

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

The meeting was called to order at 10:04 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  
Janna Hamilton, Garcia Hamilton

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held August 1, 2017. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held August 1, 2017.

**INVESTMENT MANAGER REPORT – GARCIA HAMILTON & ASSOCIATES**

Janna Hamilton appeared before the Board. She provided an overview of their firm. They are 100% employee owned with 31 employees. They are based in Houston and focus completely on fixed income. They have \$9.9 billion in assets under management. Ms. Hamilton reviewed the performance for the quarter ending September 30, 2017. She stated that on an absolute basis they have done a pretty good job. They did underperform the benchmark in the quarter. They were short duration and interest rates went down in the quarter. She stated that interest rates are starting to go back up. They are underweight in corporate bonds and corporate bonds have been the best performing asset class. Junk bonds have done even better but they do not hold any of those types of bonds. The total market value of the portfolio as of September 30, 2017 was \$5,056,941.38. The portfolio was up .4% for the quarter ending September 30, 2017 while the benchmark was up .7%. The portfolio return annualized since inception of March 31, 2012 through September 30, 2017 was up 3.5% while the benchmark was up 2.1%.

Ms. Hamilton discussed the market environment. She stated that she thinks interest rates will go up. She noted that they will lengthen the durations after they see the interest rates go up. They have been maintaining a barbell position as they think the yield curve will flatten. They think the yield curve will flatten even more and once it does they will change their barbell positioning. She reviewed their sector weightings. They are keeping a conservative position. She reviewed the current fixed income market factors. They are taking a negative position on sentiment, monetary and valuation while taking a neutral

position on economic and inflation factors. Ms. Hamilton reviewed the portfolio characteristics as of September 30, 2017.

### **INVESTMENT MONITOR REPORT**

Tyler Grumbles appeared before the Board. He reviewed the market environment for the period ending September 30, 2017. He stated that international continued to be the best performing asset class. That has been the case for several quarters in a row now. All asset classes were positive in the quarter. He stated that everything is on track and it was a solid fiscal year. The only concern is political and the market is not reacting to that. It has been a challenging environment for fixed income. It has been pretty much flat for the one year. Growth outperformed value for the quarter. Information technology was the best performing sector while energy was the worst performing sector.

Mr. Grumbles reported on the performance of the Fund for the quarter ending September 30, 2017. The total market value of the Fund as of September 30, 2017 was \$26,218,680. The asset allocation was 56.1% in domestic equities; 10.8% in international; 19.3% in domestic fixed income; 5.1% in global fixed income; 8.6% in real estate; and .0% in cash. The total portfolio was up 3.25% net of fees for the quarter ending September 30, 2017 while the benchmark was up 3.58%. The total equity portfolio was up 4.44% while the benchmark was up 4.82%. The total domestic equity portfolio was up 3.98% for the quarter while the benchmark was up 4.57%. The total fixed income portfolio was up .65% for the quarter while the benchmark was up 1.03%. The total domestic fixed income portfolio was up .44% for the quarter while the benchmark was up .72%. The total international portfolio was up 6.86% for the quarter while the benchmark was up 6.25%. The total global fixed income portfolio was up 1.46% for the quarter while the benchmark was up 2.30%. The total real estate portfolio was up 2.04% for the quarter while the benchmark was up 1.88%.

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 4.48%. The Parnassus Core portfolio was up 3.39% for the quarter while the S&P 500 was up 4.48%. The Vanguard Mid Cap Index portfolio was up 3.43% for the quarter while the Russell Mid Cap Index was up 3.47%. The Vanguard Total Stock Market portfolio was up 4.54% for the quarter while the Russell 3000 benchmark was up 4.57%. The EuroPacific Growth portfolio was up 6.86% for the quarter while the benchmark was up 6.25%. Mr. Grumbles stated that EuroPacific had a rough start at the beginning of the fiscal year but has done well as the market has shifted back towards growth. The Garcia Hamilton portfolio was up .44% for the quarter while the benchmark was up .72%. The Templeton Global Total Return portfolio was up 1.46% while the benchmark was up 2.30%. The Principal portfolio was up 2.04% for the quarter while the NCREIF was up 1.88%.

### **ATTORNEY REPORT**

Ms. Jensen discussed the status of the proposed Ordinance. She stated that the Ordinance passed. There was discussion on the Share Account Statements as of September 30, 2016 that have been held from distribution pending the passage of the Ordinance. It was determined that it would be best to hold off on mailing the September 30, 2016

statements since the Share Account Statements as of September 30, 2017 will be available shortly.

Ms. Jensen provided a Memorandum dated October 24, 2017 regarding their 2018 Client Conference. She stated that they would not be holding their annual Client Conference in 2018. Hurricane Irma caused damage to the hotel that they usually hold their conference at. Rather than looking elsewhere for a venue they have decided to put on webinars in the upcoming year and make donations to the affected areas.

Ms. Jensen provided a Memorandum dated November 2017 regarding Federal, State and Local Death Benefits. She stated that with 11 first responders killed in the line of duty so far in 2017 in Florida, she thought the Board should be aware of the various death benefits available to first responders. She reviewed the Federal Public Safety Officers Benefits, the State of Florida Death Benefits, Educational Benefits, and Workers Compensation Benefits. She stated that she thought the Board should consider changing the death benefit under the Ordinance because if a member is not vested their beneficiary only receives a refund of their contributions. She stated that she did not feel that this was a sufficient benefit. It was noted that FRS provides 50% of the current salary payable for the life of the spouse. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to authorize the Actuary to perform a cost study to provide a 50% death benefit.

### **ADMINISTRATIVE REPORT**

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

The Board reviewed a letter from the Division of Retirement regarding electronic reporting compliance dated August 15, 2017. It was noted that actuarial reporting must be submitted using an online portal beginning with all valuations dated on or after September 30, 2017.

The Board was provided with certification from the Resource Centers that they successfully completed their SSAE 16 SOC 1 Audit as of June 30, 2017. Ms. Adcock advised of a change in their policy related to employee terminations and the need for a smooth transition of accounts.

It was noted that the term for the 5<sup>th</sup> Trustee had expired September 30, 2017. A motion was made, seconded and passed 3-0 to reappoint Tim Conboy for another term for the position of the 5<sup>th</sup> Trustee.

It was noted that the Village still has a vacant Trustee position.

### **OTHER BUSINESS**

Ms. Jensen stated that Felecia Ryans from Comerica was going to attend the meeting via teleconference to discuss their SOC 1 Audit. She reminded the Board 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. Comerica provided her with their SOC 1

Audit which showed a qualified opinion. Ms. Jensen stated that her concern was that Comerica did not advise the Board.

Felecia Ryans appeared before the Board via teleconference. She stated that the item of concern was the processing of lump sum payments and benefits. She stated that this does not apply to this Fund as they do not process lump sum payments or benefits. She stated that the matter involved payments that were authorized, but the stamp of the employee authorizing the client's signature was not stamped on the actual paperwork. There was discussion over the concern that Comerica did not advise the Board of the qualified opinion. Ms. Ryans stated that they do not typically notify clients of qualified opinions other than by releasing the reports. She stated that going forward she will let the Board know if Comerica receives a qualified opinion as soon as possible. She stated that they are working on the next SOC 1 Audit now, which should be available in late December or early January. She stated that when it becomes available, she will send it to Ms. Jensen.

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary