

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES’
PENSION FUND
MINUTES OF MEETING HELD
April 7, 2003**

Virginia Walton called the meeting to order at 4:06 P.M. at the Water Treatment Plant in Palm Springs, Florida. Those persons present were:

TRUSTEES

Virginia Walton
Michael Johnson
Rebecca Morse

OTHERS

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

MINUTES

The Board reviewed the minutes of the meeting held February 11, 2003. A motion was made, seconded and carried 3-0 to approve minutes of the meeting held February 11, 2003.

INVESTMENT MONITOR REPORT: SMITH BARNEY

Ernie Mahler appeared before the Board to discuss the investment performance of Invesco. He noted that what he provided to the Board at the last meeting was incomplete. He explained that they receive two downloads of information on various benchmarks. The first download is an initial one with limited information. The second download is more complete as it will have all of the benchmarks. The information he provided the Board at the last meeting was incomplete because he used the first download as opposed to the second. Mr. Mahler reported that Invesco/NAM is in the top quartile for the period ending September 30, 2002. Relatively speaking, Mr. Mahler advised that Invesco/NAM looks decent. The information he provided the Board puts Invesco/NAM in a much better light than what was showed at the last meeting.

Mr. Mahler then provided the Board with information on a balanced manager search. He advised that he looked at 427 candidates initially. When the screening was done to conform to the Fund’s guidelines, there were 13 candidates that remained. Mr. Mahler reviewed a 3, 5, 7 and 10 year capital market line test. He discussed the risk/return analysis of the various candidates. He noted that Invesco/NAM was a balanced manager with both growth and value. They try to weight in the right area at the right time. He discussed Davis Hamilton as a manager. He stated that they have some mid-cap exposure and there is a chance that the Fund could get a little better return over time with that exposure. He then reviewed the consistency of performance using rolling 3 year annualized returns. Mr. Mahler advised that two managers beat the index 4 out of 5 periods: Invesco/NAM and Davis Hamilton. The only time they did not beat the index was in the current time frame.

Mr. Maher recommended that, based on the information, the Board sit tight at this point. He stated that he will look at the numbers for the period ending March 30, 2003. If at that point he thinks that there might need to be a change, the Board can invite other managers to make a presentation. There was then a lengthy discussion concerning the investment performance and the candidates that were reviewed. Mr. Mahler noted that Davis Hamilton uses mid-cap to try to outperform while Invesco/NAM tries to get it right between growth and value to outperform. Invesco/NAM has been waiting for the economy to come back and they have a philosophy that should work once the market turns around. He stated that it makes sense to sit tight a bit longer with Invesco/NAM. A motion was made, seconded and approved 3-0 to stay with Invesco/NAM and Ernie Mahler will keep track of Invesco/NAM and Davis Hamilton.

ADMINISTRATIVE REPORT

Margie Adcock advised that she received an Application for Retirement from Paul Teresi. Ms. Adcock provided the Board with an Agenda Addendum that set forth the information concerning the pension benefit for Mr. Teresi. A motion was made, seconded and approved 3-0 to approve the pension benefit to Mr. Teresi.

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

Becky Morse provided the Board with an income and expense report for the fiscal year-to-date and discussed the report with the Board.

ATTORNEY REPORT

Bonni Jensen provided the Board with the responses that were received to the request for proposal for actuarial services. She advised that responses were received from Buck Consultants in Atlanta; Foster & Foster in Ft. Myers; GRS Asset Consulting Group in Ft. Lauderdale; Public Pension Professionals in Merritt Island/California; and Stanley Holcombe & Associates in Atlanta. Ms. Jensen reviewed the responses with the Board noting that all of the actuaries represent at least one general employee and fire and police pension plan in the State of Florida. She then reviewed the responses to the questions of insurance, litigation and fees. There was a lengthy discussion on the responses received. Becky Morse noted that she called Public Pension Professionals to see how flexible they were with their fees and they never called her back. Ms. Jensen noted that she is having a difficult time getting a contract from Public Pension Professional for another client she has. It was noted that from the response of Foster & Foster that there was a concern whether they could provide the technology as the information provided looked dated. There was a consensus among the Board to invite Buck Consultants, GRS Asset Consulting Group and Public Pension Professionals to the next meeting to make a presentation.

Ms. Jensen then provided the Board with an updated draft Summary Plan Description for review. She stated that it was drafted to include Elected Officials. She asked the Board to review the SPD so it can be finalized at the next meeting. She also asked the Board to

think about how they might like the SPD to be printed, like perhaps using a binder so replacement pages will be easy to insert.

Ms. Jensen then discussed the matter involving the vesting schedule. She stated that she spoke with Larry Wilson on the matter and he confirmed that they were valuing the benefits so that a Participant is entitled to 100% of their benefit at age 62 with 5 years of service. There was a lengthy discussion on this matter and the intent of the Board. Ms. Morse stated that she talked to prior Board members and they confirmed for her that the intent was that the reduced vesting schedule in the Plan was used in calculating a benefit at normal retirement. Ms. Jensen advised that the Board could make a change prospectively. The Board decided to discuss this with Larry Wilson at the next meeting.

OTHER BUSINESS

Mike Johnson advised that he received a new petition from the employees for certain benefit changes. Virginia Walton reviewed the petition and advised the Board that the employees were asking the Board and Council to possibly increase their participation to the Fund by 1% along with a matching 1% from the Village for the purpose of decreasing the penalty for early retirement and/or by increasing the multiplier. The Board decided that they would discuss this at the next meeting.

There being no further business and the next meeting being scheduled for Tuesday, May 6, 2003 at 6:30 P.M. at the Water Plant, the meeting was adjourned at 5:20 P.M.

Respectfully submitted,

Michael Johnson, Secretary