

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
August 1, 2017**

The meeting was called to order at 10:00 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 May 2, 2017. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held May 2, 2017.

INVESTMENT MONITOR REPORT

Tyler Grumbles appeared before the Board. He reviewed the market environment for the period ending June 30, 2017. He stated that international did better than domestic equities. There were not a lot of surprises out there in the US domestic market. Growth oriented stocks did better than value. Financials and information technology did well while telecom and energy were negative. With respect to fixed income, the Fed raised the short term rates while the longer term rates went down. Overall the result was that the interest rates went down. Corporate bonds did better than government bonds.

Mr. Grumbles reported on the performance of the Fund for the quarter ending June 30, 2017. The total market value of the Fund as of June 30, 2017 was \$25,381,775. The asset allocation was 55.7% in domestic equities; 10.5% in international; 19.8% in domestic fixed income; 5.2% in global fixed income; 8.7% in real estate; and .0% in cash. The total portfolio was up 2.56% net of fees for the quarter ending June 30, 2017 while the benchmark was up 2.76%. The total equity portfolio was up 3.46% while the benchmark was up 3.46%. The total domestic equity portfolio was up 2.70% for the quarter while the benchmark was up 3.02%. The total fixed income portfolio was up .50% for the quarter while the benchmark was up 1.30%. The total domestic fixed income portfolio was up .90% for the quarter while the benchmark was up .92%. The total international portfolio was up 7.69% for the quarter while the benchmark was up 5.99%. The total global fixed income portfolio was down .99% for the quarter while the benchmark was up 2.73%. The total real estate portfolio was up 2.04% for the quarter while the benchmark was up 1.79%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 2.48% for the quarter while the S&P 500 was up 3.09%. Mr. Grumbles stated that the JP Morgan's stock selection was below average in consumer discretionary which hurt. The Parnassus Core portfolio was up 2.50% for the quarter while the S&P 500 was up 3.09%. Mr. Grumbles stated that Parnassus is more conservative in stock selection and struggled in the up market. He stated that they are more for downside protection. The Vanguard Mid Cap Index portfolio was up 2.77% for the quarter while the Russell Mid Cap Index was up 2.70%. The Vanguard Total Stock Market portfolio was up 3.03% for the quarter while the Russell 3000 benchmark was up 3.02%. The EuroPacific Growth portfolio was up 7.69% for the quarter while the benchmark was up 5.99%. The Garcia Hamilton portfolio was up .90% for the quarter while the benchmark was up .92%. The Templeton Global Total Return portfolio was down .99% while the benchmark was up 2.73%. Mr. Grumbles stated that interest rates declined but Templeton thought they would go up. The Principal portfolio was up 2.04% for the quarter while the NCREIF was up 1.79%.

Mr. Grumbles stated that the Fund has been doing great. He stated that he recommended an increase in the commitment to real estate to get to the 10% target. He recommended committing \$330,000 to real estate to get to the 10% target. A motion was made, seconded and carried 4-0 to commit up to 10% in real estate.

ATTORNEY REPORT

Ms. Jensen discussed the Custodian's security measures. She 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 meeting before last. She stated that Comerica provided her with their SOC 1 Audit and noted that pages 32-36 of the Audit describe the process for internal controls. When she looked further at the Audit it showed that there was a qualified opinion, which is not good. It shows that Comerica had a procedure that they did not follow, which had to do with a going back and doing reauthorizations. Apparently there were 4 issues out of the 26 samples reviewed. Out of the 4 samples, 2 were done by an employee no longer at Comerica. Ms. Jensen stated that her concern is that Comerica did not advise the Board. If she had not asked for the Audit, she would not have known there was a problem. She is concerned and is going to ask Comerica to come in and discuss this with the Board at the November meeting. She stated that the bigger issue is the fact that Comerica did not communicate the exception.

Ms. Jensen provided the Board with the signed Memorandum of Understanding between the PBA and the Village for the use of 185 monies. She stated that she drafted an Amendment to incorporate the Memorandum of Understanding and the IRS Determination Letter. She forwarded it to the Village last week and anticipates an answer shortly. She stated that the Share Account Statements cannot be released until the Amendment is approved.

Ms. Jensen requested an increase in her retainer fee to \$1,500 a quarter beginning July 2017, with an annual 3% cost of living increase every January 1st thereafter. She stated that she has not had an increase since 2009, although she has received a COLA each year. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to

approve a fee increase for the Attorney effective July 1, 2017 increasing the fee from \$1,330 to \$1,500 a quarter with an annual 3% COLA every January 1 thereafter.

Ms. Jensen provided a Memorandum dated June 19, 2017 regarding the 2017 Legislative Update. She stated that there was nothing directly related to public sector pension plans. She reviewed the six bills that were passed: public records pre-suit written notice; public records exemption for retired firefighters; omnibus FRS bill; disabled public safety property tax exemption; body camera bill; and proposed additional \$25,000 homestead exemption. She also provided an additional Memorandum dated July 14, 2017 regarding Disabled Public Safety Ad Valorem Tax Exemption which had more detail about the disability tax.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculations and election approvals for Donald Bell and James Gregory. A motion was made, seconded and carried 4-0 to approve the benefit election of Donald Bell. A motion was made, seconded and carried 3-0 to approve the benefit election of James Gregory. It was noted that James Gregory abstained from the vote due to a voting conflict and would file a Form 8B.

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

Ms. Adcock presented a draft administrative expense budget for fiscal year 2018 that is required by Section 175.061(8)(a)2, Florida Statutes. The Board reviewed the draft budget. There was a lengthy discussion. A motion was made, seconded and carried 4-0 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 advised that the Fiduciary Liability Insurance is due to expire on November 1, 2017. A motion was made, seconded and carried 4-0 to renew the Fiduciary Liability Insurance with the cost not to exceed \$3,000.

Ms. Adcock presented the Board with the cost of living amount effective October 1, 2017 from the Actuary. It was noted that the retirees will receive a 1.5% cost of living adjustment effective October 1, 2017.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary