

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES’
PENSION FUND
MINUTES OF MEETING HELD
February 11, 2003**

Virginia Walton called the meeting to order at 7:00 P.M. at the Water Treatment Plant in Palm Springs, Florida. Those persons present were:

TRUSTEES

Virginia Walton
Michael Johnson
Bev Smith
Rebecca Morse

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Margie Adcock, Pension Resource Center
Brian Coker, Invesco
Ernie Mahler, Salomon Smith Barney

MINUTES

The Board reviewed the minutes of the meeting held November 12, 2002. A motion was made, seconded and carried 4-0 to approve minutes of the meeting held November 12, 2002.

INVESTMENT MANAGER REPORT: INVESCO

Brian Coker appeared before the Board to discuss the investment performance for the Fund for the quarter ending December 31, 2002. Mr. Coker advised that Bruce Bridges has provided notice that he will be leaving Invesco at the end of the year. It was noted that the Miami office will most likely be closing and that he would be the client service manager.

Mr. Coker discussed the equity market summary and noted that all major stock market indices were up for the quarter, but were all down for the one year and two year time period except for real estate. He noted that once a bear market is over things generally look pretty bright. He stated that once the war with Iraq is resolved, the market should be strong based on past history. Mr. Coker then provided a market outlook and noted that the economic fundamental are not terrible. There are corporate trust concerns and concerns about the war. Looking at past history, the pre-war markets have been volatile, but during a war the markets have never lost more than 5%, and after a war the markets have made a good rally. Mr. Coker advised that they have been positioning for a market recovery and did not plan for war or corporate scandals. He then reviewed the fixed income market summary advising that interest rates are at a 40 year low.

Mr. Coker reported that the total market value of the portfolio was \$4,669,184 for the quarter ending December 31, 2002. The asset allocation of the Fund at the end of the quarter was 55.7% in equities; 42.2% in fixed income; and 2.1% in cash. The total Fund was up 3.5% for the quarter ending December 31, 2002, while the benchmark was up 5.5%. Equities were up 6.7% for the quarter while the S&P 500 was up 8.4%. Fixed income for the quarter was up .9% while the benchmark was up 1.7%. Mr. Coker then discussed the equity characteristics and noted that the Fund has a well-balanced core

portfolio. With respect to fixed income, the portfolio is high quality with 73% in government securities.

Mr. Coker advised that the clients in Florida have had a difficult time in that they are all managed the same way. He noted that National Asset Management has added \$40 billion in assets under management in the last year and have outperformed the market in 11 out of the last 15 calendar years by 2%. However, Florida clients have had a poor run with relative returns with Invesco and then the market went down when National Asset Management took over. Mr. Coker noted that he believed that if looked at objectively, National Asset Management is competitive and has positioned the portfolio for a market recovery.

INVESTMENT MONITOR REPORT: SMITH BARNEY

Ernie Mahler appeared before the Board to discuss the investment performance of the Fund. He reported that the Fund was up 3.46% for the quarter ending December 31, 2002 while the benchmark was up 5.50%. The market value as of December 31, 2002 for the Fund was \$4,666,175. Mr. Mahler advised that for future reports he will just report on the performance of National Asset Management. He then discussed the history of quarterly performance. Mr. Mahler then reported that the manager is in the bottom quartile for the one and two year time periods. The further one looks back in time the ranking improves. However, the current quarters are dragging down the other quarters. Almost as soon as National Asset Management came in they began to underperform. Mr. Mahler advised that the Board needs to take a look at what the options are. He does not encourage terminating the manager, but does encourage the Board to see what else is out there and compare. Due to the consistent underperformance of the manager, Mr. Mahler came prepared with a draft review of other managers. He recommended having a special meeting before the next quarterly meeting to review the options available. A motion was made, seconded and carried 4-0 to have Ernie Mahler evaluate the information and conduct a manager search. Mr. Mahler advised that he would bring detailed information to the special meeting that would include 3, 5, and 10 year numbers as of December 31, 2002.

Brian Coker and Ernie Mahler departed the meeting.

ADMINISTRATIVE REPORT

Margie Adcock reported that they had received nine Beneficiary/Enrollment Forms from the Village. A motion was made, seconded and carried 4-0 to approve the list of Enrollment Applications.

Ms. Adcock presented the disbursements. A motion was made, seconded and approved 4-0 to pay all listed disbursements.

Ms. Adcock then advised that Salem Trust Company was asking for an updated signature authorization form. The Board determined that the Trustees would be authorized signors with any action requiring the signature of 2 Trustees.

Ms. Adcock advised that she received an Application for Retirement from Paul Teresi and that they were processing the information. She noted that they would process the Application and set Mr. Teresi up for payment.

ATTORNEY REPORT

Bonni Jensen reported that the Board was provided with an updated draft Summary Plan Description for review. She noted that the Ordinance change concerning the Elected Officials has been to first reading and is set for second reading tomorrow. There was a discussion on the impact statement for the Ordinance change. Ms. Jensen stated that the Ordinance change that went to the Village went forward with only the Elected Officials change as the Village Manager removed the 1000 hour change because it needed to be negotiated with the Union.

Ms. Jensen then reported on a lawsuit filed by the City of Deerfield Beach concerning a public records issue. The lawsuit claimed that the records of the consultant relating the Fund were public records but the consultant was claiming they were a private entity. Ms. Jensen did not recommend that this Fund become involved in the litigation but noted that the law firm was looking for other funds to get involved in the lawsuit. There was then a discussion on public records.

There was then a discussion on the reduced vesting in the Plan. Ms. Jensen stated that she believed legally that a Participant is entitled to 100% at normal retirement. That if someone left at age 50 with 5 years of service, that when they reach 62 they would be fully vested. The Board did not believe that was their understanding of the reduced vesting in the Plan. Ms. Jensen advised that she would research the matter.

OTHER BUSINESS

Ms. Adcock reminded the Board that they needed to determine the terms for Virginia Walton and Mike Johnson. It was determined that Virginia Walton would hold the two year term and Mike Johnson would hold the three year term.

There was then discussion on the responsiveness of the Actuary. A motion was made, seconded and approved 4-0 to have Bonni Jensen send out a request to consider actuarial options available to the Board.

There being no further business and the next meeting being scheduled for Monday, April 7, 2003 at 4:00 P.M. at the Water Plant, the meeting was adjourned at 8:45 P.M.

Respectfully submitted,

Michael Johnson, Secretary