

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
May 4, 2021**

A meeting was called to order at 10:02 A.M. in the Council Chambers at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Tim Conboy
Robert Perez
Sean Grant
James Gregory

OTHERS

Bonni Jensen, Attorney
Margie Adcock, The Resource Centers
Jennifer Gainfort, AndCo Consulting
Greg Pittenger, Principal Real Estate

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held February 2, 2021. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held February 2, 2021.

INVESTMENT MANAGER REPORT – PRINCIPAL

Gregory Pittenger appeared before the Board. Mr. Pittenger provided a brief introduction. He stated that he is on the client service team. He reviewed the team. He noted that they have 400 employees in 11 countries. They have \$90.3 billion in assets under management, with \$35.6 billion in private real estate. They have 550 institutional clients from 26 countries. The total market value of the Fund's portfolio as of March 31, 2021 was \$3,080,857.

Mr. Pittenger discussed the US Property Account. He stated that it is a core real estate investment strategy. There have been no changes to the investment team. They have a very consistent team. He reviewed the account profile. They have 132 investments across the US and are 23.1% leveraged. They have no redemptions at this point. Mr. Pittenger reviewed the 2021 strategic themes. He reviewed their investment strategy; discussed how they monitor and mitigate risk; and discussed their operations. He discussed the diversification of the portfolio. The asset allocation by region is 22% in the South; 48% in the West; 26% in the East; and 4% in the Mid-West. He discussed their four main areas of investments. With respect to industrial, that has been the strongest performing area in the last several years. They have a 23% weighting versus the 21% weighting of the benchmark. There is still an undersupply in housing, so they are focusing on this area. With respect to office, they are slightly overweight at 34% versus the benchmark at 33%. It is a transition point now as employees start to get back in the office. He noted that they have written this portion of the portfolio down quite a bit. With respect to retail, they have an equal weighting to the benchmark at 14%. They have no mall exposure in the portfolio. He noted that 80% of their exposure is in grocery-anchored centers. He

reviewed the property sector diversification. He noted that the portfolio was up 2.43% for the quarter ending March 31, 2021.

Gregory Pittenger departed the meeting.

INVESTMENT MONITOR REPORT

Jennifer Gainfort appeared before the Board. Ms. Gainfort reviewed the market environment for the period ending March 31, 2021. She stated that the market has had fantastic results for the quarter, fiscal year and one year. She noted that the market bottomed out last March and there has been a fantastic recovery. All equity markets are positive for the quarter and the one year. Small cap did best. The vaccine has been positive for the markets, and the additional stimulus has helped. The States are starting to open back up which is great. Domestic has done better than international. Fixed income has been slightly negative for the quarter. Interest rates rose during the quarter. As interest rates rise, bond prices fall. There has been a rotation from growth to value from the last quarter which has continued through the quarter ending March 31, 2021. It was noted that energy and financials were the top performing sectors for the quarter. Energy benefited from the higher oil prices and the reopening of many businesses, while financials benefited from the higher interest rates.

Ms. Gainfort reported on the performance of the Fund for the quarter ending March 31, 2021. The total market value of the Fund as of March 31, 2021 was \$39,943,483. The asset allocation was 58.9% in domestic equities; 10.0% in international; 19.5% in domestic fixed income; 4.1% in global fixed income; 7.7% in real estate; and 0.0% in cash. Ms. Gainfort stated that it was time to rebalance. She recommended trimming back domestic equity to get back in compliance and giving it to fixed income. She recommended rebalancing 3% or about \$1,325,000 from domestic equity to be split 2.3% to domestic fixed income and .9% to global fixed income. There was a lengthy discussion regarding the current performance of fixed income. Ms. Gainfort stated that the Board has a Policy in place and the Board should keep in line with the Policy. There was discussion on real estate versus fixed income. Ms. Gainfort stated that the money could be put in real estate, although there is a contribution queue for real estate. There was discussion about moving the money to fixed income until the money would be called for the real estate portfolio. A motion was made, seconded and carried 4-0 to follow the recommendation of the Investment Monitor and rebalance the portfolio by moving 2.3% out of domestic equities to domestic fixed income to hold until the real estate contribution is called.

The total portfolio was up 3.85% net of fees for the quarter ending March 31, 2021 while the benchmark was up 3.54%. The total equity portfolio was up 6.03% for the quarter while the benchmark was up 5.93%. The total domestic equity portfolio was up 7.20% for the quarter while the benchmark was up 6.35%. The total international portfolio was down .43% for the quarter while the benchmark was up 3.60%. The total fixed income portfolio was down 1.79% for the quarter while the benchmark was down 2.03%. The total domestic fixed income portfolio was down 1.57% for the quarter while the benchmark was up 1.61%. The total global fixed income portfolio was down 2.86% for the quarter while the benchmark was down 3.69%. The total real estate portfolio was up 2.37% for the quarter while the benchmark was up 2.25%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 6.92% for the quarter while the S&P 500 was up 6.17%. The Parnassus Core portfolio was up 7.18% for the quarter while the S&P 500 was up 6.17%. The Vanguard Mid Cap Index portfolio was up 7.18% for the quarter while the Russell Mid Cap Index was up 8.14%. The Vanguard Total Stock Market portfolio was up 6.43% for the quarter while the Russell 3000 benchmark was up 6.35%. The EuroPacific Growth portfolio was down .43% for the quarter while the benchmark was up 3.60%. The Garcia Hamilton portfolio was down 1.57% for the quarter while the benchmark was down 1.61%. The Principal portfolio was up 2.37% for the quarter while the NCREIF was up 2.25%. It was noted that Templeton Global Return Fund was replaced during the quarter with the PMCO Diversified Fund during the quarter.

ATTORNEY REPORT

Bonni Jensen appeared before the Board. She stated that the SECURE Act Ordinance is being presented to the Village Council. She noted that the Village made some changes to the proposed Ordinance she provided. As such, a new impact statement was needed from the Actuary. The Village was uncomfortable with the language that gave the Board the authority to make policy. The language was changed to allow the Board to adopt the necessary policy while getting an ordinance in place. She believes the Ordinance should be passed by the next Board meeting.

There was a Board inquiry as to the possibility of having self-directed investments for the DROP accounts. Ms. Jensen stated that right now it is tied to a specific return set forth in the Ordinance. If the Board wanted to make any change to the current investment options, an Ordinance change would be necessary. She noted that it would also be a negotiated item between the Union and the Village.

Ms. Jensen provided a Memorandum regarding Best Practices for Locating Missing or Nonresponsive Participants and Beneficiaries dated February 2021. She stated that the Memorandum summarizes the Department of Labor guidelines on the steps to take according to the IRS to locate missing and nonresponsive participants. She reviewed the steps with the Board. She stated that the Memorandum was for informational purposes.

Ms. Jensen provided a proposed Statement of Policy Regarding Contractual Provision for Investment Managers. She stated that this document has been provided to all of their clients. The purpose is for it to be used as a tool for the consultant to use during manager searches to make sure the candidates are comfortable with the Board's contractual requirements before bringing them to the Board for consideration. They believe it would be a useful tool in searches by saving time and energy in making sure the candidates would agree to all matters necessary before they would be considered or invited to make a presentation. Ms. Jensen noted that all of the Fund's investments are in mutual funds except for Garcia Hamilton and Principal. This Statement would only cover individual managers. She stated that the Statement was put together because a lot of the managers are not familiar with the Florida laws. She reviewed the Statement with the Board. Ms. Gainfort stated that she was fine with the Statement. A motion was made, seconded and carried 4-0 to adopt the Statement of Policy Regarding Contractual Provision for Investment Managers effective today.

Ms. Jensen stated that the legislation she discussed at the last meeting that would close the FRS defined benefit plan for new employees did not pass.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for Nathan Allen and Douglas Rua. A motion was made, seconded and carried 4-0 to approve the benefit elections.

Ms. Adcock presented the disbursements. A motion was made, seconded and carried 4-0 to pay all listed disbursements.

Ms. Adcock provided the Share Account Allocations as of October 1, 2020. A motion was made, seconded and carried 4-0 to approve the Share Account Allocations as of October 1, 2020.

The Board inquired about an online calculator for the members to access for pension estimates. Ms. Adcock noted that they have such a calculator for many of their clients. She noted that when this possibility was presented to this Board many years ago, the Board did not want to pursue it. At this point, it would not really be cost effective to do since this is a closed Plan.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary