

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
May 7, 2019**

The meeting was called to order at 10:13 A.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
Margie Adcock, The Resource Centers
Jennifer Gainfort, AndCo Consulting
Bridget Lechtenberg, Principal

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held February 12, 2019. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held February 12, 2019.

INVESTMENT MANAGER REPORT: PRINCIPAL GLOBAL INVESTORS

Bridget Lechtenberg appeared before the Board. She provided a brief update on the firm. She stated that Principal Global Investors has \$79.4 billion in assets under management. She discussed the Principal US Property Fund. She reviewed the account profile as of March 31, 2019. The account had \$10.3 billion in gross asset value with 135 investments. The leverage ratio is at 18.6%. She discussed the 2019 strategic themes which include execute in operations; monitor risk profile; and selective pruning of non-strategic assets. She reviewed the diversification of the portfolio. They are heavily weighted to the South and West. They are underweight the East and Midwest by about 8%. She reviewed the main four property sectors. They are overweight in office but are moving more toward a neutral weight. They are underweight in retail and expect to maintain the underweight as there has been a disruption with online retailing and shipping centers. They are underweight in multifamily which has helped as multifamily has underperformed for 25 consecutive quarters. They are overweight in industrial which has helped as industrial has outperformed for 25 quarters. Ms. Lechtenberg reviewed the top ten assets by asset value as of March 31, 2019. She reviewed the performance, noting they have had strong performance for the 1, 3, 5, 10 and since inception time periods. The gross return for the one year was 4.5%. The total market value as of March 31, 2019 was \$2,876,276. She stated that they were forecasting another strong year of growth for 2019. Ms. Lechtenberg stated that Principal Financial Group, its affiliates and employees have over

\$405 million invested in the US Property Account as of March 31, 2019. She stated that this is important because they are clearly aligned with the interests of their investors.

Bridget Lechtenberg departed the meeting.

INVESTMENT MONITOR REPORT

Jennifer Gainfort appeared before the Board. She reviewed the market environment for the period ending March 31, 2019. She stated that after a quite difficult 4th Quarter 2018, the markets rebounded nicely. Higher risk assets did well. The markets reacted favorably with global trade concerns. She noted that Brexit is still on the table, having been pushed to October 2019. The slowing down of growth is a concern. Domestic equities did better than international equities.

Ms. Gainfort reported on the performance of the Fund for the quarter ending March 31, 2019. The total market value of the Fund as of March 31, 2019 was \$29,686,545. The asset allocation was 57.0% in domestic equities; 9.6% in international; 19.1% in domestic fixed income; 4.6% in global fixed income; 9.7% in real estate; and .0% in cash. The total portfolio was up 9.73% net of fees for the quarter ending March 31, 2019 while the benchmark was up 9.59%. The total equity portfolio was up 14.17% while the benchmark was up 13.50%. The total domestic equity portfolio was up 14.34% for the quarter while the benchmark was up 14.04%. The total fixed income portfolio was up 1.97% for the quarter while the benchmark was up 2.82%. The total domestic fixed income portfolio was up 1.97% for the quarter while the benchmark was up 2.28%. The total international portfolio was up 13.20% for the quarter while the benchmark was up 10.44%. The total global fixed income portfolio was up 1.94% for the quarter while the benchmark was up 5.01%. The total real estate portfolio was up 1.62% for the quarter while the benchmark was up 1.68%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 13.37% for the quarter while the S&P 500 was up 13.65%. The Parnassus Core portfolio was up 13.36% for the quarter while the S&P 500 was up 13.65%. Ms. Gainfort noted that JP Morgan does well on the upside with Parnassus protecting on the downside, so they did as was expected. The Vanguard Mid Cap Index portfolio was up 16.77% for the quarter while the Russell Mid Cap Index was up 16.54%. The Vanguard Total Stock Market portfolio was up 14.04% for the quarter while the Russell 3000 benchmark was up 14.04%. The EuroPacific Growth portfolio was up 13.20% for the quarter while the benchmark was up 10.44%. The Garcia Hamilton portfolio was up 1.97% for the quarter while the benchmark was up 2.28%. The Templeton Global Total Return portfolio was up 1.94% while the benchmark was up 5.01%. The Principal portfolio was up 1.62% for the quarter while the NCREIF was up 1.68%.

Ms. Gainfort stated that overall it was a much better quarter than the last quarter. The Fund has already made up the losses from last quarter. The Fund is up about 2% for April 2019 so the Fund is currently moving in a positive direction. There was discussion on international. Ms. Gainfort stated that international adds a layer to diversification but it

can be more volatile. She thinks the extra layer helps boost the return in the long term and feels comfortable with the 10% allocation.

ATTORNEY REPORT

Ms. Jensen provided a Memorandum dated February 2019 regarding the IRS Mileage Rate for 2019. She noted that effective January 1, 2019 the mileage rate has been increased to 58.0 cents per mile.

Ms. Jensen provided a Memorandum dated April 2019 regarding Senate Bill 426 and House Bill 857. She stated that this related to certain benefits for firefighters who receive a cancer diagnosis when specific conditions are met. The law was passed on Friday. Ms. Jensen stated that this new law is no longer applicable to this Plan because there are no active firefighters in the Plan anymore.

Ms. Jensen provided a Memorandum regarding Changes in Tax Rules for Alimony dated April 2, 2019. She reviewed the changes noting that alimony and separate maintenance payments are no longer deductible for any divorce or separation agreement executed after December 31, 2018. She recommended information be added to the Summary Plan Description as well as have the memorandum given to employees if they are going through a divorce.

Ms. Jensen provided a Memorandum regarding the Annual Form 1 Filing dated April 2019. She reminded the Board that the Form 1 is due prior to July 1, 2019.

Ms. Jensen provided an update regarding the issue regarding Comerica receiving a qualified SOC 1 Audit as of September 30, 2018. She stated that she has not heard from Ms. Ryan at Comerica as of yet. She stated that this does not impact the Plan so it is not a huge deal. However, what bothers her is that Comerica is not being responsive about it and is not following up. She stated that she would follow up with Comerica regarding the matter.

Ms. Jensen stated that the proposed HB 265, which 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, did not pass. She stated that part of what the Bill brought up though was ADA compliance. She stated that there is a discussion happening pretty much everywhere about ADA exposure related to items on various municipal websites. She stated that she thinks the Board needs to embark on discussions on whether the Fund should continue to maintain its website set up by the Administrator as a public site or perhaps make it private with passwords for members. She noted that the website does now include website accessibility information which adds some level of protection. There was a lengthy discussion.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for Robert Poitras who is changing his joint survivor. A motion was made, seconded and carried 4-0 to approve the benefit election.

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. She stated that she has now received all of the Affidavits.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary