

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

A meeting was called to order at 10:08 A.M. in the Multi-Purpose Room at Village Hall in Palm Springs, Florida. Those persons present were:

**TRUSTEES**

Tim Conboy  
Robert Perez  
Sean Grant  
James Gregory

**OTHERS**

Bonni Jensen, Attorney (via electronic)  
Margie Adcock, The Resource Centers  
Jennifer Gainfort, AndCo Consulting (via electronic)  
Shelly Jones, Actuary (via electronic)

**MINUTES**

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

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

**ACTUARY REPORT**

Shelly Jones appeared before the Board electronically. She presented the Actuarial Valuation as of October 1, 2020. She noted that the Valuation sets forth the contribution requirements for the fiscal year ending September 30, 2022. She reviewed the total contribution requirement. She stated that the total contribution requirement is up from last year. The total minimum required contribution for fiscal year beginning October 1, 2021 is \$693,762, with \$493,531 from the Village, \$91,016 from the State, and \$109,215 from the members.

Ms. Jones stated that an experience study was done since the last Valuation and all of the recommended changes were adopted and are reflected in this report. She reviewed the changes with the Board. Ms. Jones reviewed the changes in the actuarial assumptions and Plan benefits. She stated that the assumed investment return was reduced from 7.25% to 6.75%. The mortality assumption was updated to the mortality assumption used by FRS based on the July 1, 2020 FRS Valuation. There were no changes in Plan benefits. She stated that payroll increased by 3.1% which was expected and lower than the 4% rate that was assumed, which was a source of actuarial gain. There was no movement in membership which was a source of actuarial loss. The smoothed investment return of 8.97% versus the 7.25% assumption was a source of actuarial gain. Ms. Jones reviewed the actuarial gains/losses for plan year ending September 30, 2020 and noted that there was a net actuarial gain of \$1,228,758. Ms. Jones reviewed the cost data comparison from last year. She reviewed the development of the smoothed value of pension plan assets. She noted that the funded ratio was 97.9%. She reviewed the unfunded actuarial accrued liabilities. Ms. Jones stated that the Board has done a good job at making sure the

assumptions reflect what will happen. A motion was made, seconded and carried 4-0 to approve the Actuarial Valuation as of October 1, 2020.

Ms. Jones provided the Board with the impact statement for the proposed Ordinance regarding the SECURE Act. She stated that there would be no cost impact.

Shelly Jones departed the meeting.

### **INVESTMENT MONITOR REPORT**

Jennifer Gainfort appeared before the Board electronically. She provided an update on the firm. She stated that the firm has \$100 billion in client assets under advisement. They have 91 team members. In 2020 they added two more partners for a total of eleven partners.

Ms. Gainfort reviewed the market environment for the period ending December 31, 2020. She stated that the market has had positive returns. There has been a bit of reversal so small cap outperformed large cap while value started to outperform growth in the quarter. Financials and energy were the negative for the quarter due to the impact of lower interest rates and reduced travel.

Ms. Gainfort reported on the performance of the Fund for the quarter ending December 31, 2020. The total market value of the Fund as of December 31, 2020 was \$38,465,061. The asset allocation was 60.7% in domestic equities; 10.5% in international; 17.6% in domestic fixed income; 3.4% in global fixed income; 7.8% in real estate; and 0.0% in cash. Ms. Gainfort stated that it was time to rebalance. She recommended rebalancing \$1,400,000 from domestic equity to be split between domestic fixed income and global fixed income. She recommended taking \$465,000 from JP Morgan Disciplines; \$470,000 from Parnassus; and \$460,000 from Vanguard Total Stock and moving \$400,000 to global fixed income and \$1,000,000 to domestic fixed income. A motion was made, seconded and carried 4-0 to follow the recommendation of the Investment Monitor and rebalance the portfolio as stated.

The total portfolio was up 10.35% net of fees for the quarter ending December 31, 2020 while the benchmark was up 10.36%. The total equity portfolio was up 14.75% for the quarter while the benchmark was up 15.04%. The total domestic equity portfolio was up 13.90% for the quarter while the benchmark was up 14.68%. The total fixed income portfolio was up .52% for the quarter while the benchmark was up 1.45%. The total domestic fixed income portfolio was up .46% for the quarter while the benchmark was up .42. The total international portfolio was up 19.95% for the quarter while the benchmark was up 17.08%. The total global fixed income portfolio was up .83% for the quarter while the benchmark was up 5.64%. The total real estate portfolio was up 1.64% for the quarter while the benchmark was up 1.35%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 12.44% for the quarter while the S&P 500 was up 12.15%. The Parnassus Core portfolio was up 11.13% for the quarter while the S&P 500 was up 12.15%. The Vanguard Mid Cap Index portfolio was up 18.02% for the quarter while the Russell Mid Cap Index was up 19.91%. The Vanguard Total Stock Market portfolio was up 14.69% for the quarter while the Russell 3000 benchmark was up 14.68%. The EuroPacific Growth portfolio was up 19.95% for the quarter while the

benchmark was up 17.08%. The Garcia Hamilton portfolio was up .46% for the quarter while the benchmark was up .42%. The Templeton Global Total Return portfolio was up .83% while the benchmark was up 5.64%. The Principal portfolio was up 1.64% for the quarter while the NCREIF was up 1.35%.

### **GLOBAL FIXED INCOME MANAGER SEARCH**

Ms. Gainfort discussed Templeton. She stated that they are a big weak spot in the portfolio. She stated that her firm put this manager on watch and has since taken them off their approved strategy list. She stated that she thinks it will be difficult for them to make up their loss. Ms. Gainfort recommended that Board move away from Templeton.

Ms. Gainfort presented a global fixed income manager search to replace Templeton. She discussed the three candidate funds: Loomis Sayles Bond; PIMCO Diversified; and Templeton Global Return. She stated that the two other global bond manager candidates would do well from a return perspective. The clear standout is PIMCO. It is one of the largest managers in the world and very consistent. Ms. Gainfort recommended selling Templeton and investing in PIMCO. A motion was made, seconded and carried 4-0 to sell the Templeton Global Return fund and invest in PMCO Diversified fund.

Ms. Gainfort provided a proposed revised Investment Policy Statement due to the change in global fixed income. She reviewed the changes with the Board. Ms. Jensen stated that she reviewed the Statement and is fine with the changes. A motion was made, seconded and carried 4-0 to adopt the revised Investment Policy Statement.

### **ATTORNEY REPORT**

Bonni Jensen appeared before the Board electronically. Ms. Jensen presented a Memorandum regarding New Florida Law Requirement Section 448.095 – Registration and Use of E-Verify dated January 8, 2021. She stated that the law became effective January 1, 2021. It requires all public employers to register with the E-Verify System which is a federal system that verifies all employees of a public employer. She stated that even though the Fund does not have any employees, it is still considered a public employer. In addition to requiring the Fund to register as a public entity, it also requires vendors to register, and future agreements to have a provision in the contract related to E-Verify. Mr. Jensen stated that she drafted a letter that can be sent to the service providers.

Ms. Jensen discussed pending legislation that would close the FRS defined benefit plan for new employees. All new members would be enrolled in the FRS investment plan. She stated that she would continue to monitor this legislation.

Ms. Jensen stated that there is an issue that came up with two members that were in the General Employees Plan when they were initially hired by the Village and then transferred to the Police Plan. The Plans allow for Village vesting which provides that so long as a member has worked for the Village for ten years they are entitled to benefits from each Plan.

Ms. Jensen provided a proposed Statement of Policy Regarding Contractual Provision for Investment Managers. The Board decided to put this on the agenda for the next meeting.

**ADMINISTRATIVE REPORT**

Ms. Adcock presented the disbursements dated November 4, 2020 and February 2, 2021. A motion was made, seconded and carried 4-0 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, 2020.

Ms. Adcock stated that she had an updated Authorized Signers List that she needed completed for Comerica.

**PUBLIC COMMENTS**

There were no public comments.

**OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary