

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 7, 2007

The meeting was called to order at 3:00 P.M. at the Council Chambers in Palm Springs, Florida. Those persons present were:

TRUSTEES

Virginia Walton
Rebecca Morse
Patti Waller
Phil Ralya

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Margie Adcock, Pension Resource Center
Chad Little, Actuary (3:05 P.M.)
Dan Doucette, Anchor Capital
Dave West, Bogdahn Consulting

MINUTES

The Board reviewed the minutes of the meeting held May 1, 2007. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held May 1, 2007.

The Board reviewed the minutes of the joint meeting held May 29, 2007. A motion was made, seconded and carried 4-0 to approve the minutes of the joint meeting held May 29, 2007.

INVESTMENT MANAGER: ANCHOR CAPITAL

Dan Doucette appeared before the Board. He reported on the performance of the Fund for the quarter ending June 30, 2007. The total market value of the Fund as of June 30, 2007 was \$9,027,933.79. The total portfolio was up 4.49% gross of fees for the quarter while the benchmark was up 3.44%. Since inception the total portfolio was up 33.16% gross of fees while the benchmark was up 21.99%. He stated that they were happy with the performance for the quarter. He stated that the areas that contributed to performance were health care and utilities. He noted that real estate and financials were also good until the last month when the market had a pull back. He stated that there has been a lot of volatility in the market in the last month. He stated that they are not going to be concentrated in too many individual areas going forward.

Chad Little entered the meeting.

Mr. Doucette reviewed the purchase of Genzyme (a pharmaceutical company) and Cintas (a uniform company) and the sale of Medimmune and Todco. He stated that they were fairly comfortable with where they are positioned now across the board. He stated that they built up a little bit of a cash reserve that will benefit the portfolio as the market is in somewhat of a transition period. He noted that the Fund is earning about 5.4% interest on the cash. He stated that there was no real benefit to jump into bonds and make a duration call. They think there is continued stress on the financial area and think health care and utilities will continue to do well. Ms. Morse noted that the portfolio contained some fixed income that was not rated. Mr. Doucette stated that those were agency bonds, which are required to be backed by the full faith and credit. Ms. Jensen stated that the Investment Policy Statement allows those bonds because the Statement allows the Fund to invest in

“obligations of the US Government or agency thereof”. There was discussion on CMO’s and if they fell under the full faith and credit. Mr. Doucette stated that he would look into that matter. Mr. Doucette reported that the asset allocation as of June 30, 2007 was 58.3% in equities; 20.0% in fixed income; and 21.7% in cash. Mr. West asked Mr. Doucette if he saw a migration in all cap managers away from mid cap to large cap. Mr. Doucette responded that he has seen a little migration because it is easier to find value in larger names right now.

INVESTMENT MONITOR REPORT

Dave West appeared before the Board. He stated that they were still collecting information. He noted that they have not visited Anchor Capital as of yet and were not familiar with that firm. He stated that they would do due diligence on Anchor. He stated that in his firm’s presentation to the Board they laid out a proposal to elevate the program a little more and make it a little more durable. He provided a handout used in the presentation regarding their recommended plan of action. He stated that he wanted to see if the Board was interested in pursuing some of the items they recommended.

He stated that Anchor is an opportunistic value manager that moves up and down in capitalization. He stated that value has been a great place to be and was a good strategy for the Fund. However, he stated that they see some holes in the program, especially in growth. They feel the market will turn towards growth and he wants that space to be covered. He stated that perhaps the Board would consider introducing an index fund in the larger cap core area, which would also help lower fees. He also noted that international is missing from the program. He stated that they would need to work with Ms. Jensen to make sure they keep in line with the Ordinance. Ms. Jensen stated that addition of real estate would need an Ordinance change. Mr. West noted that Mr. Doucette stated that Anchor participated in REITS so the Fund may not need another real estate piece because Anchor might be actually managing that piece. Mr. West stated that he understands that this is not the status quo and the Board would have to take money away from a manager that has done well for the Fund. However, he wants the portfolio to be well rounded and covered through the basics of each market cycle.

He stated that the next step would be to modify the Investment Policy Statement and integrate the various recommended strategies. He noted that good real estate products are not available unless there is a minimum investment of \$1 million, which is not an option here. Additionally it might not be needed because Anchor might have that part covered with REITS. The Board questioned Mr. West as to why they have not visited Anchor as of yet. Mr. West stated that they wanted to do some preliminary due diligence and have looked at that. He stated that they still need to collect historic holdings and want that information and analysis in hand before they visit Anchor and see the key portfolio manager. He stated that it was a work in progress that has been started. He stated that they are still under the data collection phase with the Custodian. Mr. West stated that they were proposing a search be done for an all cap growth manager and to see how those managers would blend with Anchor. He also stated that they would recommend looking for international managers and index funds. He discussed a fixed income specialist that would have fees of 25 to 35 basis points versus the 50 basis points the Fund currently is charged. It was noted that Anchor’s fee might be weighted so that if fixed income was taken away from Anchor he was not sure if their fee would change. There was a lengthy discussion. The Board thought Mr. West needed to study Anchor a little more to find out

exactly what they do before he started going in all directions. Mr. West stated that they were making structure recommendations based on adequate information they have now. There was consensus of the Board to instruct Mr. West to do a manager search for all cap growth and international for the next meeting.

ACTUARY REPORT

Chad Little appeared before the Board. He stated that he talked a couple years ago about how the State Actuary builds up three to five years of Valuations and reviews them all at once. He stated that he did not think this would be an issue for the Board when the State Actuary finally reviews this Fund.

ATTORNEY REPORT

Ms. Jensen stated that all of the Trustees have filed Form 1 with the Supervisor of Elections with the exception of Mr. Cooper. She stated that she would follow up with Mr. Cooper on this matter.

Ms. Jensen stated that the Board had a Policy and Procedure Manual that was very old. She stated that the Board does not really reference that Manual anymore and she was not sure if the Board wanted to update the Manual or not. The Board agreed that it should be updated. Ms. Jensen stated that she would send out a copy of the Manual she has so the Board can see it and work from there. Ms. Jensen stated that the Summary Plan Description was last updated in 2005 and that it was time to update that document as well.

ADMINISTRATIVE REPORT

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

Ms. Adcock presented the Board with the benefit calculation and election approval for Sharon Williams. A motion was made, seconded and carried 3-0 to approve the benefit election.

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

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Phil Ralya, Secretary