

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**February 2, 2010**

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  
Patrick Rothenburg  
Rebecca Morse

**OTHERS**

Bonni Jensen, Fund Counsel  
Margie Adcock, Administrator  
Chad Little, Actuary  
Dan Johnson, Bogdahn Consulting  
Dan Doucette, Anchor Capital

**MINUTES**

The Board reviewed the minutes of the meetings held November 5, 2009 and December 11, 2009. A motion was made, seconded and carried 3-0 to approve the minutes of the meetings held November 5, 2009 and December 11, 2009.

**INVESTMENT MANAGER: ANCHOR CAPITAL**

Dan Doucette appeared before the Board. He reported on performance for the period ending December 31, 2009. He stated that they were reasonably pleased with calendar year 2009, especially given the significant ups and downs, which continued for the 4<sup>th</sup> Quarter. The biggest thing they are trying to do is preserve capital. The total market value of the portfolio as of December 31, 2009 was \$9,184,424.27. The total portfolio was up 3.29% net of fees for the quarter while the benchmark was up 3.43%. The equity portion of the portfolio was up 4.74% net of fees for the quarter while the Russell 1000 Value was up 4.21% and the S&P 500 was up 6.01%. The fixed income portion of the portfolio was up .82% net of fees for the quarter while the benchmark was up .30%. He reviewed the portfolio summary. The asset allocation as of December 31, 2009 was 65.5% in equities; 21.2% in fixed income; and 3.4% in cash. Mr. Doucette reviewed the market environment. They think the second part of calendar year 2010 will be a little more difficult. They are cautious at this point. They have increased positions in technology and certain financials. They do not expect significant shifts in terms of how the portfolio is set up. They would like to have more energy, but they have not found an appropriate investment vehicle in that area. They continue to stay away from aggressive names. They are not ruling out any thing in individual sectors but are looking at things on a case-by-case scenario. They think deflation is more of a potential problem than inflation right now.

**INVESTMENT MONITOR REPORT**

Dan Johnson appeared before the Board. He reviewed the market environment for the period ending December 31, 2009. He reviewed the domestic equity style index performance and noted that growth has significantly outperformed value this quarter. He

reviewed the sector performance for the quarter and noted that technology was the top sector for the quarter and year. The worst sector was financials, which was the only negative sector. He stated that he thinks inflation will be a serious concern.

Mr. Johnson reviewed the performance for the Fund for the period ending December 31, 2009. The total market value of the Fund as of December 31, 2009 was \$10,375,647, of which \$9,197,069 was in Anchor and \$1,178,578 was in Manning & Napier. The asset allocation was 58% in domestic equities; 11.4% in international; 18.5% in domestic fixed income; and 12.2% in cash. Mr. Johnson reported that for the quarter the Fund was up 3.06% net of fees while the benchmark was up 3.55%. The Anchor domestic equity portfolio was up 4.96% for the quarter while the Russell 3000 benchmark was up 5.90%. Mr. Johnson noted that while they are trailing the Russell Core Index, they have outperformed the Russell Value Index. He stated that Anchor is more of a value manager, but they are compared against the Core Index. The Anchor fixed income portfolio was up .95% for the quarter while the benchmark was up .80%. The Manning & Napier portfolio was down .01% for the quarter while the EAFE was up 2.22%. Mr. Johnson noted that the EAFE Index includes emerging markets, which did better than international. Additionally Manning was overweight in healthcare, which did not do so well. It was noted that Manning did not send a December 31, 2009 report, but rather sent a report for the period ending September 30, 2009. The Board advised that they needed more timely reports. Mr. Johnson stated that he would have Manning attend the May meeting.

There was discussion on the status of Aletheia. Mr. Johnson stated that he was still comfortable with Aletheia and recommended that the Board sign the contract. Ms. Jensen stated that Aletheia had already signed the contract. She reviewed the contract, noting that the fee was 75 basis points. The Board authorized the contract to be signed. Mr. Johnson provided a sample letter of instruction. He recommended an even weight between Aletheia and Anchor. There was a lengthy discussion on how to split the equities. Mr. Johnson recommended having the Custodian transfer one-half of the shares for each equity position to Aletheia. The Board determined it would be best to have Anchor review and determine what to transfer to Aletheia. Mr. Johnson stated that he would revise the letter of instruction accordingly.

Mr. Johnson provided Addendums to the IPS for Anchor Core Fixed; Anchor Value Equity; and Aletheia Growth Equity. He stated this would give more clear guidelines for each separate account. Anchor would be measured against the Russell 3000 Value and Aletheia would be measured against the Russell 1000 Growth. He noted that Anchor has historically been measured against the Russell 1000, but there is no real objection. Mr. Johnson recommended the Board approve the Addendums to the IPS. A motion was made, seconded and carried 3-0 to approve the Addendums to the IPS for Anchor Core Fixed; Anchor Value Equity; and Aletheia Growth Equity.

## **ACTUARY REPORT**

Chad Little appeared before the Board. He presented the Actuarial Valuation as of October 1, 2009. He stated that the results would change once the Plan is frozen. At this point there are no Plan changes since last year. There have been no assumption changes or method changes. He reviewed the funded ratio noting it was 77.1%. He discussed the

change in the funded percentage from the prior Valuation. Mr. Little reviewed the required contributions for the fiscal year beginning October 1, 2010, which is 22.8% of payroll. There was a lengthy discussion on the effect of the contribution amount upon closing of the Plan. He reviewed the reconciliation of the change in required contribution rate. He reviewed the projected contributions going forward through 2013. He reviewed the market value versus the actuarial value of assets. He reviewed the history of investment returns.

### **ATTORNEY REPORT**

Ms. Jensen provided an Amendment/Restatement to the Plan Document. Mr. Little discussed the impact statement needed for the Ordinance change to freeze the Plan. There was discussion on some language changes and clarifications in the wording of the proposed Amendment. It was noted that the effective date of the Amendment would be June 30, 2010 rather than July 1, 2010. Ms. Jensen reviewed the Restated Plan Document and changes that were incorporated. It was determined that a special meeting would be held to further discuss the proposed Amendment.

Ms. Jensen provided an Addendum to the Custodial Service Agreement with Comerica and Exhibit A. She noted that the minimum annual fee is \$6,000 and the market value includes Manning & Napier. There is no \$1,000 special fee. She noted that it is the same fee but that Manning is no longer under a special asset fee. A motion was made, seconded and carried 3-0 to approve the Addendum to the Custodial Service Agreement with Comerica and Exhibit A.

Ms. Jensen provided a Memorandum on the 2010 IRS Mileage Rate noting that the mileage rate decreased to \$.50 a mile as of January 1, 2010.

Ms. Jensen provided a Memorandum on Attorney General Opinion 2009-56 regarding meetings of a retirement board via electronic technology and how that is interpreted by the Sunshine Law.

### **ADMINISTRATIVE REPORT**

Ms. 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 4-0 to pay the listed disbursements.

### **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Phil Ralya, Secretary