

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
August 3, 2021**

A meeting was called to order at 10:00 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
Rebecca Morse, Finance Director

PUBLIC COMMENTS

There were no public comments.

MINUTES

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

INVESTMENT MONITOR REPORT

Jennifer Gainfort appeared before the Board. Ms. Gainfort reviewed the market environment for the period ending June 30, 2021. She stated that it was another strong quarter. She had nothing but good news to report. The economy continued to recover. Widespread vaccines helped with the reopening. There was a rise in goods and services which resulted in an increase in inflation.

Rebecca Morse entered the meeting.

There was a discussion on the cash flow needs for pension payments and expenses. Ms. Morse stated that she needed additional cash. The Actuary significantly decreased the contribution amount from the Village to the Plan. It was also noted that members in the DROP do not contribute to the Plan. She stated that she needs more cash for pension payments and expenses, which need will be continuing. Ms. Jensen stated that \$100,000 was recently transferred to cover payments for the next couple of months. However, the Board needed to figure out a way to move money from investments to the Village account on an ongoing basis. Ms. Morse stated that she would prefer to receive the needed money once a year, which should also cut down on transfer fees and the necessity to contact the Board for approval each time additional money is needed. Ms. Gainfort said something could be set up monthly, quarterly or semi-annually to transfer money based on the targets. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to set up a process where the Investment Monitor will bring to the Board on a semi-annual basis a recommendation to raise the necessary funds to cover payments and expenses. A motion was made, seconded and carried 4-0 to authorize the Chair in conjunction with the Investment Monitor to raise cash if there is an emergency situation in between meetings. Ms. Morse stated that she originally wanted \$450,000 and that

\$100,000 was recently transferred, so she was looking to obtain \$350,000 more. Ms. Gainfort stated that currently the Fund is a little overweight in domestic equities so she recommended selling from there to raise the cash needed. A motion was made, seconded and carried 4-0 to sell \$350,000 out of domestic equities to raise the rest of the cash requested.

Rebecca Morse departed the meeting.

There was discussion on real estate. It was noted that the Fund allocation is currently at 7.6% in real estate with a 10% target. There was discussion on whether the target should be decreased as this is a mature Plan with liquidity needs. Ms. Gainfort stated that it was too early to talk about that now. The Fund is currently in the queue to bring the real estate allocation up to 10%. She stated that \$950,000 is in the queue and is expected to be called in the quarter ending December 31, 2021. As the Plan matures down the line, there will need to be discussions about liquidity. It is not a huge issue yet.

Ms. Gainfort continued with her report. She stated that air fares have gone up 25% and hotels are up. She thinks things should revert back to the mean at some point. The used car business is booming. She expects things to return to normal as supply increases. Restaurants are currently having a labor shortage so are offering higher wages which they will pass on to the consumers. Inflation is still around a little longer than originally anticipated. She thinks most of the inflation will be transitory, but some might be here to stay. Ms. Gainfort stated that unemployment is down to 5.9%. Wage growth is increasing. Employees want more flexibility, higher wages, and the ability to work remotely. Equities rose to all time highs related to the optimism of the recovery. Growth re-emerged as the leader ahead of value. International was strong, just a little less than domestic. Growth outperformed value on the international side as well. Interest rates pulled back in the quarter.

Ms. Gainfort reported on the performance of the Fund for the quarter ending June 30, 2021. The total market value of the Fund as of June 30, 2021 was \$42,222,628. The asset allocation was 57.9% in domestic equities; 10.1% in international; 20.3% in domestic fixed income; 4.0% in global fixed income; 7.6% in real estate; and 0.0% in cash. The total portfolio was up 5.75% net of fees for the quarter ending June 30, 2021 while the benchmark was up 5.80%. The total equity portfolio was up 7.89% for the quarter while the benchmark was up 7.86%. The total domestic equity portfolio was up 8.05% for the quarter while the benchmark was up 8.24%. The total international portfolio was up 6.97% for the quarter while the benchmark was up 5.64%. The total fixed income portfolio was up .46% for the quarter while the benchmark was up 1.07%. The total domestic fixed income portfolio was flat at 0.00% for the quarter while the benchmark was up .78%. The total global fixed income portfolio was up 2.77% for the quarter while the benchmark was up 2.24%. The total real estate portfolio was up 3.61% for the quarter while the benchmark was up 4.39%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 8.93% for the quarter while the S&P 500 was up 8.55%. The Parnassus Core portfolio was up 7.44% for the quarter while the S&P 500 was up 8.55%. The Vanguard Mid Cap Index portfolio was up 7.58% for the quarter while the Russell Mid Cap Index was up 7.50%. The Vanguard Total Stock Market portfolio was up 8.29% for the quarter while the Russell 3000 benchmark was up 8.24%. The EuroPacific Growth portfolio was up 6.97% for the quarter while the benchmark was

up 5.64%. PIMCO Diversified Income was up 2.77% for the quarter while the benchmark was up 2.24%. The Garcia Hamilton portfolio was flat at 0.00% for the quarter while the benchmark was up .78%. The Principal portfolio was up 3.61% for the quarter while the NCREIF was up 4.39%. Ms. Gainfort stated that it was a great quarter and a great fiscal year so far. She reviewed the long term performance of the Plan. In January 2008 the Plan had about \$9 million and now it is up over \$42 million. She reviewed the compliance checklist.

ATTORNEY REPORT

Bonni Jensen appeared before the Board. She reminded the Board that the Form 1 needed to be filed as soon as possible and noted that the State was showing that Mr. Grant had not filed his as of yet.

Ms. Jensen stated that the SECURE Act Ordinance is still pending with the Village. The Village Attorney said they have the Ordinance but it has been stalled and not been on any of the Council agendas recently.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for Frank Castro. A motion was made, seconded and carried 4-0 to approve the benefit election.

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

The Board was provided with a letter dated July 29, 2021 from the State advising that all Valuations through October 1, 2020 have been state-accepted.

The Board was provided with a letter dated July 13, 2021 regarding the cost of living amount effective October 1, 2021. It was noted that the retirees will receive a 3.0% cost of living adjustment effective October 1, 2021.

Ms. Adcock presented a draft administrative expense budget for fiscal year 2022 that is required by Section 175.061(8)(a)2, Florida Statutes. The Board reviewed the draft budget. There was a lengthy discussion. A motion was made, seconded and carried 4-0 to adopt the administrative expense budget as amended and provide the budget to the Village in compliance with Section 175.061(8)(a)2, Florida Statutes.

Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on November 1, 2021. Ms. Jensen noted that the Police Pension Plan shares insurance with the GE Pension Plan. She stated that she thought the Boards should obtain a quote to keep the insurance together and a quote to separate the insurance. She stated that there is litigation in the GE Pension Plan and she believes the premium will increase as a result of that claim. A motion was made, seconded and carried 4-0 to renew the Fiduciary Liability Insurance either with the GE Plan or separately depending on the premium with a determination by the Chair and the Attorney if the matter cannot wait until the next Board meeting.

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, 2021.

OTHER BUSINESS

It was noted that the term of the 5th Trustee held by Tim Conboy is due to expire on September 30, 2021. A motion was made, seconded and carried 3-0 to re-appoint Tim Conboy as the 5th Trustee for another term due to expire on September 30, 2023.

Ms. Adcock provided a proposed Notice of Intent for Trustee elections. It was noted that both employee positions are up for election.

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