

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
August 1, 2023**

A meeting was called to order at 10:37 A.M. at Village Hall in Palm Springs, Florida.  
Those persons present were:

**TRUSTEES**

Tim Conboy  
Frank Castro  
Sean Grant (11:21 A.M.)  
Donald Bell  
Tom Gehrman

**OTHERS**

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

**WELCOME NEW TRUSTEE TOM GEHRMAN**

It was noted that the Village appointed Tom Gehrman to fill the remaining vacant Village Trustee position. The Trustees welcomed Mr. Gehrman to the Board.

**PUBLIC COMMENTS**

There were no public comments,

**MINUTES**

The Board reviewed the minutes of the meeting held May 2, 2023. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held May 2, 2023.

**INVESTMENT MONITOR REPORT**

Jennifer Gainfort appeared before the Board. She reviewed the market environment for the period ending June 30, 2023. She stated that the US economy has proved its resiliency. The market continued to rally. Large cap growth drove market returns, although it was a narrow market. AI names really drove the market. The Fed raised interest rates for the tenth time in May 2023. The Fed took a pause in June 2023 from raising rates, then increased rates by 25 basis points in July. With respect to the labor market, June was the slowest month for job creation since December 2020. Equities were positive for the quarter and the year while bonds were negative for the quarter and the year. Growth significantly outperformed value for the quarter and the year. There was a looming recession on the horizon, but it has not materialized. They are not going to try to time a recession.

Ms. Gainfort reported on the performance of the Fund for the quarter ending June 30, 2023. The total market value of the Fund as of June 30, 2023 was \$38,889,399. The asset allocation was 59.4% in domestic equities; 9.0% in international; 16.1% in domestic fixed income; 3.8% in global fixed income; 11.7% in real estate; and 0.0% in cash. Ms. Gainfort stated that she was recommending a rebalance as domestic equities are over 60% now. She also noted that the Village has requested \$500,000 for cash flow needs.

She stated that taking \$500,000 from domestic equities for the Village funding will only bring down the domestic equity allocation a little bit so more of a rebalance is needed. Ms. Gainfort recommended selling \$250,000 from both Parnassus and JP Morgan to raise the \$500,000 for the Village funding needs. A motion was made, seconded and carried 4-0 to sell \$250,000 from both Parnassus and JP Morgan to raise the \$500,000 for the Village funding needs. Ms. Gainfort then recommended a rebalance by selling \$200,000 from Parnassus; \$200,000 from JP Morgan; \$100,000 from Vanguard Mid Cap; \$300,000 from Vanguard Total Stock and transferring that \$800,000 to Garcia Hamilton. She stated that this rebalance will get the Fund back within the ranges for both equities and fixed income. A motion was made, seconded and carried 4-0 to rebalance by selling \$200,000 from Parnassus; \$200,000 from JP Morgan; \$100,000 from Vanguard Mid Cap; \$300,000 from Vanguard Total Stock and transferring that \$800,000 to Garcia Hamilton.

Ms. Gainfort reviewed the performance for the quarter ending June 30, 2023. The total portfolio was up 4.21 net of fees for the quarter ending June 30, 2023 while the benchmark was up 4.43%. The total equity portfolio was up 6.90% for the quarter while the benchmark was up 7.52%. The total domestic equity portfolio was up 7.51% for the quarter while the benchmark was up 8.39%. The total international portfolio was up 3.05% for the quarter while the benchmark was up 2.67%. The total fixed income portfolio was down .68% for the quarter while the benchmark was down .54%. The total domestic fixed income portfolio was down 1.05% for the quarter while the benchmark was down .75%. The total global fixed income portfolio was up .90% for the quarter while the benchmark was up .28%. The total real estate portfolio was down 1.94% for the quarter while the benchmark was down 3.03%.

Ms. Gainfort reviewed the performance of the individual manager portfolios. The JP Morgan Disciplines portfolio was up 9.24% for the quarter while the S&P 500 was up 8.74%. The Parnassus Core portfolio was up 7.53% for the quarter while the S&P 500 was up 8.74%. The Vanguard Mid Cap Index portfolio was up 4.76% for the quarter while the Russell Mid Cap Index was up 4.76%. The Vanguard Total Stock Market portfolio was up 8.41% for the quarter while the Russell 3000 benchmark was up 8.39%. The EuroPacific Growth portfolio was up 2.16% for the quarter while the benchmark was up 2.67%. The Dimensional Fund Advisors portfolio was up 3.97% for the quarter while the benchmark was up 3.54%. The PIMCO Diversified Income was up .90% for the quarter while the benchmark was up .28%. The Garcia Hamilton portfolio was down 1.05% for the quarter while the benchmark was down .75%. The Principal portfolio was down 1.94% for the quarter while the NCREIF was down 3.03%.

Sean Grant entered the meeting.

Ms. Gainfort stated that the portfolio looks good. She is pleased with the performance. She does not have any concerns with any of the managers. She reviewed the fees, noting that they had low-cost fees across the board.

Ms. Gainfort provided a revised Investment Policy Statement. Bonni Jensen stated that a new law passed in Florida, House Bill 3. She stated that House Bill 3 provides that the Board cannot make investment decisions on anything other than pecuniary factors and proxies have to be voted on in a pecuniary manner. She stated that House Bill 3 was at

the implementation phase. She stated that she did not think it would make any difference for the Board because it does not really change anything. A report has to be filed with the State by December 15 and there are no rules regarding exactly what needs to be filed as of yet. She stated that the IPS needs to be revised as some provisions need to be documented in the IPS, but it will not change how the Board functions. She stated that her office worked with AndCo to create the necessary language for the IPS. Ms. Gainfort reviewed the revised IPS. She stated that they have never based a recommendation on ESG factors. Their recommendations have only been based on financial factors. There was a lengthy discussion. A motion was made, seconded and carried 5-0 to adopt the revised Investment Policy Statement.

The Board was provided with a Cybersecurity Notice from Garcia Hamilton dated May 26, 2023. She stated that there was an incident that occurred on April 14, 2023. Ms. Jensen stated that there was a breach in their software system. It did not involve the investment side of GHA. It did not impact any holdings of the Fund and there was no personal identifiable information that was accessed.

### **ATTORNEY REPORT**

Ms. Jensen provided an article regarding a California man who hid his mother's death for 30 years to collect her benefits. She stated that the mother died in Japan and the death information never filtered back to the US. When she never applied for Social Security, the IRS looked into it. She noted that it was important to try to conduct death searches to try to prevent such issues. She stated that the Board has already started the process of doing death searches.

Ms. Jensen provided an updated Special Tax Notice. She stated that she updated the Notice because she wanted members to be aware of all the benefits available to them.

### **ADMINISTRATIVE REPORT**

Ms. Adcock presented the Board with the benefit calculation and election approval for Kathleen Fahrer. A motion was made, seconded and carried 5-0 to approve the benefit calculation and election of Kathleen Fahrer.

Ms. Adcock presented the disbursement list. A motion was made, seconded and carried 5-0 to approve and pay all listed disbursements.

It was noted that the 2022 Annual Report was approved by the State.

The Board was provided with a letter dated July 12, 2023 regarding the cost of living amount effective October 1, 2023. It was noted that the retirees will receive a 2.3% cost of living adjustment effective October 1, 2023.

Ms. Adcock presented a draft administrative expense budget for fiscal year 2024 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 5-0 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, 2023. A motion was made, seconded and carried 5-0 to renew the Fiduciary Liability Insurance not to exceed \$4,910.

Ms. Adcock provided an update on the request from the Board at a prior meeting to have the DROP and Share Account Statements put online for the members. She stated that both the DROP and Share Account Statements would be online by the end of the week. She stated that after they are online, they would bill for the agreed upon \$500 set up fee.

Ms. Adcock provided an update on the death benefit for the beneficiaries of Adam Taft. She reminded the Board that Adam Taft was a terminated vested member in the Plan that passed away this year. The Pre-Retirement Beneficiary Form on file for Mr. Taft listed his mom and dad as equal beneficiaries in the event of his death. It was noted that paperwork was sent to both of his parents at the last address on file. She stated that her office received a call from his mother and they were awaiting her paperwork. She stated that they did not know where the father was living but would see if they could find a current address using a locator service.

### **OTHER BUSINESS**

It was noted that the term of the 5<sup>th</sup> Trustee held by Tim Conboy is due to expire on September 30, 2023. A motion was made, seconded and carried 4-0 to re-appoint Tim Conboy as the 5<sup>th</sup> Trustee for another term due to expire on September 30, 2025.

It was noted that the term for Village appointed Trustee Donald Bell is due to expire on September 30, 2023, as he was serving out the remainder of Robert Perez's term. Ms. Adcock stated that she would let the Village know that the Board requests that the Village reappoint Donald Bell to the Board for another term.

It was noted that George LaFlam passed away in November 2022 and the Village was just advised of his passing. The Village is seeking reimbursement for the overpayments made after his death.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Sean Grant, Secretary