

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
October 28, 2008

The meeting was called to order at 2:03 P.M. at the Conference Room on the First Floor of Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Virginia Walton
Phil Ralya
Rebecca Morse
Patti Waller
Butch Cooper

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Margie Adcock, Pension Resource Center
Chad Little, Actuary
Dan Johnson, Bogdahn Consulting
Dan Doucette, Anchor Capital
Chris Long & Michael Marsh, Manning & Napier

MINUTES

The Board reviewed the minutes of the meeting held August 5, 2008. A motion was made, seconded and carried 5-0 to approve the minutes of the meeting held August 5, 2008.

INVESTMENT MANAGER: ANCHOR CAPITAL

Dan Doucette appeared before the Board. Mr. Doucette reported on the performance of the Fund for the quarter ending September 30, 2008. He stated that it has been a trying time for the economy and financial markets. The total market value of the Fund as of September 30, 2008 was \$8,306,685.92. The total portfolio was down 6.46% net of fees for the quarter while the benchmark was down 5.11%. He stated that there has been a reverse since the quarter ended where they are above the benchmark but both the portfolio and the benchmark are significantly down. For the quarter they were underweight in financials, which hurt them on a relative basis. He stated that there was not a place in the quarter or in the last few weeks that has been positive except for Treasury bills. Mr. Doucette stated that on a long-term basis they feel comfortable with where the portfolio is currently set up. They have a little more than 14.9% in cash currently. They have adjusted some of the weights and sold some securities and have not bought back in as of yet. The equity portion of the portfolio was down 9.36% net of fees for the quarter while the Russell 1000 Value as down 6.11% and the S&P 500 was down 8.49%. The fixed income portion of the portfolio was down 1.42% for the quarter while the benchmark was down 1.19%. Mr. Doucette stated that they were moderately happy with performance considering how volatile the market has been. They are conservatively trying to add to the portfolio. They are trying to reduce volatility and dampen the downside. They are trying to preserve capital for when things do improve. He reviewed the portfolio summary. The asset allocation as of September 30, 2008 was 62.8% in equities; 22.3% in fixed income; and 14.9% in cash.

INVESTMENT MANAGER: MANNING & NAPIER

Chris Long and Michael Marsh appeared before the Board. Mr. Long is the client service representative and Mr. Marsh is part of the portfolio team. Mr. Long stated that the Board hired them in the last quarter. He provided a prospectus as of March 1, 2008. He stated that no one is happy about negative returns. Their analysts are compensated based on positive performance and will need to earn through the negative before they will get paid a positive bonus. He stated that the credit crisis is a crisis of confidence and is impacting the international markets. Mr. Marsh stated that the focus has been the housing market, financials, energy, and the negative returns of the S&P 500, DOW and NASDAQ. He stated that overseas is even worse. The US on a relative basis is stronger than international. There is somewhat of a decoupling situation. The US still steers the boat most of the time. He stated that they get exposure to the international market but not by direct exposure. There has been a deceleration in global growth. Mr. Marsh stated that energy and financials started to deteriorate and they made a rotation into more defensive names. Their relative outperformance is due to being in the right stocks and sectors and also because they hedged currencies. They have recently upgraded the portfolio. They sold out of some stocks where they had some uncertainty and found some new ideas and put money back into some high quality stocks. They are trying to hold their own and position the portfolio for better times ahead. Mr. Long stated that they have always been underweight in financial but they have sold down even a little more this month.

Chris Long and Michael Marsh departed the meeting.

INVESTMENT MONITOR REPORT

Dan Johnson appeared before the Board. He reviewed the market environment. He stated that the main issues have been oil, unemployment, credit and housing. He stated that the global pullback has not just been limited to domestic. The EAFE is down 20.5% and the MSCI emerging international is down 26.9%. He reviewed the S&P 500 sector performance as of September 30, 2008. For the quarter, energy was down 24.7% and materials was down 22.5%. There were three areas of very small positive performance: consumer staples was up 4.8%; health care was up .5% and financials was up .8%. Small cap was down more than large cap and value outperformed growth. Mr. Johnson reviewed the historical bear markets. The total market value of the Fund as of September 30, 2008 was \$9,434,534, of which \$8,302,792 was in Anchor and \$1,131,742 was in Manning & Napier. The asset allocation was 55.4% in domestic equities; 12% in international; 19.4% in domestic fixed income; and 13.2% in cash. For the quarter the Fund was down 7.36% net of fees while the benchmark was down 7.69%. The Anchor total portfolio was down 6.49% while the benchmark was down 3.99%. The Anchor domestic equity portfolio was down 9.48% for the quarter while the benchmark was down 8.73%. It was noted that the little bit of underperformance was due to their overweight in energy and underweight to financials. However, they avoided the major blowups like AIG. The Anchor fixed income portfolio was down 1.30% for the quarter while the benchmark was down .60%. The Manning & Napier portfolio was down 13.33% for the quarter while the EAFE was down 20.50%. It was noted that Manning & Napier benefited from their currency hedge and pulling out of energy sooner than most other managers. Mr. Johnson stated that they are comfortable with the portfolio for the

long term. There is a lot of volatility out there. Anchor has done a very good job. He noted that they have a little bit of a value tilt. He stated that they might at a later point try to recommend that the Board add more of a growth component. They are very comfortable with the management structure that is currently in place.

ACTUARY REPORT

Chad Little appeared before the Board. He discussed smoothing which gives a more realistic picture of where things are. He noted that what day is picked can substantially determine the value at a point in time.

Mr. Little discussed the most recent workshop held last week regarding the proposed changes to Rule 60T by the Division of Retirement. Ms. Jensen stated that the proposed Rules would not apply to this set of actuarial reports that the Actuary is doing right now.

ATTORNEY REPORT

Ms. Jensen discussed her memorandum dated October 2, 2008 regarding Florida Qualified Public Depositories Requirements. She stated that Comerica would not be subject to the requirements. Rather only those bank that the Fund has on deposit, such as the Village. Ms. Morse stated that the Village is filing the reports as required.

Ms. Jensen discussed her memorandum dated July 15, 2008 regarding IRS Determination Letters that was provided at the last meeting. She stated that she looked at the Plan and the Plan is mostly in compliance. She stated that she strongly suggested that the Board adopt all of the 415 language and that might be one area that might need to be updated. She stated that she would need to file for an IRS Determination letter before January 31, 2009 to get it in the next cycle. She has heard that there might be an extension to that date, but nothing is in final at this point regarding such an extension. A motion was made, seconded and carried 5-0 to authorize Ms. Jensen to update the Plan and move forward with obtaining an IRS Determination Letter.

ADMINISTRATIVE REPORT

Ms. Adcock noted that Virginia Walton was reelected for another term, which will expire on October 31, 2010.

Ms. 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 Edward Tuminski. A motion was made, seconded and carried 5-0 to approve the benefit election.

Ms. Adcock provided the Board with the renewal information for the Fiduciary Liability Insurance Policy. It was noted that the premium was \$5,495.41 to cover both the General Employees and Hazardous Plans. A motion was made, seconded and carried 5-0 to obtain

Fiduciary Liability Insurance with the Florida League of Cities using the combined quote with the premium to be split according to the market values between both Plans.

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

OTHER BUSINESS

There was discussion on the appointment of the 5th Trustee. It was noted that an application was received from Patrick Rothenburg for the position. It was noted that Mr. Cooper has had a lot of conflicts with the attendance at meetings and the Board would like a person who can meet on a more regular basis. A motion was made, seconded and approved 4-0 to appoint Patrick Rothenburg as the 5th Trustee effective November 1, 2008 for a two year term expiring October 31, 2010. The Board thanked Mr. Cooper for his service to the Plan.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Phil Ralya, Secretary