

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES'
PENSION FUND
MINUTES OF MEETING HELD
February 5, 2002

Virginia Walton called the meeting to order at 6:33 P.M. at the Water Treatment Plant in Palm Springs, Florida. Those persons present were:

TRUSTEES

Virginia Walton
Michael Johnson
Bev Smith

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Scott Baur & Margie Adcock, Pension Resource Center
Bruce Bridges & John Flagel, Invesco
Ernie Mahler

MINUTES

The Board reviewed the minutes of the meeting held November 6, 2001. A motion was made, seconded and carried 3-0 to approve minutes of the meeting held November 6, 2001.

INVESTMENT MANAGER REPORT: INVESCO

John Flagel and Bruce Bridges appeared before the Board to discuss the investment performance for the Fund for the quarter ending December 30, 2001. John Flagel advised that it was a good quarter. The S&P 500 was up 10.7% for the fourth quarter. However, the S&P 500 was down 11.9% for the calendar year 2001 and down 9.1% for the calendar year 2000. He noted that this is the first time since 1973/1974 that there have been back-to-back negative years.

Mr. Flagel reviewed the equity market. He noted that three sectors did very well: consumer discretion, technology and industrials. Even with the stellar quarter technology had being up 34.9%, it was down 26.4% for the year. He advised that there was no clear trend between value and growth. Value outperformed growth in the first and third quarters, while growth outperformed value in the second and fourth quarters. National Asset has taken a neutral mix holding the portfolio at 52% growth and 48% value. Mr. Flagel thinks that returns will be about 7-10% over the next decade.

Mr. Flagel then reported on the fixed income market. He noted that the Lehman Brothers Government/Corporate Index was up .1% for the fourth quarter, but was up 8.5% for the calendar year 2001 and up 11.9% for calendar year 2000. While there were two back-to-back bad years in stocks, there were two good years in bonds.

Mr. Flagel reported that the total market value for the Fund as of December 30, 2001 was \$5,234,000. The asset allocation of the Fund was comprised of 56% in equities; 39.2% in fixed income; and 4.8% in cash. The total portfolio was up 8.13% for the fourth quarter.

Equities were up 15.27% for the fourth quarter, while the S&P 500 was only up 10.69 for that same time period. Fixed income was up .07% for the fourth quarter, while the benchmark was up .06% for that same time period.

Mr. Flagel then discussed the equity characteristics and noted that the Fund has a well-balanced core portfolio. They have a mix of growth and value, which helps with consistency and smoothing out returns quarter to quarter. Also being underweight in telecommunications has helped. Bruce Bridges noted that the fixed income portfolio is also well diversified. The duration on bonds in the Fund average 5.49 years, while the duration on bonds for the benchmark average 5.38 years.

INVESTMENT MONITOR REPORT: SMITH BARNEY

Ernie Mahler appeared before the Board to discuss the investment performance of the Fund. He discussed the capital markets and noted that the trend used to be growth and then value. Now it goes back and forth between growth and value. He advised that having National Asset has helped because they have a nice blend of growth and value. Mr. Mahler reported that the CPI rose 1.8% for the year, which was down from a 3.38% increase in the calendar year 2000. This is about the lowest that it has gotten in recent times.

Mr. Mahler then discussed the performance of the Fund. He reported that for the quarter, the Fund was up 8.13%, while the benchmark was up 5.9%. The total market value of the Fund for the period ending December 30, 2001 was \$5,234,000 compared to \$4,840,000 at the beginning of the quarter. Mr. Mahler advised that he felt good that the Fund's portfolio was going in the right direction. He noted that equities were key to outperformance of the benchmark in the fourth quarter and he is pleased with the performance.

John Flagel, Bruce Bridges and Ernie Mahler departed the meeting.

ADMINISTRATIVE REPORT

Margie Adcock presented the Board with a list of all the Participants for which she received a Beneficiary/Enrollment Form as was discussed at the last Board meeting. A motion was made, seconded and approved 3-0 to approve the list of Participants.

DISBURSEMENTS

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

ATTORNEY REPORT

Bonni Jensen provided the Board with a Summary of Plan Changes to be used as an addendum to the Summary Plan Description. It was noted that the Plan is scheduled to have a Summary Plan Description updated in September 2002 by State rules. It was suggested that the Summary of Plan Changes be distributed to all members.

Ms. Jensen reported that she has just received a copy of the revised Ordinance correcting the effective date to October 1, 2000. She noted that it would be on the February 14, 2002 Village agenda for approval.

OTHER BUSINESS

There being no further business and the next meeting being scheduled for Tuesday, May 7, 2002 at 6:30 P.M. at the Water Plant, the meeting was adjourned at 7:10 P.M.

Respectfully submitted,

Michael Johnson, Secretary