

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES’
PENSION FUND
MINUTES OF MEETING HELD
May 7, 2002**

Virginia Walton called the meeting to order at 6:35 P.M. at the Water Treatment Plant in Palm Springs, Florida. Those persons present were:

TRUSTEES

Virginia Walton
Michael Johnson
Bev Smith
Rebecca Morse
Clarence Cooper

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Scott Baur & Margie Adcock, Pension Resource Center
Bruce Bridges, Invesco
Ernie Mahler, Salomon Smith Barney
Larry Wilson & Ken Jones, Actuary

MINUTES

The Board reviewed the minutes of the meeting held February 5, 2002. A motion was made, seconded and carried 5-0 to approve minutes of the meeting held February 5, 2002.

INVESTMENT MANAGER REPORT: INVESCO

Bruce Bridges appeared before the Board to discuss the investment performance for the Fund for the quarter ending March 31, 2002. Mr. Bridges advised that the S&P 500 was up .3% for the first quarter. He noted that the Russell 1000 Value was up 4.1% for the quarter, while the Russell 1000 Growth was down 2.6% for that same time period. The S&P Barra Value was up 1.3% for the quarter, while the S&P Barra Growth was down .8% for that same time period. It was a quarter for value versus growth.

Mr. Bridges reviewed the equity market. He noted that technology was down 7.4% for the quarter and telecommunications was down 15.3% for the quarter. The sectors that did well were materials and consumer stocks. With respect to the fixed income market, the Lehman Brothers Government/Corporate Index was down .2% for the quarter. He noted that bonds were down a little for the quarter because interest rates went up.

Mr. Bridges reported that the total market value for the Fund as of March 31, 2002 was \$5,235,000. The asset allocation of the Fund was comprised of 58.9% in equities; 39.1% in fixed income; and 2.0% in cash. The total portfolio was up .06% for the quarter. For the fiscal year to date, the Fund is up 8.19%. Equities were up .27% for the quarter, while the S&P 500 was up .27% for that same time period. For the fiscal year to date, equities are up 15.57%, while the benchmark is up only 10.99%. Fixed income was down .46% for the quarter, while the benchmark was down .50% for that same time period. Mr. Bridges advised that for this current quarter so far, the Fund is down 4% so that for the fiscal year to date, the Fund is up about 4%.

Mr. Bridges then discussed the equity characteristics and noted that the Fund has a well-balanced core portfolio. He noted that financial stocks are doing well, as are things that benefit from a rising economy. He advised that they purchased AOL Time Warner and

Boeing. He presented the fixed income market overview. He noted that the average quality of the portfolio is AAA. Mr. Bridges advised that it has been a pretty good fiscal year through the end of March.

INVESTMENT MONITOR REPORT: SMITH BARNEY

Ernie Mahler appeared before the Board to discuss the investment performance of the Fund. He reported that for the quarter, the Fund was up .05%, while the benchmark was up .13%. Equities were up .35% for the quarter, while the S&P was up .27%. Fixed income was down .39% for the quarter, while the index was down .48%. Generally speaking, since September 30, 2001, he is pleased with the numbers. They are pretty much what he expected, maybe slightly better. The total market value of the Fund for the period ending March 31, 2002 was \$5,236,000 compared to \$5,234,000 at the beginning of the quarter. Mr. Mahler stated that they have done a nice job so far and it was a non-event quarter. He feels good about the group and they are doing what we are asking them to do.

Bruce Bridges and Ernie Mahler departed the meeting.

ACTUARY REPORT

Larry Wilson and Ken Jones appeared before the Board to present the Actuarial Valuation as of September 30, 2001. Larry Wilson gave the Board a brief background of the firm and of his qualifications. He then presented the Actuarial Valuation. Mr. Wilson noted that the Fund is 102% funded, which is down slightly from the year before at 131% funded. Mr. Wilson reported that there was a Plan improvement between the prior valuation and this one. Mr. Wilson advised that the Village's contribution as of October 1, 2002 is 9.98% of pay, an increase from 8.05% the prior year. There was a recognized loss of return on investments of 1.6% versus the 8% expected rate of return. Additionally there was a 5.6% increase in payroll versus the 6.1% that was expected. The total adjusted contribution requirement is 1% for the members and 9.98% from the Village. There was then a discussion on smoothing. It was reported that the market value at the end of the year was \$4,886,561 and the funding value at the end of the year was \$6,024,048. However, there is a decrease because of the State requirement that it cannot be over 120% of market value or \$5,863,873. Mr. Jones then went over some statistical information with the Board. He advised that there were more new entrants than expected. There were 17 versus the expected of 12. There were also 9 terminations versus the expected of 8.2. The actual real investment return rate for 2001 was a negative .9%. There was then a discussion regarding the adjustments to the calculated contribution requirement and the temporary funding credit of .35, which seems like it should be .43. Mr. Wilson advised that he would look into that and revise the report if necessary.

Larry Wilson and Ken Jones departed the meeting.

ADMINISTRATIVE REPORT

Margie Adcock reported that she had received several Beneficiary/Enrollment Forms from the Village. A motion was made, seconded and carried 5-0 to approve the list of Enrollment Applications.

Ms. Adcock reported that she received an Application for Retirement from Sarah Spivey. A motion was made, seconded and carried 5-0 to approve the Application for Retirement for Sarah Spivey pending the benefit calculation from the Actuary.

Ms. Adcock reported that she spoke with the son of Alfredo Terrazas and he has indicated that his mother is completing the Application to start receiving benefits as a surviving spouse. A motion was made, seconded and carried 5-0 to approve the benefit payments to the widow of Alfredo Terrazas once a completed Application is received.

Ms. Adcock presented the Board with a list of upcoming conferences. There was a discussion regarding the FPPTA Conference and Trustees School.

DISBURSEMENTS

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

ATTORNEY REPORT

Bonni Jensen advised that she has forwarded the finalized Ordinance 2002/9 to Charles Slavin.

Ms. Jensen reported that a couple meetings ago the Board discussed disaster recovery. Ms. Jensen advised that she has received information from Salem Trust Company advising that they do have a disaster recovery program in place that would protect the Fund.

OTHER BUSINESS

It was noted that the terms for Virginia Walton and Mike Johnson are up in October 2002. There was a discussion on staggering terms, which would require an Ordinance change. It was determined that Ms. Jensen should prepare an Ordinance change for a 2 year and 3 year staggered term for the Board to review and approve at the next meeting.

There being no further business and the next meeting being scheduled for Tuesday, August 6, 2002 at 6:30 P.M. at the Water Plant, the meeting was adjourned at 8:00 P.M.

Respectfully submitted,

Michael Johnson, Secretary