

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
May 1, 2018**

The meeting was called to order at 10:04 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  
Darrell Diez

**OTHERS**

Bonni Jensen, Attorney  
Margie Adcock, The Resource Centers  
Tyler Grumbles & Jennifer Gainfort, AndCo Consulting  
James Lange & Darren Kleis, Principal Global

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held February 6, 2018. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held February 6, 2018.

**INVESTMENT MANAGER REPORT – PRINCIPAL GLOBAL INVESTORS**

James Lange and Darren Kleis appeared before the Board. Mr. Lange provided a brief introduction noting that he was part of the investment relationship team. Mr. Kleis stated that he was part of the portfolio management team. He has been with the firm since 1992. The firm is headquartered in Des Moines, Iowa. They have \$77 billion in assets under management and over 375 institutional clients. He reviewed the management team. Mr. Kleis reviewed the account profile as of March 31, 2018. He stated that the account had \$10.13 billion in gross assets value with 143 holdings. He reviewed the diversification of the portfolio. He discussed the 2018 strategic themes which include increasing same-property net operating income; decreasing leverage; reducing office allocation; and selective pruning of non-strategic assets. The asset allocation as of March 31, 2018 was 40% in office; 15% in retail; 25% in multifamily; and 17% in industrial. He noted that they are overweight in office and are trying to bring that allocation down to the target. With respect to retail, he stated that they do not have exposure in any malls within the portfolio. Rather, most of the retail portfolio is in grocery anchored strip centers. Their underweight in retail has helped performance. Mr. Kleis reviewed the top ten assets in the portfolio, which made up just under 30% of the portfolio. He reviewed performance of the Fund's portfolio. The total market value as of March 31, 2018 was \$2,671,166. The portfolio was up 9.15% gross for the one year while the benchmark was up 8.14%.

The income return for the one year as of March 31, 2018 was up 4.71% gross while the benchmark was up 4.46%.

### **INVESTMENT MONITOR REPORT**

Tyler Grumbles and Jennifer Gainfort appeared before the Board. Mr. Grumbles introduced Ms. Gainfort. He stated that he just had his second child and asked his firm to reduce his overnight stays for family reasons. He stated that effective October 1, 2018 Ms. Gainfort would be taking over this relationship.

Mr. Grumbles discussed the fees they charge the Fund. He stated about five years ago they put into place a 5% increase every year to get them up to their standard rate. He stated that they feel they can reduce that annual increase from 5% to 2.5%. A motion was made, seconded and carried 4-0 to reduce the annual COLA in the agreement with the Investment Monitor from 5% to 2.5%.

Mr. Grumbles reviewed the market environment for the period ending March 31, 2018. He stated that there was a return to higher volatility in the quarter. Interest rates increased in the quarter. Growth outperformed value in the quarter. Small cap outperformed large cap in the quarter. Mr. Grumbles reported on the performance of the Fund for the quarter ending March 31, 2018. The total market value of the Fund as of March 31, 2018 was \$27,248,448. The asset allocation was 55.8% in domestic equities; 11.0% in international; 18.5% in domestic fixed income; 4.9% in global fixed income; 9.8% in real estate; and .0% in cash. The total portfolio was up .02% net of fees for the quarter ending March 31, 2018 while the benchmark was down .38%. The total equity portfolio was down .28% while the benchmark was down .71%. The total domestic equity portfolio was down .53% for the quarter while the benchmark was down .64%. The total fixed income portfolio was down .01% for the quarter while the benchmark was down .74%. The total domestic fixed income portfolio was down .44% for the quarter while the benchmark was down 1.05%. The total international portfolio was up 1.03% for the quarter while the benchmark was down 1.08%. The total global fixed income portfolio was up 1.64% for the quarter while the benchmark was up .24%. The total real estate portfolio was up 1.90% for the quarter while the benchmark was up 2.15%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was down 1.48% for the quarter while the S&P 500 was down .76%. The Parnassus Core portfolio was down .21% for the quarter while the S&P 500 was down .76%. The Vanguard Mid Cap Index portfolio was up .01% for the quarter while the Russell Mid Cap Index was down .46%. The Vanguard Total Stock Market portfolio was down .60% for the quarter while the Russell 3000 benchmark was down .64%. The EuroPacific Growth portfolio was up 1.03% for the quarter while the benchmark was down 1.08%. The Garcia Hamilton portfolio was down .44% for the quarter while the benchmark was down 1.05%. The Templeton Global Total Return portfolio was up 1.64% while the benchmark was up .24%. The Principal portfolio was up 1.87% for the quarter while the NCREIF was up 2.15%.

Mr. Grumbles provided a Revised Investment Policy Statement. He stated that the revision was to reflect the change in the expected rate of return to 7.30% effective October 1, 2018 and 7.25% effective October 1, 2019. He stated that he has been revising the IPS annually but this time he put in a schedule so the IPS will not need to be revised every year. A motion was made, seconded and carried 4-0 to accept the Revised Investment Policy Statement.

### **ATTORNEY REPORT**

Ms. Jensen discussed the issue raised at the last meeting regarding the Share Account Allocations and whether a member in the DROP receives Share Account allocations. There was a lengthy discussion. A motion was made, seconded and carried 3-0 to include DROP members in the Share Account Allocations. James Gregory abstained from voting as he is currently a member in the DROP.

The Board was provided with the Death Benefit Actuarial Study that was requested at the last meeting. Ms. Jensen reviewed the Study. She stated that the cost to add the death benefit would be \$9,264. She stated that she felt it was important as the Plan does not provide any death benefit for members with less than ten years of service. The change would be to mirror what is in FRS. She stated that the Board could pass the information on to the Village and the Union to consider in the next round of negotiations. The Board stated that they were in support of adding this benefit to the Plan. A motion was made, seconded and carried 4-0 to receive and file and forward the Death Benefit Actuarial Study to the Village and the Union for discussion.

The Board was provided with a revised updated Summary Plan Description from the Actuary. It was noted that the revision included language that members in the DROP would receive Share Account allocations. A motion was made, seconded and carried 4-0 to approve the final revision of the Summary Plan Description. It was noted that the Summary Plan Description would be placed on the website. It was further noted that the Actuary would need to update the Share Account Allocations as of October 1, 2017.

Ms. Jensen provided a Memorandum dated April 2018 regarding the Annual Form 1 Filing.

Ms. Jensen provided a Memorandum dated March 8, 2018 regarding a Pending PTSD Bill (SB 376). She stated that the Senate Bill is focused on workers' compensation and carves out PSTD from the workers' compensation restriction of needing to have a physical impact.

### **ADMINISTRATIVE REPORT**

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

Ms. Adcock presented the Board with the benefit calculation and election approval for Louis Collura. A motion was made, seconded and carried 4-0 to approve the benefit election.

Ms. Adcock stated that the Authorized Signer List with the Custodian needed to be updated. The Board executed an updated Authorized Signer List.

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