

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 5, 2008

The meeting was called to order at 6:31 P.M. at the Conference Room on the First Floor of Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Phil Ralya
Patti Waller
Rebecca Morse

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Margie Adcock, Pension Resource Center
Chad Little, Actuary
Dave West and Dan Johnson, Bogdahn Consulting
Dan Doucette, Anchor Capital

MINUTES

The Board reviewed the minutes of the meeting held May 6, 2008. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held May 6, 2008.

INVESTMENT MANAGER: ANCHOR CAPITAL

Dan Doucette appeared before the Board. Mr. Doucette reported on the performance of the Fund for the quarter ending June 30, 2008. He stated that it continues to be a fairly difficult time across the board in the market. There has been a lot of fallout continued from the credit crisis and liquidity crisis at the major banks. There have been additional pressures with the softening of the housing market. Their hope is that the market is reaching somewhat of a bottom and there is going to be a reduction of the overall volatility in the market. He noted that this portfolio has held up pretty well.

The total market value of the Fund as of June 30, 2008 was \$8,663,345.43. The total portfolio was up 1.34% gross of fees for the quarter while the benchmark was down 2.09%. The equity portion of the portfolio was up 3.14% for the quarter while the Russell 1000 Value as down 5.32% and the S&P 500 was down 2.73%. The fixed income portion of the portfolio was down 1.43% for the quarter while the benchmark was down 1.52%. He stated that the outperformance has come from avoidance of major blow-ups especially in financials and consumer discretionary. He reviewed the portfolio summary. The asset allocation as of June 30, 2008 was 69.8% in equities; 22.4% in fixed income; and 7.8% in cash.

INVESTMENT MONITOR REPORT

Dave West and Dan Johnson appeared before the Board. Mr. West reviewed the market environment. He discussed the equity sector performance. He stated that energy was the only place for active managers to get any value. As a value manager, financials represent a very significant portion of Anchor's portfolio, with about 35%. The financials they picked were positive. He stated that Anchor maneuvered through a very difficult

headwind and gave some nice results. The total market value of the Fund as of June 30, 2008 was \$9,979,146, of which \$8,673,292 was in Anchor and \$1,305,854 was in Manning & Napier. The asset allocation was 60.6% in equities; 19.2 in domestic fixed income; 13.1% in international and 7.2% in cash. For the quarter the Fund was up .78% net of fees while the benchmark was down 3.37%. The Anchor total portfolio was up 1.29% while the benchmark was down 3.37%. The Anchor domestic equity portfolio was up 3.11% for the quarter while the benchmark was down 5.31%. The Anchor fixed income portfolio was down 1.43% for the quarter while the benchmark was down 1.51%. He noted that Manning & Napier was funded during the quarter.

ACTUARY REPORT

Chad Little appeared before the Board. He discussed the summary of proposed changes to Rule 60T by the Division of Retirement. He reviewed at length the proposed changes in terms of scope and purpose, definitions, actuarial reports, reviews, funding, and additional filing requirements. He stated that he would continue to monitor the matter.

ATTORNEY REPORT

Ms. Jensen noted that the IRS mileage reimbursement increased to 58.5 cents effective July 1, 2008.

Ms. Jensen discussed her memorandum dated July 15, 2008 regarding IRS Determination Letters. She stated that the IRS has opened up a cycle for governmental plans to file for an IRS Determination Letter. There is no need to file for such a Letter because this is a governmental plan. However, the IRS would like to encourage plans to file and are advising that they will be sending out surveys to plans. She stated that the cycle is open for governmental plans from February 1, 2008 to January 31, 2009. She noted that whether to file for such a Letter is a business decision. She recommends that the Board have her review the Plan to make sure everything is in order. She stated that she would look at the Plan and discuss this further at the next meeting.

Ms. Jensen discussed her memorandum dated July 18, 2008 regarding the Heroes Earnings Assistance and Relief Tax Act of 2008. She discussed the federal law, which concerned survivor and disability payments and the treatment of differential military pay as wages.

ADMINISTRATIVE REPORT

Margie Adcock presented the Beneficiary/Enrollment Forms received from the Village. A motion was made, seconded and carried 3-0 to approve the list of Enrollment Applications.

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

Ms. Adcock noted that the term for Virginia Walton and Butch Cooper were going to expire shortly. She stated that she would conduct an election for Virginia Walton's

position as an employee representative. It was noted that Butch Cooper holds the position as the 5th Trustee on the Board. The Board indicated that they would like to seek a list of possible candidates for the 5th Trustee.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Phil Ralya, Secretary