

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
May 2, 2017**

The meeting was called to order at 10:02 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
Darrell Diez

OTHERS

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

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held February 7, 2017. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held February 7, 2017.

INVESTMENT MONITOR REPORT

Tyler Grumbles appeared before the Board. He reviewed the market environment for the period ending March 31, 2017. He stated that the markets have been doing pretty good. The markets were up strong in the 1st quarter with international being up the most. Large cap did better than small cap stocks, and growth did better than value stocks. Mr. Grumbles stated that the market was optimistic overall but was not willing to gamble on smaller companies. Information technology, consumer discretionary and healthcare all did well in the quarter.

Mr. Grumbles reported on the performance of the Fund for the quarter ending March 31, 2017. The total market value of the Fund as of March 31, 2017 was \$24,744,236. The asset allocation was 55.7% in domestic equities; 10.0% in international; 20.2% in domestic fixed income; 5.4% in global fixed income; 8.7% in real estate; and .0% in cash. The total portfolio was up 4.67% net of fees for the quarter ending March 31, 2017 while the benchmark was up 4.42%. The total equity portfolio was up 6.28% while the benchmark was up 6.09%. The total domestic equity portfolio was up 5.75% for the quarter while the benchmark was up 5.74%. The total fixed income portfolio was up 1.60% for the quarter while the benchmark was up 1.11%. The total domestic fixed income portfolio was up .82% for the quarter while the benchmark was up .68%. The total international portfolio was up 9.37% for the quarter while the benchmark was up 7.98%. The total global fixed income portfolio was up 4.56% for the quarter while the

benchmark was up 2.90%. The total real estate portfolio was up 1.82% for the quarter while the benchmark was up 1.81%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 6.56% for the quarter while the S&P 500 was up 6.07%. The Parnassus Core portfolio was up 4.43% for the quarter while the S&P 500 was up 6.07%. The Vanguard Mid Cap Index portfolio was up 6.19% for the quarter while the Russell Mid Cap Index was up 5.15%. The Vanguard Total Stock Market portfolio was up 5.79% for the quarter while the Russell 3000 benchmark was up 5.74%. The EuroPacific Growth portfolio was up 9.37% for the quarter while the benchmark was up 7.98%. The Garcia Hamilton portfolio was up .82% for the quarter while the benchmark was up .68%. The Templeton Global Total Return portfolio was up 4.56% while the benchmark was up 2.90%. The Principal portfolio was up 1.82% for the quarter while the NCREIF was up 1.81%. Mr. Grumbles stated that if the Board wanted they could add to the real estate allocation to get the allocation up to the 10% target. The Board could commit another \$300,000, which would be taken at the time the money is called by way of rebalancing back to targets. There was a lengthy discussion. The Board decided to wait to make a decision for another quarter.

Mr. Grumbles reviewed his firm's ADV Disclosure Brochure and Privacy Notice. He stated that the documents outline the recent changes involving their firm including their name change from Bogdahn Consulting to AndCo Consulting and the additional ownership of the firm. He stated that there are no material changes in ownership and that Mike Welker has majority ownership. He also advised that they acquired some similar smaller firms over the year as well.

ATTORNEY REPORT

Ms. Jensen stated that she requested information from the Custodian regarding the security protections that they have in place for the Plan in terms of their internal controls as directed at the last meeting. She stated that Comerica provided her with their SOC 1 Audit yesterday but she was unable to open the document. She stated that she will obtain the information and provide it to the Board and discuss it further at the next meeting.

Ms. Jensen stated that she has not received a final Memorandum of Understanding between the Village and the Union. There was a discussion on the status. She stated that she would reach out to the Union and the Village regarding the matter.

Mr. Jensen stated that the Plan received a favorable Determination Letter from the IRS. She reviewed the Determination Letter, noting that an Amendment needed to be made to the Plan regarding rollover distributions. The Amendment needs to provide that a "distributee" includes a non-spouse beneficiary whose rollover options are limited to an individual retirement annuity. A motion was made, seconded and carried 4-0 to forward to the Village the proposed Amendment to the Plan required by the IRS.

Ms. Jensen provided a Memorandum dated May 2, 2017 regarding the Top Ten Internal Controls to Prevent and Detect Fraud. She stated that she thought it was a good way to frame the internal controls that the Board needs to look at. She reviewed the top ten internal controls with the Board.

Ms. Jensen provided a Memorandum dated May 2017 regarding the Annual Form 1 Filing. She advised that the Financial Disclosure is due to be filed by July 1, 2017.

ADMINISTRATIVE REPORT

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

Ms. Adcock advised that Dawn Cox resigned from the Board. It was noted that she had to resign as she was elected to the Village Council. As such, there is a vacancy on the Board.

OTHER BUSINESS

The Board reviewed a letter from the Actuary dated April 3, 2017 regarding compliance with Chapters 175 and 185 and Part VII of Chapter 112, Florida Statutes. It was noted that there are additional reporting requirements on the State's electronic portal that will require additional work from the Actuary. The cost for this additional work to prepare and file for this year will be a startup fee of \$1,000 to \$1,250, with an ongoing fee in subsequent years of \$400 to \$500. A motion was made, seconded and carried 4-0 to authorize the Actuary to file the necessary electronic reporting reports.

Ms. Jensen requested an increase in her fee to \$1,500 a quarter with an annual 3% cost of living increase. She stated that she thought she had provided the Board with a letter at the last meeting but realized it was never actually provided to the Board. She stated that she would provide the Board with a letter prior to the next meeting for the Board to consider at the August meeting.

Mr. Gregory requested an estimated calculation of his benefit to be prepared by the Actuary as he is considering entering the DROP. It was noted that the Actuary previously prepared an estimated calculation in 2015 for Mr. Gregory. It was reported that the Administrator can provide estimated calculations based on fiscal year payroll. However, sometimes a Participant might request the Actuary prepare an estimated calculation prior to retirement. In the past, if requested, the Board has allowed Participants to obtain a one-time estimated calculation prepared by the Actuary, the cost of which is paid by the Plan. There was a lengthy discussion regarding the ability of Participants to obtain more than one estimated calculation prepared by the Actuary. It was determined that, if requested, the Plan would pay for one estimated calculation prepared by the Actuary prior to retirement. If a Participant would like another estimated calculation prepared by the Actuary, the Participant will be responsible for the payment of the Actuary's fee.

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary