

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
December 14, 2022**

A workshop was called to order at 10:34 A.M. at Village Hall in Palm Springs, Florida.  
Those persons present were:

**TRUSTEES**

Tim Conboy  
Jan Hansen  
Sean Grant (10:35 AM)

**OTHERS**

Bonni Jensen, Attorney  
Margie Adcock, The Resource Centers  
Jennifer Gainfort, AndCo Consulting  
Janna Hamilton, Garcia Hamilton

It was noted that a workshop was called as a quorum was not yet present.

**INVESTMENT MANAGER REPORT: GARCIA HAMILTON & ASSOCIATES**

Janna Hamilton appeared before the Board. Ms. Hamilton provided a brief introduction. She stated that they have been managing the Fund's fixed income portfolio for ten years. They manage a high-quality, intermediate fixed income portfolio.

Sean Grant entered the meeting. A quorum was now present.

Ms. Hamilton stated that the markets have been pretty terrible. This has been the worst fixed income market in history. She discussed the performance. The total market value of the portfolio as of September 30, 2022 was \$6,647,577.90. The portfolio was down 4.29% for the quarter while the benchmark was down 3.84%. For the fiscal year, the portfolio was down 9.83% while the benchmark was down 11.49%.

Ms. Hamilton stated that things are getting better. Inflation is slowing and the economy is stabilizing. The Fed was slow to act on this and now the Fed is throwing too much at the market, too fast. She stated that there will likely be another interest rate increase this week. She stated that they are positioning the portfolio for a recession, which recession they believe will likely be seen in 2023. Inflation numbers are down. They are still high but lower than expected. She provided an update on the performance of the portfolio. The portfolio was up 4.27% for the quarter to date as of yesterday while the benchmark was up 3.03%. It is nice outperformance relative to the benchmark. Ms. Hamilton discussed the historical fiscal stimulus. The money the government threw in the market was a result of COVID. She reviewed the rate hikes priced into the market on a twelve month forward basis. Inflationary pressures were substantial. Housing prices, gas prices, car and food prices are all starting to moderate. Home affordability has declined significantly. She showed the year over year change in mortgage rates versus home prices. Consumer sentiment is dropping and remains extraordinarily depressed. Small business owners' expectations are near a record low. Low quality underperformed this year. She stated that it was not worth it to own BBB in the portfolio which turned out to be a big positive for performance. Ms. Hamilton stated that they were overweight in mortgage backed securities, those that are 100% backed by the government. They are getting extra yield

there. They are very mature holdings and very attractive holdings. She reviewed the fixed income portfolio characteristics. They are starting to see signs of a recession. They do not think the recession will be horrible, but they are positioned for it. They are gaining some ground relative to the benchmark. Rates are starting to come back to more normal levels.

### **PUBLIC COMMENTS**

There were no public comments.

### **MINUTES**

The Board reviewed the minutes of the meeting held August 2, 2022. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held August 2, 2022.

### **INVESTMENT MONITOR REPORT**

Jennifer Gainfort appeared before the Board. She reviewed the market environment for the period ending September 30, 2022. She provided information regarding the evolution of the S&P 500, Fed Funds Rate, and 10 year Treasury Yield for the five year period. The key takeaway is despite experiencing one of the worst year to date declines in 2022, the S&P was still up approximately 16% higher than pre-COVID. She reviewed the bear markets since 2000. The market is coming off one of the longest bull markets in history. She noted that bull markets tend to be much longer than bear markets.

Janna Hamilton departed.

Ms. Gainfort reported on the performance of the Fund for the quarter ending September 30, 2022. She stated that the quarter started off strong. The market thought the Fed would slow down on interest rate increases but they did not, which made the markets quickly sell off. The total market value of the Fund as of September 30, 2022 was \$34,950,272. The asset allocation was 54.2% in domestic equities; 8.0% in international; 19.0% in domestic fixed income; 4.0% in global fixed income; 14.7% in real estate; and 0.0% in cash. Ms. Gainfort stated that everything was pretty much in line with last quarter. In general, the asset allocation is pretty much in line with the targets except for real estate which is breaching the upper limit. Real estate is the only thing that has been positive. Currently real estate is about 13% as equities and fixed income come back. As the rest of the portfolio starts to gain back, real estate will come back to a more reasonable allocation.

The total portfolio was down 4.46% net of fees for the quarter ending September 30, 2022 while the benchmark was down 4.20%. For the fiscal year the total portfolio was down 13.55% while the benchmark was down 13.36%. The total equity portfolio was down 5.60% for the quarter while the benchmark was down 5.27%. The total domestic equity portfolio was down 5.02% for the quarter while the benchmark was down 4.46%. The total international portfolio was down 9.33% for the quarter while the benchmark was down 9.80%. The total fixed income portfolio was down 4.09% for the quarter while the benchmark was down 3.84%. The total domestic fixed income portfolio was down 4.41% for the quarter while the benchmark was down 3.84%. The total global fixed

income portfolio was down 2.54% for the quarter while the benchmark was down 3.84%. The total real estate portfolio was up .38% for the quarter while the benchmark was up .79%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was down 4.58% for the quarter while the S&P 500 was down 4.88%. The Parnassus Core portfolio was down 6.88% for the quarter while the S&P 500 was down 4.88%. Ms. Gainfort stated that Parnassus had no energy exposure which hurt their performance. The Vanguard Mid Cap Index portfolio was down 4.14% for the quarter while the Russell Mid Cap Index was down 3.44%. The Vanguard Total Stock Market portfolio was down 4.46% for the quarter while the Russell 3000 benchmark was down 4.46%. The EuroPacific Growth portfolio was down 9.33% for the quarter while the benchmark was down 9.80%. PIMCO Diversified Income was down 2.50% for the quarter while the benchmark was down 3.84%. The Garcia Hamilton portfolio was down 4.41% for the quarter while the benchmark was down 3.84%. The Principal portfolio was up .38% for the quarter while the NCREIF was up .79%. Ms. Gainfort stated that she is expecting negative returns for the upcoming quarter in real estate. She does not think it will be too dramatic but expects it to be negative. The real estate portfolio is still higher than it was when COVID began. Ms. Gainfort discussed international equity. She stated that the EuroPacific portfolio has a growth tilt. She recommended looking for an international manager that has a value tilt which would help smooth returns out. She stated that she would bring an international value manager search to the next meeting.

Ms. Gainfort discussed the status of the Village's funding needs. She stated that the Village has advised that they need \$500,000 for the next six months. She recommended raising the funds as follows: \$50,000 from GHA; \$91,000 from Vanguard Mid Cap; \$57,000 from Parnassus; \$80,000 for JP Morgan; \$50,000 from PIMCO; \$122,000 from Vanguard Total Stock; and \$50,000 from EuroPacific. A motion was made, seconded and carried 3-0 to raise cash for the Village funding needs as recommended by the Investment Monitor.

### **ATTORNEY REPORT**

Ms. Jensen provided the Board with a Memorandum Regarding Delaware Law Change Permits Companies to Insulate Corporate Officers from Liability for Reckless Conduct dated November 2022. She also provided the Board with a Memorandum Regarding SEC Proxy Voting Disclosure Rules dated November 2022. She stated that both memorandums relate to SEC proxy voting, one making proxy voting more transparent for commingled funds and one allowing Delaware companies by charter change to insulate corporate officers from personal liability for reckless conduct.

Ms. Jensen provided a Memorandum Regarding RMD Final Regulations dated October 2022. She stated that it clarifies the timing of distributing RMDs.

Ms. Jensen provided a Memorandum Regarding Public Safety Officer Support Act of 2022 dated November 2022. She stated that the Act authorizes death benefits to officers suffering PTSD or acute stress disorder. It was noted that the Act is retroactive to January 1, 2019.

## **ADMINISTRATIVE REPORT**

Ms. Adcock presented the Board with the benefit calculations and election approvals for Jan Hansen, Shawn Beckowitz, and Sean Hillery. 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. A motion was made, seconded and carried 3-0 to approve the benefit calculations and election approvals for Shawn Beckowitz and Sean Hillery.

Ms. Adcock presented two disbursement lists, one for the Accounts Payable as of September 30, 2022 and the other for invoices after the close of the fiscal year. A motion was made, seconded and carried 3-0 to approve and 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, 2022.

The Board was provided with the 2023 upcoming conference list.

There was discussion on the status of Trustee vacancies. It was noted that an election is being conducted for the active member positions currently held by Mr. Grant and Mr. Hansen for review. It was noted that there are still two vacant Village positions on the Board.

## **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Sean Grant, Secretary