

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES’
PENSION FUND
MINUTES OF MEETING HELD
August 5, 2003**

Virginia Walton called the meeting to order at 6:30 P.M. at the Council Chambers in Palm Springs, Florida. Those persons present were:

TRUSTEES

Virginia Walton
Michael Johnson
Bev Smith
Rebecca Morse (6:48 P.M.)

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Margie Adcock, Pension Resource Center
Bill Stewart, Invesco
Ernie Mahler, Salomon Smith Barney
Chad Little, Actuary

MINUTES

The Board reviewed the minutes of the meeting held June 17, 2003. A motion was made, seconded and carried 3-0 to approve minutes of the meeting held April 7, 2003.

INVESTMENT MANAGER REPORT: INVESCO

Bill Stewart appeared before the Board to discuss the investment performance for the Fund for the quarter ending June 30, 2003. Mr. Stewart advised that the total market value for the portfolio for the quarter ending June 30, 2003 was \$4,790,704. The asset allocation as of June 30, 2003 was 60% in equities, 39% in fixed income and the remainder in cash. Mr. Stewart reported that the total Fund was up 8.4% for the quarter while the benchmark was up 9.8%. With respect to equities for the quarter, the Fund was up 12.8% while the benchmark was up 15.4%. With respect to fixed income for the quarter, the Fund was up 2.7% while the benchmark was up 3.5%. Mr. Stewart discussed the equity characteristics and the fixed income portfolio characteristics. He noted that the fixed income portfolio is a high quality portfolio and the duration is about even with the benchmark. There was then a discussion on the Investment Guidelines of the Fund and the 60% maximum in equities at market. It was noted that Ernie Mahler will discuss revising the Investment Guidelines at the next meetings.

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 8.41% for the quarter ending June 30, 2003 while the benchmark was up 9.47%. He noted that the total market value of the Fund as of June 30, 2003 was \$4,970,000.

Rebecca Morse entered the meeting.

Mr. Mahler stated that equities were up 12.78% for the quarter while the S&P 500 was up 15.40%. The fixed income portion of the portfolio was up 2.79% while the benchmark

was up 3.52%. Mr. Mahler reviewed the quarterly breakdown of the change in value of the account. Mr. Mahler stated that he wanted to rework the Investment Guidelines at the next meeting to allow for rebalancing at a minimum and to give the Investment Manager a little more direction. He also would like to look at including a new asset class such as small/midcap to the Fund's portfolio. He noted that Invesco has such a product that has done well and might make sense to use them because of the cost. Mr. Mahler then asked Mr. Stewart to briefly discuss the Invesco product.

Mr. Stewart stated that within their broad product line, they have collective trusts that are designed specifically for qualified retirement plans and can invest in such trust with as little as \$100,000. There was a discussion on the collective trust versus an individually managed account. Mr. Stewart noted that they also have a midcap trust product. He provided the Board with information that was representative of the different types of products that they have.

Mr. Mahler raised the issue of allowing the Manager to go to 70% in equities. He recommended going to a higher percentage to allow the Manager to capture better returns. Chad Little noted that this is a unique Fund in that the income equals the outflow and there is a chunk of money that is invested that really does not need to be touched at this point. He noted that with the smoothing technique, the Fund can accept a little more volatility but would still need to work within the budget of the City.

ADMINISTRATIVE REPORT

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

Ms. Adcock advised that she received an Application for Retirement from Theodore Abbott. Ms. Adcock provided the Board with an Agenda Addendum that set forth the information concerning the pension benefit for Mr. Abbott. A motion was made, seconded and approved 4-0 to approve the pension benefit to Mr. Abbott.

Ms. Adcock presented the disbursements. Rebecca Morse noted that she had a problem with the Actuary not billing for one year and receiving an invoice that covered an entire year. It was noted that the City was supposed to pay an amount billed of \$2,820 for the impact study of adding in the Elected Officials. A motion was made, seconded and approved 4-0 to pay all listed disbursements with the exception that \$2,820 identified on the invoice from the Actuary needs to be paid by the City.

ATTORNEY REPORT

Bonni Jensen advised that she had an Agreement with the Actuary that needed to be signed. She stated that the Agreement has been signed by the Actuary and that she is expecting two more exhibits to be attached to the Agreement. The Agreement was signed by the Board. Ms. Jensen stated that she would send Gabriel, Roeder, Smith & Company a termination letter and requesting a final accounting.

Ms. Jensen showed the Board the proof of the cover for the Summary Plan Description.

OTHER BUSINESS

Mike Johnson stated that he has received requests for certain benefit changes that the Participants are still looking for. Virginia Walton stated that she spoke with the Village and presented the petition to them and asked them to consider it. She noted that the benefits being requested have to go through collective bargaining. She stated that the petition has been presented to the Village Manager and he has a copy of it.

There being no further business and the next meeting being scheduled for Tuesday, November 4, 2003 at 6:30 P.M. at the Water Plant, the meeting was adjourned at 7:42 P.M.

Respectfully submitted,

Michael Johnson, Secretary