

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 4, 2009

The meeting was called to order at 2:05 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
Patrick Rothenburg

OTHERS

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

MINUTES

The Board reviewed the minutes of the meeting held May 5, 2009. A motion was made, seconded and carried 5-0 to approve the minutes of the meeting held May 5, 2009.

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, 2009. The total market value of the portfolio as of June 30, 2009 was \$7,632,162.08. The total portfolio was up 9.20% net of fees for the quarter while the benchmark was up 9.44%. The equity portion of the portfolio was up 15.37% net of fees for the quarter while the Russell 1000 Value was up 16.70% and the S&P 500 was up 15.94%. The fixed income portion of the portfolio was up 3.81% net of fees for the quarter while the benchmark was up 1.67%.

Mr. Doucette stated that growth is still doing a little bit better than value. The drivers of performance for the quarter were financials, materials, energy and oil names. There were no major significant changes in terms of weightings in the portfolio. They are focused on more conservative sectors and names. Mr. Doucette reviewed the portfolio summary as of June 30, 2009. He stated that there is 20% in cash in the portfolio. They will slowly start putting that cash to work as they get more comfortable with specific securities. They still see some things that concern them from the political side and the balance sheet side.

INVESTMENT MONITOR REPORT

Dan Johnson appeared before the Board. He reviewed the market environment for the period ending June 30, 2009. He reviewed the quarterly performance for major market indices. He noted that the riskier asset classes did better in the quarter. He stated that small cap did better than large cap and international did better than domestic. He noted that the only negative fixed income this quarter was Treasuries, which was the only positive one in 2008. He reviewed the Russell style index performance. Mr. Johnson noted that Anchor has a value tilt. They used to be benchmarked to the Russell 3000 Value and now are benchmarked to the S&P 500. He feels that the Fund needs to keep

diversifying. He reviewed the quarter and one-year sector performance. For the quarter everything was positive and for the one year everything was negative.

Mr. Johnson reviewed the performance for the Fund for the period ending June 30, 2009. The total market value of the Fund as of June 30, 2009 was \$8,578,739, of which \$7,641,186 was in Anchor and \$937,552 was in Manning & Napier. The asset allocation was 54.2% in domestic equities; 10.9% in international; 17.2% in domestic fixed income; and 17.6% in cash. Mr. Johnson reported that for the quarter the Fund was up 10.46% net of fees while the benchmark was up 12.58%. He noted that the Fund underperformed the benchmark because of the large allocation to cash and the underweight to international. The Anchor domestic equity portfolio was up 15.38% for the quarter while the benchmark was up 16.82%. The Anchor fixed income portfolio was up 3.84% for the quarter while the benchmark was up 1.49%. The Manning & Napier portfolio was up 23.40% for the quarter while the EAFE was up 25.85%.

Mr. Johnson provided information on a large cap growth manager search. He stated that he thinks the Fund is getting bigger and should complement Anchor as a value manager with a growth manager. He also noted that Anchor is currently benchmarked to the S&P 500 and he thinks they should be benchmarked to the Russell 3000 Value. Mr. Johnson reviewed the one-year trailing return as of June 30, 2009 of the Russell benchmarks (Russell 1000, Russell 1000 Value, Russell 1000 Growth). He stated that there were four managers that came out as possibilities from the search: Aletheia Research; Dana Investment Advisors; DSM Capital Partners; and Sawgrass. He stated that Aletheia was out of California. They have 50 stocks in the portfolio and do things a little differently. Dana is out of Wisconsin and has a sector neutral approach and a risk controlled portfolio. DSM is out of New York and is a boutique growth manager that only does growth stocks. Sawgrass is out of Florida and has a lot of Florida clients. He reviewed the performance of all of the managers. Aletheia stands out with respect to performance. They are a more volatile type of manager and 2008 was a rough year for them. He reviewed the correlation of all of the managers to Anchor. He stated that they want a manager to be non-correlated to Anchor. Dana seems to be highly correlated to Anchor and he is not sure they would get what they are looking for with Dana. He reviewed the risk and return analysis for the seven year period ended June 30, 2009. Mr. Johnson stated that with the changing market cycle he thinks diversification into growth would be a good move to make. There was a lengthy discussion. The Board decided to invite Aletheia, DSM and Sawgrass to the next meeting to make a presentation.

Mr. Johnson discussed the draft Addendum to the Investment Policy Statement for Anchor. He stated that he did not finalize the Addendum because he wanted to change the benchmark from the S&P 500 to the Russell 3000 Value.

Mr. Johnson stated that his firm is moving their headquarters from Winter Haven to Orlando and that they now have 29 employees.

Dan Doucette departed the meeting.

ACTUARY REPORT

Chad Little appeared before the Board. He stated that he received a letter from the State approving the Valuation, which thereby approves everything done to date.

ATTORNEY REPORT

Ms. Jensen provided an update on the status of the IRS Determination Letter. She stated that she has not received anything back from the IRS on this Plan yet. It is a slow process. She has received follow up on three other plans she filed letters on.

Ms. Jensen noted that Comerica is charging \$500 annually for an account like Anchor. When the Board added Manning, Comerica billed another \$500 for a new account plus 4 basis points on the market value. They have a minimum of \$6,000. The account fee plus the market value fee is \$6,000. However, they have a special annual asset fee for mutual funds of \$1000 each. Ms. Morse stated that she deducted the special asset fee because she did not see that the Board had authorized it. There was a lengthy discussion. The Board discussed other Custodians. Mr. Johnson stated that he would get information from Fifth Third Bank and Fiduciary Trust. A motion was made, seconded and carried 5-0 to pay the one time payment now, but to put Comerica on notice that the Board is looking at other Custodians.

Ms. Jensen presented an updated Administrative Services Agreement to reflect the name change and fee change for The Resource Centers, LLC. A motion was made, seconded and carried 5-0 to approve and execute the Administrative Services Agreement with The Resource Centers, LLC.

ADMINISTRATIVE REPORT

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

Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on November 1, 2009. A motion was made, seconded and carried 5-0 to renew the Fiduciary Liability Insurance with FMIT not to exceed a 10% increase in the premium.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Phil Ralya, Secretary