

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
February 1, 2022**

A meeting was called to order at 10:44 A.M. in the Council Chambers at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Tim Conboy
Jan Hansen
Sean Grant

OTHERS

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

NEW TRUSTEE JAN HANSEN

The Board welcomed new Trustee Jan Hansen. It was noted that Mr. Hansen won the ballot election.

PUBLIC COMMENTS

There were no public comments.

MINUTES

The Board reviewed the minutes of the meeting held November 2, 2021. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held November 2, 2021.

ACTUARY REPORT

Shelly Jones appeared before the Board. Ms. Jones presented the Actuarial Valuation as of October 1, 2021. She noted that the Valuation sets forth the contribution requirements for the fiscal year ending September 30, 2023. She reviewed the total contribution requirement. She stated that the total contribution requirement is down over \$200,000 from last year. The main reason the contribution is down is due to real strong asset performance and some demographic gains. The total minimum required contribution for fiscal year beginning October 1, 2022 is \$471,574, with \$284,088 from the Village, \$91,418 from the State, and \$91,418 from the members.

Ms. Jones stated that the assets gained 11.2% on a smoothed basis and 22% on a market value basis. She stated that there were no assumption changes and no Plan provision changes. She reviewed the cost data comparison from last year. She stated that the active employees decreased from 15 to 12. Active employee payroll decreased. There were fewer employees and salaries were not as high as they anticipated. Ms. Jones reviewed the development of the smoothed value of pension plan assets. She noted that the funded ratio was 120.1% compared to 107.9% last year. She reviewed the unfunded actuarial accrued liabilities. She stated that the unfunded liability went from being positive to a negative amount. There are more assets than liabilities now which is a good thing. All

unfunded amounts paid off with no amortization payment towards the unfunded amount and just the normal cost is being paid now. Ms. Jones reviewed the salary scales. She stated that they assume a 4.8% salary increase and the actual average salary increase was only 1.8%.

Mr. Jones reviewed the summary of assets. She reviewed the revenues and expenditures. She reviewed the reconciliation of DROP Account balances. The DROP Account balance was \$989,416 as of September 30, 2021. Ms. Jones reviewed the development of the smoothed value of pension plan assets. There was discussion on the assumed investment rate of return. It was noted that there are still active members in the Plan but the Plan is getting to a point where there will not be any more contributions from active members. A motion was made, seconded and carried 3-0 to approve the Actuarial Valuation as of October 1, 2021.

Ms. Jones provided the Share Account Allocations as of October 1, 2021. A motion was made, seconded and carried 3-0 to approve the Share Account Allocations as of October 1, 2021.

It was noted that the Board needs to formally determine the expected rate of return for the short term and long term, as is required by the State. It was noted that the Board just approved the return of 6.75% in the Valuation. Ms. Gainfort stated that it was reasonable to assume that the assets would return 6.75% over the short term, mid-term and long term. A motion was made, seconded and carried 3-0 to determine the expected rate of return using the rate of 6.75%. Ms. Gainfort stated that she would prepare the letter to be sent to the State.

INVESTMENT MONITOR REPORT

Jennifer Gainfort appeared before the Board. She provided an update on the firm. She stated that they have 81 employees and added two more partners this year. They have \$123 billion in client assets under advisement. They re-invest 100% of their net profits back into the firm. She reviewed their organizational chart.

Ms. Gainfort reviewed the market environment for the period ending December 31, 2021. She stated that it was a volatile quarter. Large cap lead the way. There are positive signs coming out of the market. Inflation continues to be high. Inflation is at multi-decade highs. The Fed has started to scale back on their monthly bond purchases and is looking to raise interest rates two or three time this year, which is earlier than projected. Ms. Gainfort stated that large cap has been positive for seven straight quarters. International was positive but emerging markets was negative for the quarter and the year due to the strong US dollar and future economic growth concerns out of China, which makes up one- third of the index. For the quarter growth did better than value in large cap. Small and mid cap value outperformed growth.

Ms. Gainfort reported on the performance of the Fund for the quarter ending December 31, 2021. The total market value of the Fund as of December 31, 2021 was \$44,534,909. The asset allocation was 59.3% in domestic equities; 9.3% in international; 19.3% in domestic fixed income; 3.8% in global fixed income; 8.3% in real estate; and 0.0% in cash. The total portfolio was up 6.37% net of fees for the quarter ending December 31,

2021 while the benchmark was up 5.96%. The total equity portfolio was up 8.35% for the quarter while the benchmark was up 8.15%. The total domestic equity portfolio was up .10% for the quarter while the benchmark was up 9.28%. The total international portfolio was down 1.13% for the quarter while the benchmark was up 1.88%. The total fixed income portfolio was down .19% for the quarter while the benchmark was down .41%. The total domestic fixed income portfolio was down .24% for the quarter while the benchmark was down .51%. The total global fixed income portfolio was up .04% for the quarter while the benchmark was down .03%. The total real estate portfolio was up 9.98% for the quarter while the benchmark was up 7.40%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 12.07% for the quarter while the S&P 500 was up 11.03%. The Parnassus Core portfolio was up 10.79% for the quarter while the S&P 500 was up 11.03%. The Vanguard Mid Cap Index portfolio was up 7.97% for the quarter while the Russell Mid Cap Index was up 6.44%. The Vanguard Total Stock Market portfolio was up 9.16% for the quarter while the Russell 3000 benchmark was up 9.28%. The EuroPacific Growth portfolio was down 1.13% for the quarter while the benchmark was up 1.88%. PIMCO Diversified Income was up .04% for the quarter while the benchmark was down .03%. The Garcia Hamilton portfolio was down .24% for the quarter while the benchmark was down .51%. The Principal portfolio was up 9.98% for the quarter while the NCREIF was up 7.40%. Ms. Gainfort stated that overall it was a great start to the fiscal year. However, the market is a little volatile right now being down 7%. The Fed is starting to raise rates and COVID is still out there. The market will see bumps along the way.

ATTORNEY REPORT

Bonni Jensen appeared before the Board. She provided the Board with an updated Special Tax Notice. She stated that it was just updated for the Secure Act.

Ms. Jensen provided the Board with a New Trustee Handbook. She stated that she prepared the Handbook to be provided to new Trustees. It is a general outline of the responsibilities of the Trustees. It also provides a list of service providers and various other aspects of the role of the Trustees. Ms. Jensen stated that she would like the Board to review the New Trustee Handbook and adopt it at the next meeting.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for Jan Hansen. It was noted that since Mr. Hansen is a Trustee he cannot approve his own benefit. This will need to be put on the next agenda for approval when there are three other Trustees in attendance as three affirmative votes are needed.

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

It was noted that Robert Perez was reappointed to the Board by the Village for another term. It was noted that there is still a vacancy for a Village appointed Trustee.

It was noted that the Board needed to elect a Secretary as Mr. Gregory is no longer on the Board. A motion was made, seconded and carried 3-0 to appoint Sean Grant as the Secretary for the Board.

Ms. Adcock stated that she had signature authorization form for the Board to update due to the change of Trustees on the Board.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Sean Grant, Secretary