

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
February 12, 2019**

The meeting was called to order at 12:06 P.M. in the Council Chambers at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Tim Conboy
James Gregory
Robert Perez
Sean Grant

OTHERS

Bonni Jensen, Attorney (12:40 PM)
Margie Adcock, The Resource Centers
Jennifer Gainfort, AndCo Consulting
Larry Wilson, Actuary

STATUS OF TRUSTEE ELECTIONS

It was reported that Sean Grant was the only person who expressed an interest in serving for the Trustee position that was previously held by Darrell Diez. As such, Mr. Grant was elected to serve as a Trustee on the Board. It was reported that the only name submitted for nomination for the Trustee position that was held by James Gregory was James Gregory. As such, Mr. Gregory was re-elected to the Board for another term. It was noted that both positions will expire on September 30, 2020.

PUBLIC COMMENTS

There were no public comments.

MINUTES

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

INVESTMENT MONITOR REPORT

Jennifer Gainfort appeared before the Board. She reviewed a letter from the CEO/President of AndCo. She stated that they monitor over \$90 billion in client assets. They have 89 employees with 15 professionals on their research team.

Ms. Gainfort reviewed the market environment for the period ending December 31, 2018. She stated that the market was pretty negative for the quarter and the year. There was no real safe place in the quarter. All equity classes were negative for the quarter and the year. She stated that value was ahead of growth for the first time in a long time. She stated that the trade war is on a little pause, which will be ending March 31st. Hopefully

the market will see a resolution to this. Ms. Gainfort stated that despite the negative, there is still positive information. The GDP is strong, there is wage growth and the unemployment is low. She stated that she thinks there is still some room for growth in the market.

Ms. Gainfort reported on the performance of the Fund for the quarter ending December 31, 2018. The total market value of the Fund as of December 31, 2018 was \$27,051,152. The asset allocation was 54.7% in domestic equities; 9.3% in international; 20.5% in domestic fixed income; 5.0% in global fixed income; 10.5% in real estate; and .0% in cash. The total portfolio was down 8.41% net of fees for the quarter ending December 31, 2018 while the benchmark was down 8.65%. The total equity portfolio was down 13.18% while the benchmark was down 13.86%. The total domestic equity portfolio was down 13.28% for the quarter while the benchmark was down 14.30%. The total fixed income portfolio was up 1.64% for the quarter while the benchmark was up 1.17%. The total domestic fixed income portfolio was up 1.49% for the quarter while the benchmark was up 1.80%. The total international portfolio was down 12.59% for the quarter while the benchmark was down 11.41%. The total global fixed income portfolio was up 2.26% for the quarter while the benchmark was down 1.47%. The total real estate portfolio was up 1.21% for the quarter while the benchmark was up 1.62%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was down 13.92% for the quarter while the S&P 500 was down 13.52%. The Parnassus Core portfolio was down 9.54% for the quarter while the S&P 500 was down 13.52%. The Vanguard Mid Cap Index portfolio was down 15.46% for the quarter while the Russell Mid Cap Index was down 15.37%. The Vanguard Total Stock Market portfolio was down 14.26% for the quarter while the Russell 3000 benchmark was down 14.30%. The EuroPacific Growth portfolio was down 12.59% for the quarter while the benchmark was down 11.41%.

The Garcia Hamilton portfolio was up 1.49% for the quarter while the benchmark was up 1.80%. The Templeton Global Total Return portfolio was up 2.26% while the benchmark was down 1.47%. The Principal portfolio was up 1.21% for the quarter while the NCREIF was up 1.62%.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for John DeMarco and Wade D'Antonio. A motion was made, seconded and carried 4-0 to approve the benefit elections.

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

Ms. Adcock provided an update on the status of the Affidavits for the Confirmation of Receipt of Retirement Benefits that was sent to all retirees. It was noted that she was still waiting on one more who said they would return it by the end of the week. She advised the Board that one retiree lives out of the country and was not able to get the form notarized. He would have to travel 3-4 hours to the Embassy in order to do that.

However, he provided a witness signature and a copy of his lease agreement. Ms. Adcock also advised that she spoke with him. The Board decided to ask the Attorney about this when she arrives.

ACTUARY REPORT

Larry Wilson appeared before the Board. He presented the Actuarial Valuation as of October 1, 2018. He noted that the Valuation set for the contribution requirements for the fiscal year ending September 30, 2020. He stated that costs were down this year because the Plan had an actuarial gain. He reviewed the total contribution requirement. The total minimum required contribution for fiscal year beginning October 1, 2019 is \$790,589, with \$616,771 from the Village, \$79,881 from the State, and \$93,937 from the members.

Bonni Jensen entered the meeting.

Mr. Wilson reviewed the changes in the actuarial assumptions and Plan benefits. He stated that the assumed investment return was reduced from 7.35% to 7.30%. There were no changes in Plan benefits. He reviewed the actuarial gains/losses for plan year ending September 30, 2018 and noted that there was an actuarial gain of \$494,078. He stated that the salary experience was .7% compared to the assumed salary increase of 4.1% which caused an actuarial gain. There was one police officer termination in the year versus no expected terminations so that was an additional source of actuarial gain. The smoothed investment return of 8.04% versus the 7.35% assumption was another source of actuarial gain. Mr. Wilson reviewed the cost data comparison from last year. He reviewed the development of the smoothed value of pension plan assets. He noted that the funded ratio was 96.81%. He reviewed the unfunded actuarial accrued liabilities. A motion was made, seconded and carried 4-0 to approve the Actuarial Valuation as of October 1, 2018.

Mr. Wilson provided the Share Account Allocations as of October 1, 2018. A motion was made, seconded and carried 4-0 to approve the Share Account Allocations as of October 1, 2018.

Ms. Jensen 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. It was noted that the Board just approved the return of 7.30% in the Valuation. A motion was made, seconded and carried 4-0 to determine the expected rate of return using the rate of 7.30%. Ms. Gainfort stated that she would prepare the letter to be sent to the State.

ATTORNEY REPORT

Ms. Jensen provided a Memorandum regarding proposed HB 265 dated January 30, 2019. She stated that HB 265 is currently pending before the Florida Legislature. It would require adaptation to such requirements as putting meeting agenda packets online at least 72 hours in advance of the meeting, and written responses to members of the public if their questions cannot be answered at the meeting. If the Florida Legislature adopts House Bill 265 the Fund will need to comply.

Ms. Jensen provided a Memorandum regarding Power of Attorney – Florida Statute 709 dated January 2019. She stated that if the Fund receives a Power of Attorney it needs to be reviewed to confirm that the document is valid prior to disclosing information or taking any particular action. She stated that it is a complicated area and there are a lot of things to look at to make sure a Power of Attorney is valid.

James Gregory departed the meeting.

Ms. Jensen provided a Memorandum regarding Florida's Public Records Law for General Employees' Pension Funds dated January 2019. She stated that it includes a helpful list of things that need to be redacted. She reviewed the items that need to be redacted.

Ms. Jensen provided a Memorandum regarding Data in the Division of Retirement's Annual Report dated February 6, 2019. She stated that the memorandum is from Keith Brinkman of the Division of Retirement to the Legislature. She stated that there was no recommendation to the Legislature but the memorandum had meaningful data in it. It was noted that the most common actuarial investment assumption is 7.5%.

Ms. Jensen reported the Comerica has advised that they completed their SOC 1 Audit as of September 30, 2018 and they have received a qualified report. She noted that this is the second year in a row where they have received a qualified report. This does not impact this Plan as it is related to their computer system and not following the proper procedures in getting things signed off. Ms. Jensen stated that she has concerns in that a qualified report is unusual, and now it has happened two years in a row. She stated that she was not able to speak with Ms. Ryan at Comerica as of yet, but will report more at the next meeting.

The Board further discussed the Affidavits for the Confirmation of Receipt of Retirement Benefits that was sent to all retirees. More specifically, the Board discussed the retiree that lives out of the country that submitted a signed Affidavit, but did not have it notarized. Ms. Jensen stated that it was a business decision. She noted that he definitely explained the problem he was having with getting the form notarized. Ms. Adcock advised again that she spoke with Mr. Gilday and recognized it was him. A motion was made, seconded and carried 3-0 to accept the Affidavit for the Confirmation of Receipt of Retirement Benefits from William Gilday based on the documentation he provided and his telephone conversation with the Administrator that he is alive and well.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary