

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**May 5, 2009**

The meeting was called to order at 2:04 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

**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 & Greg Woodard, Manning & Napier

**MINUTES**

The Board reviewed the minutes of the meeting held February 3, 2009. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held February 3, 2009.

**INVESTMENT MANAGER: ANCHOR CAPITAL**

Dan Doucette appeared before the Board. Mr. Doucette reported on the performance of the Fund for the quarter ending March 31, 2009. He stated that notwithstanding the last six weeks, things continued to be a little difficult. The total market value of the portfolio as of March 31, 2009 was \$6,989,077.21. Since inception, the total portfolio was up 2.61% while the benchmark was down 5.86%. The total portfolio was down 6.59% net of fees for the quarter while the benchmark was down 6.02%. The equity portion of the portfolio was down 11.03% net of fees for the quarter while the Russell 1000 Value was down 16.77% and the S&P 500 was down 10.93%. The fixed income portion of the portfolio was down 1.82% net of fees for the quarter while the benchmark was down .05%.

Mr. Doucette stated that they believe things will continue to be difficult. They have not found things are good or good enough to get back in fully. They still have a high cash allocation of 24.8%. The allocation in equities is 53.9%. They have a healthy weight in the energy and oil sectors. They have avoided consumer staples and discretionary. He noted that they have not made any significant changes to the portfolio. Mr. Doucette reviewed the portfolio summary as of March 31, 2009. They are focused on good fundamentals and good companies with stable or improving business capital. There was discussion on growth versus value and the approach used by Anchor. Mr. Doucette stated that they were primarily a value manager but will put growth at a reasonable price in the portfolio. They are positioned reasonably well with the exception if aggressive growth really takes off. It was noted that as of May 4, 2009 the total market value of the portfolio was \$7,471,653.

### **INVESTMENT MANAGER: MANNING & NAPIER**

Chris Long and Greg Woodard appeared before the Board. Mr. Long stated that April was a strong month, up over 10%. He stated that international markets have come along very nicely. He reviewed the performance and outlook as of December 31, 2008. He noted that they tend to outperform in a market cycle. Mr. Long stated that \$4 trillion went into money markets in the past six months. He noted that \$8 billion has come out now and they are starting to see it go to work. There is still a lot of money sitting in money market accounts though. Mr. Long reviewed the performance as of March 31, 2009. The Core Non US Equity Composite was down 10.11% versus the EAFE, which was down 13.94%. Since inception of October 1, 1996, the Core Non US Equity Composite was up 6.60% versus the EAFE, which was up 1.17%. They are heavily weighted in healthcare. They are making strategic bets in healthcare. They are also heavily weighted in information technology. They have an overweight in consumer staples as well. They think they are positioned correctly going forward.

Mr. Woodard discussed the positioning of the portfolio. He noted that the portfolio has high quality names. The slow down is starting to slow down. The housing market is starting to get its footing and the financial market is starting to function again. They think it is going to be slower growth than in 2006-2008. That is why they are positioned to higher quality names and somewhat tilted toward growth as they can buy growth and value at about the same price. He stated that they would start to move out of some of those defensive names and increase some risk as they start to see some more capital come back in to the market.

Mr. Long discussed their perspective on inflation. They expect inflation to be almost 2 to 2½% in the next two to five years. They do not see near term inflation. They do not think the Fed will increase the short-term interest rate for the rest of the year. It was noted that as of May 4, 2009 the total market value of the portfolio was \$891,569.

It was noted that at the last meeting there was a discussion on the attendance of the managers. It was determined that Manning & Napier would attend on a semi annual basis in May and November as they have 10% of the portfolio. It was noted that the Board would be receiving quarterly summaries of the performance of Manning & Napier and perhaps annual attendance would be sufficient. The Board agreed that annual attendance by Manning & Napier would be fine, unless other issues arose during the year, which would require their attendance more often.

### **INVESTMENT MONITOR REPORT**

Dan Johnson appeared before the Board. He reviewed the market environment for the period ending March 31, 2009. He reviewed the quarterly performance for major market indices. He noted that it was a negative quarter for all domestic equities. He reviewed the Russell style index performance noting that value has become out of favor. The growth sector has started to emerge as a leader. He reviewed sector performance noting that technology shows up as the leader for the quarter.

Mr. Johnson reviewed the performance for the Fund for the period ending March 31, 2009. The total market value of the Fund as of March 31, 2009 was \$7,757,545, of which \$6,997,796 was in Anchor and \$759,750 was in Manning & Napier. The asset allocation was 48.6% in domestic equities; 9.8% in international; 19.0% in domestic fixed income; and 22.6% in cash.

Mr. Johnson reported that for the quarter the Fund was down 6.81% gross of fees while the benchmark was down 6.90%. The Anchor total portfolio was down 6.44% while the benchmark was down 5.58%. The Anchor domestic equity portfolio was down 10.90% for the quarter while the benchmark was down 10.80%. The Anchor fixed income portfolio was down 1.64% for the quarter while the benchmark was up 1.76%. The Manning & Napier portfolio was down 10.04% for the quarter while the EAFE was down 13.85%. Mr. Johnson stated that value was the place to be the last 3, 4 and 5 years. Anchor is more of a value manager, but they are compared to a core portfolio. He stated that growth appears to be emerging as a leader. They are trying to be proactive and would like to discuss improving performance of the Fund by adding a growth compliment to Anchor. The Board asked Mr. Johnson to bring a search for growth managers to the next meeting.

Mr. Johnson provided a draft Addendum to the Investment Policy Statement for Anchor. He stated that it was done to help institute controls in light of the Board hiring Manning & Napier. He reviewed the Addendum. There was discussion on the cash limitations. It was noted that the draft Addendum provided that the cash limitation should not exceed 20%. Mr. Doucette stated that they would like it to be 30% as they have a high cash position of almost 25% now. It was determined that the sentence should be stricken. Mr. Doucette was going to discuss the draft Addendum with his team. A final Addendum would be presented at the next meeting.

### **ACTUARY REPORT**

Chad Little appeared before the Board. He stated that he had nothing new to report. He did discuss the percentage of pay on the Valuation as Ms. Morse was not at the last meeting. He stated that the Village used to contribute on the dollar amount determined in the Valuation, but now the Village has to contribute on the percentage of pay amount. Ms. Morse discussed the changes happening at the Village with the firefighters going to the County and possibly new general employees going to FRS. She also noted that the Village already privatized sanitation. There was a lengthy discussion.

### **ATTORNEY REPORT**

Ms. Jensen presented an updated Attorney Engagement Agreement to reflect the new name of her firm. A motion was made, seconded and carried 4-0 to approve and execute the Attorney Engagement Agreement with the Law Offices of Perry & Jensen, LLC.

Ms. Jensen reviewed a memorandum dated April 20, 2009 regarding the IRS mileage rate decreasing to .55 per mile effective January 1, 2009. She also noted that Form 1 is due by July 1.

## **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 Chester Osborne. A motion was made, seconded and carried 4-0 to approve the benefit election.

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

The Board was provided with a memorandum from the Administrator dated April 1, 2009 regarding a fee increase. It was noted that the request was for a fee increase effective June 1, 2009 to \$750 a month with a 3-year rate guarantee subject to a 4% cost of living increase annually. There was a lengthy discussion regarding the fee and the cost of living increase. The Board was concerned about the timing of the increase, as they did not plan for an increase this fiscal year. It was further noted that the Board would like to tie the cost of living increase to the increase received by the retirees annually. A motion was made, seconded and carried 4-0 to approve an increase in the fee for the Administrator to \$750 a month effective October 1, 2009 with an annual cost of living increase tied to the CPI that is used to determine the cost of living increase for the retirees each October 1.

## **OTHER BUSINESS**

Ms. Morse discussed the possibility of having a workshop with Village Council and Ms. Jensen and Mr. Little.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Phil Ralya, Secretary