

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES’  
PENSION FUND  
MINUTES OF MEETING HELD  
May 3, 2005**

The meeting was called to order at 6:28 P.M. at the Council Chambers in Palm Springs, Florida. Those persons present were:

**TRUSTEES**

Virginia Walton  
Mike Johnson  
Butch Cooper  
Rebecca Morse  
Bev Smith

**OTHERS**

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel (6:45 P.M.)  
Margie Adcock and Greta Krumenacker, Pension Resource Center  
Chad Little, Actuary  
Ernie Mahler, Smith Barney

**MINUTES**

The Board reviewed the minutes of the meetings held February 1, 2005. A motion was made, seconded and carried 5-0 to approve minutes as amended of the meetings held February 1, 2005.

**ACTUARY REPORT**

Mr. Little appeared before the Board.

A motion was made, seconded and carried 5-0 to approve the actuarial valuation as of October 1<sup>st</sup>, 2004.

Mr. Little explained there was a need to adopt new option factors to calculate benefits. The end result would be to achieve rates such that when the participants makes a decision between one benefit or the other there is no impact on this plan. He stated the actuarial equivalency factors currently used couldn't be reproduced. Ms. Morse stated her concern in the matter. Mr. Little explained the goal is to use actuarial equivalence factors that would provide accurate actuarial valuation assumptions. Mr. Little proposed to present the next meeting visual references of old and new factors. Mr. Little recommended an update of the definition of actuarial equivalence factors. The Board agreed to have Mr. Little make a presentation on this matter the following meeting.

**INVESTMENT MONITOR REPORT**

Mr. Croce joined the meeting via teleconference to discuss the investment performance for the Fund for the period January 27, 2005 thru March 31, 2005. Mr. Mahler reported that the Fund was up 2.39% for this period while the benchmark was up .07%. With respect to equities Mr. Croce stated the Fund was up 4.69% while the Russell 100 was up 2.89% and the S&P500 was up .87%. He noted that they restructured the portfolio based on an outlook and philosophy different from the one they had in 2004. He noted in 2005 things had slowed down; there had been a rise in interest rates and in energy prices. With this outlook in mind they had determined that energy stocks would continue doing well because of the growing demand of China, India and the lack of new natural reserves. Mr. Croce stated other areas they would continue to watch carefully and invest in were healthcare and communications. Mr. Croce noted they had done well for the short period of time they had managed the portfolio and they would continue doing their best. Mr. Croce ended the teleconference.

**INVESTMENT MONITOR REPORT: SMITH BARNEY**

Ernie Mahler appeared before the Board. Mr. Mahler reviewed performance for the quarter ending March 31, 2005. He explained the period includes Invesco's portion before the transfer to Anchor. The Fund was

up .19% for the quarter while the benchmark was down 1.49%. For the Fiscal YTD the fund was up 5.20% while the benchmark was up 3.66%. The total market value of the Fund as of March 31, 2005 was \$6,020,000. The asset allocation at the end of the quarter was 60% in equities; 37% in fixed income; and 3% in cash. Mr. Mahler noted that it was great news to have positive returns while the average funds in the country were experiencing the first quarter blues resulting in a percentage point loss. The equity portfolio was up .74% while the S&P 500 was down 2.15%. The fixed income portfolio was down .45% while the benchmark was down .67%.

Mr. Mahler revised the Statement of Investment Policies and Objectives. He inserted the Russell 1000 as a benchmark for equities, and changed the name of the Investment manager from Invesco to Anchor Capital. Ms. Jensen noted she wanted to open the floor for discussion and have it noted on the minutes that the maximum cash equivalency is 50%. Ms. Morse stated that if the Investment Manager decided to have that amount in cash it would be because they thought they could get a greater return than in other kind of investments. She stated it did seem high, but there might be a time when the market changed and there might be a need to have a high percentage in cash. Mr. Mahler noted this manager was not afraid of cash.

A motion was made to approve the statement of investment policies and objectives with the corrections noted at the meeting, seconded and approved 5-0.

### **ADMINISTRATIVE REPORT**

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

Ms. Adcock presented the Board with the benefit calculation and election approval for Audrey Campfield, Richard Gift and Florence Napolitano. A motion was made, seconded and carried 5-0 to approve the benefit elections.

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

### **ATTORNEY REPORT**

Bonni Jensen noted that she hoped to have the SPD delivered to Ms. Walton by the end of the week for distribution.

There being no further business the next meeting was scheduled for August 2, 2005 at 6:30 P.M., the meeting was adjourned at 7:30 P.M.

Respectfully submitted,

Secretary