

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
November 5, 2019**

The meeting was called to order at 10:00 A.M. in the Planning and Zoning Conference Room at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Tim Conboy
Sean Grant
Robert Perez

OTHERS

Bonni Jensen, Attorney
Margie Adcock, The Resource Centers
Jennifer Gainfort, AndCo Consulting
Janna Hamilton, Garcia Hamilton

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held August 6, 2019. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held August 6, 2019.

INVESTMENT MONITOR REPORT

Jennifer Gainfort appeared before the Board. She reviewed the market environment for the period ending September 30, 2019. She stated that volatility was high in the quarter. Domestic equities, except for small cap, continued to outperform international. It was noted that international was negative for the quarter. Fixed income outperformed equities for the quarter and the fiscal year. The Fed cut interest rates twice in the quarter. Lower risk assets performed better than higher risk assets as people looked for safety in investing. Energy and health care were the worst performing sectors for the quarter.

Ms. Gainfort reported on the performance of the Fund for the quarter ending September 30, 2019. The total market value of the Fund as of September 30, 2019 was \$31,557,792. The asset allocation was 56.9% in domestic equities; 9.2% in international; 20.2% in domestic fixed income; 4.3% in global fixed income; 9.4% in real estate; and .0% in cash. The total portfolio was up .90% net of fees for the quarter ending September 30, 2019 while the benchmark was up .89%. The total equity portfolio was up .93% for the quarter while the benchmark was up .73%. The total domestic equity portfolio was up 1.35% for the quarter while the benchmark was up 1.16%. The total fixed income portfolio was up .60% for the quarter while the benchmark was up 1.08%. The total domestic fixed income portfolio was up 1.41% for the quarter while the benchmark was up 1.38%. The total international portfolio was down 1.59% for the quarter while the benchmark was down 1.70%. The total global fixed income portfolio was down 3.09% for the quarter while the benchmark was down .33%. The total real estate portfolio was up 1.59% for the quarter while the benchmark was up 1.38%. Ms. Gainfort reported that for the fiscal year, the total portfolio was up 5.09% while the benchmark was up 4.51%. For the three and five year the Fund is in the top fifth percentile. Since inception of June

1, 2005, the Fund has been in the top first percentile. She stated that the Fund has done very well over the long term.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 1.25% for the quarter while the S&P 500 was up 1.70%. The Parnassus Core portfolio was up 2.39% for the quarter while the S&P 500 was up 1.70%. Ms. Gainfort noted that JP Morgan does better on the upside compared to Parnassus which protects better on the downside. The Vanguard Mid Cap Index portfolio was up .61% for the quarter while the Russell Mid Cap Index was up .48%. The Vanguard Total Stock Market portfolio was up 1.09% for the quarter while the Russell 3000 benchmark was up 1.16%. The EuroPacific Growth portfolio was down 1.59% for the quarter while the benchmark was down 1.70%. However, EuroPacific has had strong outperformance over the fiscal year being up 1.14% compared to the benchmark which was down .72%. She stated that the current portfolio manager is leaving the firm. EuroPacific originally said it was an unexpected retirement but it was discovered later that he was forced to resign due to a violation of a personal investment. She stated that they are disappointed that EuroPacific was not upfront about it as they rely on the managers to be forthcoming with information. They think the remaining team is fit to run the portfolio. The Garcia Hamilton portfolio was up 1.41% for the quarter while the benchmark was up 1.38%. The Templeton Global Total Return portfolio was down 3.09% while the benchmark was down .33%. Ms. Gainfort stated that Templeton struggled pretty significantly. The two drivers of their underperformance were their exposure to Argentina interest rates and currency and their negative duration exposure to the long end of the yield curve. She stated that they feel confident in them getting through these environments and feel the portfolio will be rewarded for being patient. The Principal portfolio was up 1.59% for the quarter while the NCREIF was up 1.38%.

ATTORNEY REPORT

Ms. Jensen provided AndCo's Cyber Certificate of Liability Insurance. She stated that they increased their insurance to \$5 million and provided the certificate of liability insurance. Ms. Jensen stated that she would provide her firm's certificate of cyber liability insurance to the Board at the next meeting.

Ms. Jensen presented a Revised Professional Services Agreement to the Board for her legal services. She stated that they are increasing their hourly rate from \$265 to \$300 for any work done outside of the retainer for such things as litigation, hearings and tax issues. She stated that the last time she increased the hourly rate was three years ago. She stated that the Revised Agreement incorporates the prior agreement and adds that they will continue to carry cyber liability and will comply with public records laws. A motion was made, seconded and carried 3-0 to approve the increase in the hourly rate from \$265 to \$300 and execute the Revised Professional Services Agreement.

ADMINISTRATIVE REPORT

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

Ms. Adcock provided the Board with certification from the Resource Centers that they successfully completed their SSAE 16 SOC 1 Audit as of June 30, 2019.

Ms. Adcock provided the Board with a letter dated October 7, 2019 from the Resource Centers regarding their cyber security measures. There was a lengthy discussion regarding cyber security.

INVESTMENT MANAGER REPORT: GARCIA HAMILTON & ASSOCIATES

Janna Hamilton appeared before the Board. She reported on the performance for the quarter ending September 30, 2019. She stated that they outperformed for the quarter but underperformed for the fiscal year. The portfolio was up 1.40% for the quarter while the benchmark was up 1.38%. For the fiscal year, the portfolio was up 7.0% while the benchmark was up 8.08%. The total market value of the portfolio as of September 30, 2019 was \$6,372,942.24. Ms. Hamilton stated that they were short duration which caused the underperformance in the year. They have made a few adjustments but are still maintaining a short duration. She stated that they think there will be a resolve with China. They think the economy is in a good place and there are good unemployment numbers. The Fed cut rates two times in the quarter. They think there is a bit of an overreaction right now. There was a third rate cut this past week and the Fed said they were going to pause on further cuts. She stated that they agree with that. They do not agree with the rate cuts and think it is an extreme overreaction to the noise in the market. They do not feel the market will see negative rates like have been seen in other countries. Ms. Hamilton stated that they are overweight in corporate inflationary rate bonds. It has been a buffer as interest rates have declined. They disagree that a recession is imminent. There is a tight labor market, wages are increasing and consumers are spending. They think long term rates will continue to increase. She reviewed the current fixed income market factors, noting that all factors are negative. She reviewed the fixed income portfolio characteristics. The average duration in the portfolio is 2.5 years versus the benchmark of 3.5 years. Ms. Hamilton provided a firm update. They were founded in 1988 and are 100% employee owned. They added two new partners to the firms at the beginning of the year. They have about \$15 billion in assets under management. They have a cyber insurance policy and continue to increase their errors and omissions insurance as they continue to grow.

OTHER BUSINESS

It was noted that the term of the 5th Trustee held by Tim Conboy expired on September 30, 2019. This item will be placed on the Agenda for the next meeting as there were not enough Trustees to vote on the appointment at this meeting.

It was noted that the term for Robert Perez expired on September 30, 2019. It was noted that the Village is scheduled to reappoint Mr. Perez at their November 14, 2019 meeting.

It was noted that there is still a vacancy for a Village appointed Trustee.

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary