

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
February 3, 2009

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
Patrick Rothenburg
Patti Waller

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Fund Counsel
Margie Adcock, Pension Resource Center
Paula Freiman, Actuary
Dan Johnson, Bogdahn Consulting
Dan Doucette, Anchor Capital (2:20 P.M.)

MINUTES

The Board reviewed the minutes of the meeting held October 28, 2008. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held October 28, 2008.

INVESTMENT MONITOR REPORT

Dan Johnson appeared before the Board. He reviewed the market environment for the period ending December 31, 2008. He stated that there were sharp steep declines in November and December. The country is in a recession, which started in December 2007. He reviewed the major market index performance. All equity indices were negative for the quarter. Fixed income was positive for the quarter. He reviewed the long-term major market index performance for 15, 20, 25 and 30 year time periods. He reviewed the Russell style index performance noting that both growth and value was down and large cap was down less than small cap and mid cap. He reviewed sector performance noting that consumer discretionary, health care, utilities and telecommunication services did better than the rest.

Mr. Johnson reviewed the performance for the Fund for the period ending December 31, 2008. The total market value of the Fund as of December 31, 2008 was \$8,120,600, of which \$7,276,036 was in Anchor and \$844,564 was in Manning & Napier. The asset allocation was 49.8% in domestic equities; 10.4% in international; 22.9% in domestic fixed income; and 16.9% in cash.

Dan Doucette entered the meeting.

Mr. Johnson reported that for the quarter the Fund was down 13.93% net of fees while the benchmark was down 14.04%. The Anchor total portfolio was down 12.37% while the benchmark was down 10.20%. The Anchor domestic equity portfolio was down 21.82% for the quarter while the benchmark was down 22.78%. The Anchor fixed

income portfolio was up 5.92% for the quarter while the benchmark was up 2.08%. Mr. Johnson noted that it was a good quarter for the bond portfolio. The Manning & Napier portfolio was down 25.37% for the quarter while the EAFE was down 19.90%. Mr. Johnson stated that it was not a good quarter for international. What hurt Manning was that they do not hedge currency. Over time they have done an effective job. International is a more volatile market. However, over the long term he thinks it presents more opportunities.

Mr. Johnson discussed the Anchor total performance. He noted that once they put international with Manning, the total performance measurements got out of whack. The blend of stocks to fixed income has been off since the Board hired Manning and it is not a useful statistic anymore. He wants to give them clear target weights. He was going to suggest having separate accounts with Comerica but there would be a cost of about \$1,000 to do that. So they are going to revise the benchmarks through the Investment Policy Statement and an Addendum. Ms. Jensen stated that there is an impact of creating a target. Right now Anchor is making an asset allocation call. If they overlap a target to that, Anchor will manage to that target. Mr. Johnson stated that Anchor needed to have target weights so that know how they will be measured. The Board raised concerns that there might be too much restriction placed on Anchor. Mr. Johnson stated that Anchor needed to understand their role in the total performance. Mr. Doucette stated that he would let the Board know if it is too restrictive.

INVESTMENT MANAGER: ANCHOR CAPITAL

Dan Doucette appeared before the Board. Mr. Doucette reported on the performance of the Fund for the quarter ending December 31, 2008. The total market value of the Fund as of December 31, 2008 was \$7,266,880.58. The total portfolio was down 12.65% net of fees for the quarter while the benchmark was down 10.07%. He stated that there was a slight underperformance because of the overweight in equities. The equity portion of the portfolio was down 22.23% net of fees for the quarter while the Russell 1000 Value was down 22.18% and the S&P 500 was down 21.85%. The fixed income portion of the portfolio was up 5.76% net of fees for the quarter while the benchmark was up 4.84%. Mr. Doucette stated that they were not making any drastic changes to the portfolio. The cash position has come up a bit and the equity position has come down a bit. He reviewed the portfolio summary as of December 31, 2008. He stated that they were still concerned with the market. They are still managing conservatively. There is an opening up in the credit market so there has been slight improvement but they do not feel the market is out of the woods yet. That will benefit plans that continue to be conservative. They do have concerns over the market and economy in general. There was discussion on growth versus value and how the performance will be if growth comes back since Anchor is more of a value manager. Mr. Doucette stated that they are comfortable with the S&P 500 and performing in a core space.

DISCUSSION ON ATTENDANCE BY INVESTMENT MANAGERS

Mr. Johnson stated that Anchor would attend on a quarterly basis as they have in the past as they have the bulk of the portfolio. Manning & Napier will attend on a semi annual basis in May and November as they have 10% of the portfolio.

ACTUARY REPORT

Paula Freiman appeared before the Board. She presented the Actuarial Valuation as of October 1, 2008. She stated that there were no Plan changes since last year. They have been no assumption changes. They are recommending method changes regarding the treatment of employee contributions, interest adjustment for monthly contributions and percentage of pay contributions. Ms. Freiman stated that they received a letter on other plans saying that certain changes had to be made. While Palm Springs did not get a letter, because the language was so strong, they are recommending the changes now. She discussed the recommended changes. She stated that the changes in the treatment of employee contributions and the interest adjustment for monthly contributions have a minimal effect but a slightly higher cost. She stated that the Plan should fund the percentage and not the dollar amount. The Plan has used the dollar amount in the past, however the State Actuary has stated that plans have to use the percentage amount. The net effect is a 1% increase in the percent of pay. Ms. Freiman stated that the funded ratio is improving. The funded ratio is 75.7% versus 73.1% in the prior Valuation. She reviewed the required contribution. The total minimum funding requirement for October 1, 2009 is \$1,018,543, which is about 21.9% of pay. She reviewed the projections of contributions going forward. She reviewed the market value versus the actuarial value of assets. The actuarial value is greater than the market value. She reviewed the history of investment returns over the last 14 years since 1995. There was a discussion on the 8% assumed rate of return. Mr. Johnson stated that over the long term they think it is a reasonable assumption. Ms. Freiman stated that the loss was only \$25,000 so it is hard to recommend doing an experience study. There is really no reason to go forward with such a study at this time. A motion was made, seconded and carried 4-0 to approve the Actuarial Valuation as of October 1, 2008.

ATTORNEY REPORT

Ms. Jensen presented an updated contract with the Administrator to reflect the new name of Tegrit Plan Administrators, LLC. A motion was made, seconded and carried 4-0 to approve of the updated contract.

Ms. Jensen stated that in between Board meetings she asked the Investment Monitor if the Fund had any investments in Madoff. Mr. Johnson stated that no Bogdahn Consulting client had any investments in Madoff. They do not have any fund of fund investments.

Ms. Jensen stated that she sent out the IRS Determination letter and updated the IRS Special Tax Notice that is required to be given to Participants seeking a lump sum distribution.

Ms. Jensen reported that during the quarter, the Fund received some class action settlements totaling \$463.

ADMINISTRATIVE REPORT

Ms. 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 Robert Harris and Roberto Hernandez. A motion was made, seconded and carried 4-0 to approve the benefit elections.

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

Ms. Adcock provided a list of expenditures that was provided by Ms. Morse for the Board's information.

Ms. Adcock stated that Comerica requested an updated authorized signor form. The Board executed the form.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Phil Ralya, Secretary