio was down 4.15% for the quarter while the benchmark was down 1.20%. The Garcia Hamilton portfolio was down 1.36% for the quarter while the benchmark was down 2.05%. The Templeton Global Total Return portfolio was up 8.36% while the benchmark was down 4.68%. The Principal portfolio was up 2.47% for the quarter while the NCREIF was up 2.19%. Mr. Grumbles stated that overall it was a very good quarter. He noted that in this environment returns are good. He stated that he thinks things are going well.

ACTUARY REPORT

Larry Wilson appeared before the Board. He provided information on GRS Advantage which is a client service website that provides access to client software, research, publications and training resources.

Mr. Wilson presented the Actuarial Valuation as of October 1, 2016. He noted that the Valuation set for the contribution requirements for the fiscal year ending September 30, 2018. He reviewed the total contribution requirement. The total minimum required contribution for fiscal year beginning October 1, 2017 is \$1,304,983, with \$1,111,041 from the Village, \$73,827 from the State, and \$120,115 from the members. Mr. Wilson stated that he took into account a draft Memorandum of Understanding between the Village and the Union agreeing to use \$28,913.28 to offset the Village contribution and split anything above that 50%-50% between the Village and the Share Accounts. He stated that if the final Memorandum of Understanding changes, then the contribution amounts may change. Mr. Wilson reviewed the changes in the actuarial assumptions and Plan benefits. He stated that the assumed investment return was reduced from 7.45% to 7.40%. Additionally, the mortality assumptions were updated based on the newest FRS table. 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, 2016 and noted that there was an actuarial loss of \$150,241. He stated that the salary experience was 6.9% compared to the assumed salary increase of 4.1% which caused an actuarial loss. There was no police officer turnover in the year so that caused an additional source of actuarial loss. The smoothed investment return of 7.59% versus the 7.45% assumption was a source of actuarial gain. Mr. Wilson reviewed the development of the smoothed value of pension plan assets. He noted that the funded ratio was 83.63%. He reviewed the schedule of

employer contributions since the fiscal year ending September 30, 2007. He reviewed the unfunded actuarial accrued liabilities. A motion was made, seconded and carried 3-0 to approve the Actuarial Valuation as of October 1, 2016.

Mr. Wilson presented the Share Account Allocations as of September 30, 2016. He stated that the Allocations are based on the draft Memorandum of Understanding. The Allocations cannot be considered final until the Memorandum of Understanding is finalized. A motion was made, seconded and carried 3-0 to approve the Share Account Allocations as of September 30, 2016 pending passage of the current draft Memorandum of Understanding.

Mr. Grumbles 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 3-0 to determine the expected rate of return using the rate of 7.40% with a reduction of 5% per year until the rate of 7.25% is reached. Mr. Grumbles stated that he would prepare a letter for the Board to send to the State. He stated that he would also update the Investment Policy Statement to reflect the change in the investment return to 7.40%. A motion was made, seconded and carried 3-0 to approve revising the Investment Policy Statement to reflect the change in the investment return to 7.40%.

ATTORNEY REPORT

Ms. Jensen provided a Memorandum dated November 23, 2016 regarding New Online Annual Report Requirements.

Mr. 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 provided a Memorandum dated December 2016 regarding the IRS Mileage Rate for 2017. She noted that effective January 1, 2017 the mileage rate has been reduced to 53.5 cents per mile.

Ms. Jensen provided a Memorandum dated January 2017 regarding Senate Bill 158-Firefighter Cancer Presumption. She stated that a bill has been proposed which would create a cancer presumption for firefighters. This is the second time such a bill has been proposed. She stated that this is a more streamlined version of the prior bill.

Mr. Jensen reported on an issue that has arisen in the City of Miami Beach regarding internal controls. She stated that an employee had moved money from the City's checking account over a six month period of time. She discussed the protections that are in place in this Plan with the Village and the Custodian. She discussed cyber liability insurance protection. She stated that she has already spoken with the Village over this issue. She stated that she thought the Board should obtain a memorandum from the Village for the Plan's file on the protections that are in place. She stated that she thought a similar request should be made of the Custodian to document the protections that they have in place. She further discussed cyber liability insurance. She stated that she would look into this insurance further for the Board. The Board directed Ms. Jensen to request

the Village and the Custodian for a memorandum on the protections that they have in place for the Plan.

Ms. Jensen provided an Addendum to the Agreement for New Name for AndCo Consulting. A motion was made, seconded and carried 3-0 to approve the Addendum to the Agreement for New Name for AndCo Consulting.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for Leroy Spruill. A motion was made, seconded and carried 3-0 to approve the benefit election.

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

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary