

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
May 5, 2020**

An electronic meeting was called to order at 10:25 A.M. Those persons present were:

TRUSTEES

Tim Conboy
Sean Grant
Robert Perez

OTHERS

Bonni Jensen, Attorney
Margie Adcock, The Resource Centers
Jennifer Gainfort, AndCo Consulting
Bridget Lechtenburg, Principal
Gregory Pittenger, Principal

APPROVAL OF ADMINISTRATIVE POLICY

Ms. Jensen provided the Board with a draft Administrative Policy Governing the Use of Audio-Video Conferencing or Teleconferencing to Conduct Virtual Public Board of Trustee Meetings. It was noted that the Policy governs the use of video conference meetings. The Board has to meet in the Sunshine and have the meetings open to the public so members of the public can attend. When the pandemic started, the Governor adopted an Executive Order to suspend the Sunshine Law's requirement to meet in person. The Policy governs how the Board will have virtual meetings. It was noted that the Executive Order is due to expire on May 8th but it is expected to be extended. A motion was made, seconded and carried 3-0 to adopt the Administrative Policy Governing the Use of Audio-Video Conferencing or Teleconferencing to Conduct Virtual Public Board of Trustee Meetings.

MINUTES

The Board reviewed the minutes of the meeting held February 4, 2020. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held February 4, 2020.

INVESTMENT MANAGER REPORT – PRINCIPAL

Gregory Pittenger and Bridget Lechtenberg appeared before the Board. Mr. Pittenger provided a brief introduction. He stated that he is on the client service team and is based in North Carolina while Ms. Lechtenberg is a senior portfolio analyst and is based in Iowa. He reviewed the team. There are 400 employees in 11 countries. They have \$78.6 billion in assets under management. They have 500 institutional clients from 26 countries. The total market value of the Fund's portfolio as of March 31, 2020 was \$3,006,125. Mr. Pittenger stated that they use a team approach to portfolio management and have a consistent track record. The team has been together since 2006 and is one of the longest tenured teams.

Ms. Lechtenberg discussed the US Property Account. She stated that they have outperformed in 9 of the last 10 calendar years. The US Property Account is a core real estate investment. She reviewed the account profile. They have 133 investments across the US and are 19.8% leveraged. She stated that they have a low leverage which puts

them in a better position compared to their peers. Going forward income will be the largest driver of performance. They have 96.4% portfolio occupancy as of March 31, 2020. Ms. Lechtenberg stated that in June 2019 they implemented a contribution queue, which balance was \$865.1 million as of March 31, 2020. The environment has changed and in mid-March 2020 put a strain on the economy and markets. They saw an increase in redemption requests. As such they implemented a queue on the ability to withdraw. They have an \$80.2 million withdrawal limitation balance.

Ms. Lechtenberg reviewed the 2020 strategic themes. She stated that their strategy remains the same but they have recalibrated it a bit given the market today. She reviewed their investment strategy; discussed how they monitor and mitigate risk; and discussed their operations. She stated that they may potentially see an impact on leases depending on COVID. They are keeping a pulse on costs and materials although they have not seen any impacts or material shortages as of yet. She discussed the diversification of the portfolio. They are overweight in the West and South regions relative to the market. The West and South have benefited from strong job and population growth and they see that trend continuing. They are underweight in the East and Mid-West. She stated that they have reduced their office exposure in the portfolio to a 37% weighting versus the 34% weighting of the benchmark. They are underweight in retail at 14% versus the benchmark at 17%. They do not have any mall exposure. She stated that 80.2% of their retail exposure is in neighborhood and community centers. She stated that in April the rent collected represented about 85% of billed rent. They do anticipate that will trend downward in May. Retail is facing some significant headwinds. For multifamily she stated that they have been growing the exposure the last couple of years and are at a 26% weighting versus the benchmark at 27%. They maintain a diverse tenant profile and collected about 92% of billed rent for April. They maintain an overweight in industrial at 22% versus the benchmark at 18%. They remain primarily in the warehouse sub-sector. They collected about 90% of billed rent for April. Ms. Lechtenberg reviewed the top ten assets. She stated that they represent about 30% of the portfolio. She reviewed the leverage highlights. They have a fairly even maturity schedule. She reviewed performance, noting that they outperformed over the 1, 3, 5 and 10 year time periods. Their return was 6.2% on average annually from 2013-2019 versus the benchmark of 3.4%. She stated that they focus on preserving the net operating income.

Gregory Pittenger and 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, 2020. She stated that in the first half of the quarter equities continued to be strong. On February 19 the market was at an all-time high and unemployment was at historic lows. This was followed by a 30% decline. It took only 22 days to drop from a high to a bear market. This all came about because of the COVID outbreak in the US. It caused panic, fear and uncertainty. The market went from a solid domestic growth to an economy shutdown. The full impact on the economy is still unknown which brings a lot of volatility. The extent will depend on how quickly the virus is spread and when things will open back up. China is starting to reopen and the US is in Phase 1 of reopening. Ms. Gainfort stated that the quarter ending March 31, 2020 has been the worst quarter since 2008. It has been very much of a growth market although she thinks it will start to shift to value. Small cap was hit hard being down 30.6%. Domestic equities were down for the quarter and the year. International was negative as well. There was nowhere to hide in equities. She stated that this is a different bear

market than those in the past. The market has seen things slow before but they have never completely paused like they are now. The Fed has cut rates and has provided liquidity. An economic stimulus bill has been passed and the government is trying to get money out quickly and help companies and individuals. It will still take a while to get the money out and determine what will be the new normal. A lot will depend on how quickly people will get out to restaurants and begin to travel again. Ms. Gainfort noted that this Plan has a long term horizon. Short term movements are tough but do not change the Plan's long term plan. She does not recommend making any changes to the overall Plan or allocation or objectives. She feels confident that the markets will recover. She recommends that the Board remain patient and focus on the long term.

Ms. Gainfort reported on the performance of the Fund for the quarter ending March 31, 2020. The total market value of the Fund as of March 31, 2020 was \$28,645,255. The asset allocation was 53.7% in domestic equities; 8.7% in international; 22.5% in domestic fixed income; 4.5% in global fixed income; 10.5% in real estate; and .0% in cash. The total portfolio was down 14.2% net of fees for the quarter ending March 31, 2020 while the benchmark was down 13.95%. The total equity portfolio was down 20.85% for the quarter while the benchmark was down 21.26%. The total domestic equity portfolio was down 20.59% for the quarter while the benchmark was down 20.90%. The total fixed income portfolio was down .44% for the quarter while the benchmark was up .41%. The total domestic fixed income portfolio was up .80% for the quarter while the benchmark was up 2.49%. The total international portfolio was down 22.43% for the quarter while the benchmark was down 23.26%. The total global fixed income portfolio was down 6.16% for the quarter while the benchmark was down 7.77%. The total real estate portfolio was up .34% for the quarter while the benchmark was up .90%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was down 19.41% for the quarter while the S&P 500 was down 19.60%. The Parnassus Core portfolio was down 16.82% for the quarter while the S&P 500 was down 19.60%. The Vanguard Mid Cap Index portfolio was down 25.72% for the quarter while the Russell Mid Cap Index was down 27.07%. The Vanguard Total Stock Market portfolio was down 20.86% for the quarter while the Russell 3000 benchmark was down 20.90%. The EuroPacific Growth portfolio was down 22.43% for the quarter while the benchmark was down 23.26%. The Garcia Hamilton portfolio was up .80% for the quarter while the benchmark was up 2.49%. The Templeton Global Total Return portfolio was down 6.16% while the benchmark was down 7.77%. The Principal portfolio was up .34% for the quarter while the NCREIF was up .90%. Ms. Gainfort stated that this was certainly a different quarter. There was nowhere to hide. April has been strong, up about 8%. She stated that hopefully the market will move in a positive direction. She thinks the next couple of quarters will be volatile.

ATTORNEY REPORT

Ms. Jensen provided a Memorandum dated April 2020 regarding the Annual Form 1 Filing. She noted that the Form is required to be filed by July 1st of every year. She recommended filing it via email to the Supervisor of Elections.

Ms. Jensen provided a Memorandum dated April 27, 2020 regarding Continued Guidance on the Families First Coronavirus Response Act (FFCRA) and the CARES Act. She reviewed the different provisions of the Federal legislation passed regarding COVID and the impacts on the Plan. .

ADMINISTRATIVE REPORT

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

OTHER BUSINESS

The Board was provided with a letter from the Actuary dated February 20, 2020 regarding the cost of the experience study that was discussed at the last meeting. It was noted that the fee would not exceed \$10,634. There was a lengthy discussion. A motion was made, seconded and carried 3-0 to authorize the Actuary to perform the experience study as set forth in their letter dated February 20, 2020. .

The Board reviewed the draft Summary Plan Description that was prepared by the Actuary. A motion was made, seconded and carried 3-0 to approve the Summary Plan Description.

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 there is still a vacancy for a Village appointed Trustee.

PUBLIC COMMENTS

There were no public comments.

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary