

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
May 3, 2022**

A meeting was called to order at 10:38 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  
Gregory Pittenger, Principal Real Estate  
Doug Rua, Participant

**PUBLIC COMMENTS**

There were no public comments.

**MINUTES**

The Board reviewed the minutes of the meeting held February 1, 2022. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held February 1, 2022.

**INVESTMENT MANAGER REPORT – PRINCIPAL**

Gregory Pittenger appeared before the Board. Mr. Pittenger provided a brief introduction. He stated that he is the institutional sales and relationship manager. He provided a brief overview of the firm. He noted that they have 425 employees in 11 countries. They have \$106.2 billion in assets under management, with \$46.4 billion in private real estate. They have 550 institutional clients from 28 countries. The total market value of the Fund's portfolio as of March 31, 2022 was \$4,969,412.

Mr. Pittenger discussed the US Property Account. He stated that it is a core real estate investment strategy. It is a daily valued, open ended commingled portfolio. There have been no changes to the investment team. They have a very consistent team. He reviewed the account profile. They have 146 investments across the US and are 20.7% leveraged. The occupancy rate is 95.1%. The contribution queue balance is \$206.8 million. Mr. Pittenger reviewed the 2022 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 23% in the South; 51% in the West; 22% in the East; and 4% in the Mid-West. He noted that they were overweight in the South and West. Mr. Pittenger 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 32% weighting versus the 28% weighting of the benchmark. With respect to office, they reduced their allocation and are now slightly underweight at 25% versus the benchmark at 26%. He stated that they are not focusing on office space and were active in writing down the areas they felt reached the top. With

respect to retail, they are underweight at 10% versus the benchmark at 12%. They have no mall exposure in the portfolio. They own primarily necessity-based formats. He reviewed the property sector diversification. He reviewed the 2022 acquisition and disposition activity as of March 31, 2022. He reviewed the top ten properties and the leverage highlights. He noted that the portfolio was up 7.33% for the quarter ending March 31, 2022 and up 28.59% for the one year ending March 31, 2022.

Gregory Pittenger departed the meeting.

## **INVESTMENT MONITOR REPORT**

Jennifer Gainfort appeared before the Board. She reviewed the market environment for the period ending March 31, 2022. She stated that the quarter was challenging. She stated that the Fund's fiscal year numbers are the highest she has seen so far from their clients. There were a number of distractions in the market. For the first time in two years Covid was not the driver of return. Rather, the driver of return was the Russian invasion into Ukraine which has put additional pressures on the supply chain. She stated that they expected growth to slow down but the war exacerbated that slowdown. Unemployment fell to 3.6% with a number of workers re-entering the workforce. The Fed increased rates 25 basis points for the first time since 2018. They are expecting another 50 basis point increase this week. Rising interest rates will continue to be a headwind for fixed income. Ms. Gainfort stated that this was the first negative quarter since the beginning of the pandemic. The weakness is across the board. There was no where to hide. All equity markets were negative. She stated that beside the weak quarter, equities were nicely positive for the year, except for smid cap. Large cap outperformed small and mid cap. There was a shift from growth to value during the quarter. The two positive sectors in the quarter were energy and utilities.

Ms. Gainfort reported on the performance of the Fund for the quarter ending March 31, 2022. The total market value of the Fund as of March 31, 2022 was \$42,554,648. The asset allocation was 56.6% in domestic equities; 8.5% in international; 19.5% in domestic fixed income; 3.7% in global fixed income; 11.7% in real estate; and 0.0% in cash. The total portfolio was down 4.46% net of fees for the quarter ending March 31, 2022 while the benchmark was down 3.91%. The total equity portfolio was down 6.39% for the quarter while the benchmark was down 5.28%. The total domestic equity portfolio was down 5.44% for the quarter while the benchmark was down 5.28%. The total international portfolio was down 12.24% for the quarter while the benchmark was down 5.33%. The total fixed income portfolio was down 4.09% for the quarter while the benchmark was down 5.09%. The total domestic fixed income portfolio was down 3.50% for the quarter while the benchmark was down 4.69%. The total global fixed income portfolio was down 7.10% for the quarter while the benchmark was down 6.67%. The total real estate portfolio was up 7.25% for the quarter while the benchmark was up 7.77%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was down 4.36% for the quarter while the S&P 500 was down 4.60%. The Parnassus Core portfolio was down 5.70% for the quarter while the S&P 500 was down 4.60%. The Vanguard Mid Cap Index portfolio was down 6.32% for the quarter while the Russell Mid Cap Index was down 5.68%. The Vanguard Total Stock

Market portfolio was down 6.32% for the quarter while the Russell 3000 benchmark was down 5.28%. The EuroPacific Growth portfolio was down 12.24% for the quarter while the benchmark was down 5.33%. PIMCO Diversified Income was down 7.10% for the quarter while the benchmark was down 6.67%. The Garcia Hamilton portfolio was down 3.50% for the quarter while the benchmark was down 4.69%. The Principal portfolio was up 7.25% for the quarter while the NCREIF was up 7.77%. Ms. Gainfort stated that real estate has been the sweet spot. It has done fantastic. She stated that she had no recommended changes for the portfolio. They are staying the course.

Ms. Gainfort reported on the funding needs of the Village. She stated that she reached out to the Finance Director regarding their cash requirements. She stated that the Village asked for \$525,000. She recommended moving \$300,000 from fixed income with Garcia Hamilton and \$225,000 from domestic equities to be split between JP Morgan, Parnassus and the Vanguard Mid Cap Index. A motion was made, seconded and carried 3-0 to raise \$525,000 in cash for the Village funding requirements by moving \$300,000 from fixed income with Garcia Hamilton and \$225,000 from domestic equities to be split between JP Morgan, Parnassus and the Vanguard Mid Cap Index.

### **ATTORNEY REPORT**

Bonni Jensen appeared before the Board. Ms. Jensen provided a Memorandum regarding the IRS Mileage Rate for 2022 dated March 2022. She noted that effective January 1, 2022 the mileage rate has been increased to 58.5 cents per mile.

Ms. Jensen provided a Memorandum Regarding Update of Signature Authorization Form for Providers Dated April 2022. She stated that lately, when they are doing investment management agreements, the managers are asking for separate signatures for the Trustees. She recommended updating the authorized signers for the Board.

Ms. Jensen provided a Memorandum Regarding the Annual Form 1 Filing dated April 2022. She reminded the Board that the Form 1 needed to be filed by July 1, 2022.

Ms. Jensen provided a Memorandum Regarding Required Minimum Distributions (RMD) Proposed Regulations and Cryptocurrencies Guidance dated April 2022. She reviewed the information. She noted that there was an increase in the RMD age to 72. The regulations clarify the definition of eligible designated beneficiaries. With respect to cryptocurrency, while the DOL is not a governing authority over public pension plans, such plans do look to the DOL for guidance. The DOL has stated that cryptocurrencies are not a prudent investment.

Ms. Jensen provided the Board with a New Trustee Handbook at the last meeting and asked the Board to review the Handbook for this meeting. She reviewed the Handbook. She stated that she would like to provide it to new Trustees that come on the Board. A motion was made, seconded and carried 3-0 to adopt the New Trustee Handbook.

### **ADMINISTRATIVE REPORT**

Ms. Adcock provided the Board with a Memorandum Regarding Office Lease Rollover Example Dated April 14, 2022. She stated that it was an example what is happening in

the real estate market as the lease for their office space is due to renew this summer. She stated that her office thought the Board might find this interesting in terms of what is happening in the office sector space.

Ms. Adcock provided a Comerica User Profile Change Request from AndCo. It was noted that Donna Sullivan would be retiring at the end of the year and AndCo wanted to update their users with Comerica. The Board directed the Administrator to work with Comerica in allowing the changes requested.

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 again 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.

### **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Sean Grant, Secretary