

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
February 6, 2018**

The meeting was called to order at 10:00 A.M. in the Conference Room 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, Gabriel Roeder Smith & Company

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held November 7, 2017. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held November 7, 2017.

**ACTUARY REPORT**

Larry Wilson appeared before the Board. He presented the Actuarial Valuation as of October 1, 2017. He noted that the Valuation set for the contribution requirements for the fiscal year ending September 30, 2019. He stated that costs were down this year because the Plan had an actuarial gain and the Village contributed more than was required. He reviewed the total contribution requirement. The total minimum required contribution for fiscal year beginning October 1, 2018 is \$1,075,178, with \$891,490 from the Village, \$75,450 from the State, and \$108,238 from the members.

Mr. Wilson reviewed the changes in the actuarial assumptions and Plan benefits. He stated that the assumed investment return was reduced from 7.40% to 7.35%. There were no changes in Plan benefits. Mr. Wilson reviewed the cost data comparison from last year. He stated that the number of active participants decreased by approximately 11% while covered payroll decreased by approximately 10%. He reviewed the actuarial gains/losses for plan year ending September 30, 2017 and noted that there was an actuarial gain of \$507,556. He stated that the salary experience was 1.4% compared to the assumed salary increase of 4.1% which caused an actuarial gain. There was no police officer turnover in the year so that caused an additional source of actuarial loss. The smoothed investment return of 8.17% versus the 7.40% 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 90.61%. 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, 2017.

There was discussion on the Share Account Allocations. It was noted that an inquiry came up as to whether a member in the DROP receives Share Account allocations. Mr. Wilson stated that they interpreted the Ordinance to mean that a DROP member did not receive any allocations to their Share Account because they are not contributing and are retired for all other purposes. However, Ms. Jensen stated that there is another interpretation that a DROP member is eligible to receive Share Account allocations. She stated that the language refers to “active members employed” and DROP members are employees. While they are retired for pension purposes, they are still active employees. There was a lengthy discussion. The Board felt that DROP members were employees and eligible to receive Share Account allocations. As Mr. Gregory is in the DROP, he is not eligible to vote on any motion regarding the DROP due to a conflict of interest. The matter will be brought up again at the next meeting. If a motion is passed to include DROP members in the Share Account allocations, Mr. Wilson will revise the DROP Statements to include the DROP members.

Mr. Wilson provided an updated Summary Plan Description. He reviewed the changes made to the SPD. A motion was made, seconded and carried 3-0 to approve the updated Summary Plan Description.

Mr. Wilson stated that he has received the Board’s request to do a cost study to provide a 50% death benefit. He stated that he would have the study completed for the next meeting. He noted that it looks like it might cost about .7% to .9% of pay based on FRS data. He does not think it will be a great deal of money to provide such a benefit.

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 7.35%. 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 7.35%. 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 7.35%.

## **INVESTMENT MONITOR REPORT**

Tyler Grumbles appeared before the Board. He provided a firm update. He stated that Dan Johnson was offered an equity position in the firm and is now a Director. They have 87 employees.

Mr. Grumbles reviewed the market environment for the period ending December 31, 2017. He stated that returns have been good for domestic equity. He stated that they have seen continuing flattening of the yield curve. Mr. Grumbles reported on the performance of the Fund for the quarter ending December 31, 2017. The total market value of the Fund as of December 31, 2017 was \$27,245,692. The asset allocation was 57.3% in domestic equities; 10.9% in international; 18.6% in domestic fixed income; 4.9% in global fixed income; 8.4% in real estate; and .0% in cash. The total portfolio was up

3.92% net of fees for the quarter ending December 31, 2017 while the benchmark was up 4.20%. The total equity portfolio was up 5.74% while the benchmark was up 6.15%. The total domestic equity portfolio was up 6.03% for the quarter while the benchmark was up 6.34%. The total fixed income portfolio was down .32% for the quarter while the benchmark was up .06%. The total domestic fixed income portfolio was up .06% for the quarter while the benchmark was down .07%. The total international portfolio was up 4.23% for the quarter while the benchmark was up 5.06%. The total global fixed income portfolio was down 1.73% for the quarter while the benchmark was up .56%. The total real estate portfolio was up 1.79% for the quarter while the benchmark was up 2.12%.

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 6.64%. The Parnassus Core portfolio was up 5.55% for the quarter while the S&P 500 was up 6.64%. Mr. Grumbles stated that Parnassus continues to struggle in the up market, but is there to protect on the downside. The Vanguard Mid Cap Index portfolio was up 5.64% for the quarter while the Russell Mid Cap Index was up 6.07%. The Vanguard Total Stock Market portfolio was up 6.34% for the quarter while the Russell 3000 benchmark was up 6.34%. The EuroPacific Growth portfolio was up 4.23% for the quarter while the benchmark was up 5.06%. The Garcia Hamilton portfolio was up .06% for the quarter while the benchmark was down .07%. The Templeton Global Total Return portfolio was down 1.73% while the benchmark was up .56%. The Principal portfolio was up 1.79% for the quarter while the NCREIF was up 2.12%.

### **ATTORNEY REPORT**

Ms. Jensen provided a Memorandum dated November 2017 regarding Required Minimum Distributions for Missing Participants and Beneficiaries. She stated that if the Fund cannot find someone who has reached 70 ½ the IRS has come up with a process. The process includes looking to the employer and sending a notice to all known addresses; using a search method; and sending a certified letter to the last known address. She stated that the important thing is to document what the Fund has done to try to locate and provide notice to such members.

Ms. Jensen provided a Memorandum dated January 2018 regarding the IRS Mileage Rate for 2018. She noted that effective January 1, 2018 the mileage rate has been increased to 54.5 cents per mile.

Ms. Jensen provided a Legislative update. She provided a Memorandum dated January 23, 2018 regarding SB980/HB 1363. She stated that the Bill amends the minimum requirements in Florida Statutes Chapter 112, Part VII, which governs the actuarial soundness of the defined benefit pensions and imposes additional reporting requirements. She stated that there are two other Bills out there as well. One concerns PTSD and the elimination of the requirement that there is a physical impact for workers' compensation purposes. The other concerns the cancer presumption which has a health insurance component related to it.

**ADMINISTRATIVE REPORT**

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

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

**OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary