

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 2, 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
Bev Smith
Butch Cooper
Rebecca Morse
Phil Ralya

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Scott Baur and Greta Krumenacker, Pension Resource Center
Chad Little, Actuary
Ernie Mahler, Smith Barney
Bob Croce, Anchor Capital

INTRODUCTION OF NEW TRUSTEE; APPOINTMENT OF NEW SECRETARY

Mr. Ralya introduced himself to the Board. Ms. Smith nominated Mr. Ralya to be appointed as the Secretary. Mr. Ralya accepted the nomination. A motion was made, seconded and carried 5-0 to accept Mr. Ralya as the Secretary.

MINUTES

The Board reviewed the minutes of the meeting held May 3, 2005. A motion was made, seconded and carried 5-0 to approve the minutes of the meeting held May 3, 2005.

The Board reviewed the minutes of the joint meeting held May 3, 2005. A motion was made, seconded and carried 5-0 to approve the minutes of the joint meeting held May 3, 2005.

ACTUARY REPORT

Mr. Little appeared before the Board. Mr. Little explained why it is so important to replace the option factors used by GRS. The Ordinance provides that the Board adopts factors based on the GAM 83, 50/50 split at 8% and a 3% COLA. The factors recommended are very close to what GRS used, although the benefit amounts are slightly higher. Mr. Little provided examples of the calculations with the new factors. Mr. Little stated the language in the ordinance states the Fund is using the GAM 84, but noted there was no GAM 84, only GAM 83 and GAM 94. A motion was made, seconded and carried 5-0 to approve the new factors and to correct the language in the Ordinance to state that the factors would be based on the GAM 83.

INVESTMENT MONITOR REPORT: SMITH BARNEY

Ernie Mahler appeared before the Board. Mr. Mahler reviewed performance for the quarter ending June 30, 2005. The Fund was up 2.25% for the quarter while the benchmark was up 1.79%. The total market value of the Fund as of June 30, 2005 was \$6,360,000. The asset allocation at the end of the quarter was 59% in equities; 36% in fixed income and 5% in cash. The fiscal year to date was up 7.56% while the benchmark was up 5.52%. The equity portfolio was up 2.26% while the S&P 500 was up 1.36%. The fixed income portfolio was up 2.62% while the benchmark was up 3.44%. He noted the contributions added during the quarter were \$200,000.

INVESTMENT MANAGER: ANCHOR CAPITAL

Bob Croce appeared before the Board. Mr. Croce informed about the performance since inception. He noted the Fund was up 4.72% while the benchmark was up 3.14%. He noted the beginning market value was \$5.9 million with net capital additions/withdrawals of \$198,000 leaving a total market value on June 30, 2005 of \$6,354,673.16. Ms. Morse noted \$200,000 was wired into the account but the report shows a cash deposit of \$198,281.26 net. Mr. Croce stated the difference was due to prorated manager fees. Mr. Croce stated the asset allocation at the end of the quarter was 59.6% equities, 35.6% fixed income and 4.8% in cash. Mr. Croce noted Anchor has a very cautious outlook. Consumers have carried the economy for some time due to low interest rates, spending, low energy costs, tax cuts and real estate appreciation. He stated the environment has changed. There are no more tax cuts and energy prices have increased. Mr. Croce informed the Board that energy is about 10% of portfolio. Mr. Croce discussed the other holdings in portfolio. Anchor also favors health care sectors because of the population aging. He noted Anchor never buys a company as a potential takeover target. Finally he stated Anchor likes the telecommunication sector stocks.

Mr. Croce departed the meeting.

ADMINISTRATIVE REPORT

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

ATTORNEY REPORT

Bonni Jensen stated the Plan Document needed to be amended to address the transfer of service. She explained if a member were to leave the Hazardous Pan as a vested member, they would be treated as a vested deferred. It was noted that a vested employee leaves and receives a vested deferred benefit while a non-vested member receives continued

increases in salary. After a lengthy discussion it was agreed that even if that was not the intent, the conclusion was agreed upon in the May 3rd meeting. Ms. Jensen noted there were also some language changes that needed to be amended in the Document before sending it to the Village Council. A motion was made, seconded and carried 5-0 to forward the proposed changes to the Ordinance to the Village Council as presented.

Ms. Jensen stated the Board had the fiduciary duty to monitor the Investment Consultant and explained that the SEC had just released a staff report regarding this matter. She provided the Board with the SEC memo with ten sample questions that consultants should answer. The Board agreed and asked Mr. Mahler to complete the questionnaire. Ms. Jensen stated she would review the answers provided by Mr. Mahler and if there were unusual disclosures she would propose a special meeting. The Board agreed to review the matter at the next meeting scheduled for November.

There being no further business and the next meeting being scheduled for November 1, 2005 at 6:30 P.M., the meeting was adjourned at 8:12 P.M.

Respectfully submitted,

Phil Ralya, Secretary