

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
November 2, 2021**

A meeting was called to order at 10:06 A.M. in the Council Chambers at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Tim Conboy
Robert Perez
Sean Grant

OTHERS

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

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held August 3, 2021. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held August 3, 2021.

INVESTMENT MANAGER REPORT: GARCIA HAMILTON & ASSOCIATES

Janna Hamilton & Jeffrey Detwiler appeared before the Board. Ms. Hamilton provided a brief introduction. She stated that they will address their recent underperformance. They still have conviction towards their position. They run a high-quality portfolio with holdings rated A or better. The market is starting to come back. In October the benchmark was down 43 basis points while they were down 24 basis points.

Mr. Detwiler stated that they outperformed the benchmark by 19 basis points for October. However, they are still behind the benchmark for the year to date and one year time periods, so they need to do better. The three year number is being dragged down by what happened in 2019. He stated that they have outperformed in 7 out of the last 10 calendar years. In 2019 they were more defensive than the index. The market had a big rally in 2019 and because they were more defensive they did not keep pace. He stated that sector rotation led to their outperformance in 2020. They have had modest underperformance this year being down 1.32% versus the index being down .79%. Mr. Detwiler discussed the performance. The total market value of the portfolio as of September 30, 2021 was \$8,598,870.45. The portfolio was up .15% for the quarter while the benchmark was up .05%. For the fiscal year, the portfolio was down .89% while the benchmark was down .38%.

Mr. Detwiler discussed the market. He stated that there has been historical fiscal stimulus in the response to COVID. The economy is improving much faster and they are seeing inflation lasting longer. There are inflationary pressures everywhere from housing to rental rates to car prices to food prices. All areas are up at very high levels and he thinks the market will continue to see these high prices. They are seeing positive signs in the labor market. He thinks the labor market will improve. He thinks unemployment will continue to decline. He stated that one of the reasons there was unemployment was due to

childcare, but now schools have reopened. They are seeing improvement in the labor market where small businesses are planning on increasing wages. Mr. Detwiler reviewed the yield curve changes. Interest rates have risen over the last twelve months. There was a hiccup with the Delta variant but now there is a better handle on that variant. He reviewed the average option adjusted spreads and historical excess return when corporate spreads are narrow. In hindsight, they probably went underweight in corporates too soon. There has been massive outperformance in low quality over the past year. BBB rated securities outperformed the market weighted blend of A and AA securities by 331 basis points. He noted that because BBB are at this level, they cannot be a headwind anymore; they can only be a tailwind now. He reviewed the excess returns in rising rate environments. Mr. Detwiler reviewed the portfolio. He reviewed the risk tools as of September 30, 2021. They reduced their exposure to corporates and added Treasuries and mortgaged backed securities. He reviewed the portfolio characteristics. Their average duration is shorter than the index. They increased their exposure in AAA and reduced their exposure in A. He thinks the next move of the Fed is to withdraw some stimulus and hike the Fed funds rate so the interest rates will go higher. However, he thinks the economy will gain momentum as it gets on the other side of the Delta variant.

INVESTMENT MONITOR REPORT

Jennifer Gainfort appeared before the Board. Ms. Gainfort reviewed the market environment for the period ending September 30, 2021. She stated that the equity markets were volatile in the quarter, which is typical. Large cap was slightly positive while mid cap and small cap were down. International was down as well due to concerns out of China. Value underperformed growth in large and mid cap while value outperformed in small cap. Energy was the top sector for the year. Financials and health care were the best performing sectors for the quarter.

Ms. Gainfort reported on the performance of the Fund for the quarter ending September 30, 2021. The total market value of the Fund as of September 30, 2021 was \$41,866,267. The asset allocation was 57.4% in domestic equities; 10.0% in international; 20.5% in domestic fixed income; 4.1% in global fixed income; 8.0% in real estate; and 0.0% in cash. The total portfolio was up .18% net of fees for the quarter ending September 30, 2021 while the benchmark was up .41%. The total equity portfolio was down .31% for the quarter while the benchmark was down .51%. The total domestic equity portfolio was up .05% for the quarter while the benchmark was down .10%. The total international portfolio was down 2.35% for the quarter while the benchmark was down 2.88%. The total fixed income portfolio was up .14% for the quarter while the benchmark was up .05%. The total domestic fixed income portfolio was up .15% for the quarter while the benchmark was up .05%. The total global fixed income portfolio was up .12% for the quarter while the benchmark was up .08%. The total real estate portfolio was up 4.94% for the quarter while the benchmark was up 6.95%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up .07% for the quarter while the S&P 500 was up .58%. The Parnassus Core portfolio was up .18% for the quarter while the S&P 500 was up .58%. The Vanguard Mid Cap Index portfolio was flat at 0.00% for the quarter while the Russell Mid Cap Index was down .93%. The Vanguard Total Stock Market portfolio was down .06% for the quarter while the Russell 3000 benchmark was down .10%. The EuroPacific Growth portfolio was down 2.35% for the quarter while the benchmark was down 2.88%. PIMCO Diversified Income was up .12% for the quarter while the benchmark was up .08%. The Garcia Hamilton portfolio was up .15% for the quarter while the benchmark was up .05%. The Principal portfolio was up 4.94% for the quarter

while the NCREIF was up 6.95%. Ms. Gainfort stated that she was very pleased with the performance of the Fund. She stated that this is one of the best performing plans she has seen. She reviewed the compliance checklist.

Janna Hamilton & Jeffrey Detwiler departed the meeting.

ATTORNEY REPORT

Bonni Jensen appeared before the Board. She provided the Board with a Memorandum dated September 2021 regarding the Federal, State, and Local Death Benefits. She stated that it provides a summary of the benefits available to first responders.

Ms. Jensen provided the Board with a Memorandum dated September 2021 regarding Federal and State COVID Benefits for Public Safety Officers. She stated that a law was enacted on August 14, 2020 which provides presumptive line of duty death and disability benefits to qualifying police officers and firefighters who contract COVID.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for David Conklin. A motion was made, seconded and carried 3-0 to approve the benefit election.

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

Ms. Adcock advised that the Fiduciary Liability Insurance needs to be renewed. It was noted that the Police Pension Plan currently shares insurance with the GE Pension Plan. She obtained a quote to keep the insurance together and a quote to separate the insurance based on Ms. Jensen's recommendation at the last meeting. The Board reviewed the quotes. Ms. Jensen stated that the GE plan has filed a claim under the policy. She thinks the next renewal after this is when there will be an increase in the premium. She stated that she does not know what the experience of a joint renewal will have on a future policy. She stated that right now, the Police Plan has no experience with a claim. She is unsure what will happen in the future. Ms. Jensen recommended this Board obtain a separate policy. A motion was made, seconded and carried 3-0 to renew the Fiduciary Liability Insurance by binding a separate policy for this Plan.

Ms. Adcock provided the status of the elections for the employee positions. She stated that Sean Grant was re-elected for another term. She stated that a mail ballot election is being conducted for the other employee position, with ballots to be postmarked no later than November 12, 2021. It was noted that there is still a vacancy for a Village appointed Trustee.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Tim Conboy, Chair