

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 3, 2010

The meeting was called to order at 2:00 P.M. at the Conference Room on the First Floor of Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Rebecca Morse
Patrick Rothenburg
Patti Waller
Virginia Walton

OTHERS

Bonni Jensen, Fund Counsel
Margie Adcock, Administrator
Chad Little, Actuary (2:05 P.M.)
Dan Johnson, Bogdahn Consulting
Dan Doucette, Anchor Capital

MINUTES

The Board reviewed the minutes of the meeting held May 4, 2010. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held May 4, 2010.

INVESTMENT MANAGER: ANCHOR CAPITAL

Dan Doucette appeared before the Board. He reported on performance for the period ending June 30, 2010. He stated that there was a return of volatility to the market during the quarter. The total market value of the fixed income account as of June 30, 2010 was \$3,598,099.94. The total market value of the equity account as of June 30, 2010 was \$2,857,170.45. The total equity portfolio was down 9.03% net of fees for the quarter ending June 30, 2010 while the Russell 1000 Value was down 11.15%. The total fixed income portfolio was up .82% net of fees for the quarter ending June 30, 2010 while the benchmark was up 2.97%. With respect to fixed income, they are still in the process of trying to get more fixed income assets to work. They are about 60% invested with about 40% in cash.

Chad Little entered the meeting.

Mr. Doucette reviewed the portfolio summary as of June 30, 2010. They are still cautious. There is a lot of uncertainty out there. They like where they are positioned on the equity side. They would like to be more invested on the fixed income side, but want to make sure they get the right investments.

INVESTMENT MONITOR REPORT

Dan Johnson appeared before the Board. He reviewed the market environment for the period ending June 30, 2010. He noted that the markets were very negative this past quarter. The total market value of the Fund as of June 30, 2010 was \$10,593,647. The asset allocation was 53.9% in domestic equities; 9.9% in international; 18.0% in domestic fixed income; and 18.2% in cash. The asset allocation by manager was 34.0% with

Anchor Fixed Income; 27.0% with Anchor All Cap Value; 27.3% with Aletheia Large Cap Growth; 9.9% with Manning & Napier; and 1.9% in cash.

The total portfolio was down 5.99% net of fees for the quarter while the benchmark was down 6.96%. The total equity portfolio was down 9.20% for the quarter while the benchmark was down 11.84%. The total domestic equity portfolio was down 8.72% for the quarter while the benchmark was down 11.32%. The total fixed income portfolio was up .94% for the quarter while the benchmark was up 2.82%. The total international portfolio was down 11.83% for the quarter while the benchmark was down 13.75%. The Anchor All Cap Value portfolio was down 9.02% for the quarter while the Russell 3000 Value was down 11.09%. The Anchor Fixed Income portfolio was up .94% for the quarter while the benchmark was up 2.82%. The Manning & Napier portfolio was down 13.36% for the quarter while the benchmark was down 13.75%.

Mr. Johnson noted that in early May, money was transferred from the checking account held by the Village to the Custodian. Once the Custodian received that money, they were suppose to transfer the money to the bond and international accounts. However, the transfer to the international account to purchase a mutual fund did not happen until July 29, 2010 because a step was inadvertently overlooked by the Custodian, which worked to the Fund's detriment. As such, the Custodian has purchased \$7,714.02 worth of shares in the international mutual fund to make the account whole. Moving forward, the Custodian has corrected the possibility of having such a mistake by requiring a trade ticket to be done any time a mutual fund will be purchased.

Mr. Johnson noted that Manning & Napier had provided a letter regarding their reorganization. He stated that his firm was completely fine with the reorganization.

Mr. Rothenburg inquired about the process of specific names in the portfolio. Mr. Johnson discussed the monitoring process. Mr. Doucette discussed the process of Anchor's stock selection. There was a lengthy discussion.

ACTUARY REPORT

Chad Little appeared before the Board. He discussed the June 30, 2010 Plan closure. He reviewed the elections made by the Participants. He reviewed the demographics of the 2009 Valuation versus the demographics after the FRS election. He stated that he has talked to the Investment Monitor a bit about this matter. There is still a lot of work to be done. He will have a meeting with the Monitor to work out future assumptions and methods for Valuation purposes and investment strategy. He will be presenting the results, which will be incorporated in the 2010 Valuation.

ATTORNEY REPORT

Ms. Jensen provided an update on the IRS Determination Letter submitted on behalf of the Plan. She stated that she is working with the IRS as they had some additional follow up questions.

Ms. Jensen noted that the Retainer Agreement she has with the Board excludes services related to filing of a Determination Letter. She noted that she has not and would not bill the Fund for work already done. However, she will bill for work from April forward.

Ms. Jensen stated that she updated the Summary Plan Description to reflect the closing of the Plan and also revised it to include some changes that Ms. Morse had suggested. A motion was made, seconded and carried 4-0 to approve the distribution of the Summary Plan Description as revised for publication as soon as the empty Trustee seat is filled.

Ms. Jensen stated that she sent a letter to the Custodian directing the Custodian to advise the Board of any class actions that are due in a quarter, filed in a quarter and/or monies received in a quarter. The Custodian responded that they would provide a report on a quarterly basis.

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 Joel Santiago. A motion was made, seconded and carried 4-0 to approve the benefit election.

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

Ms. Adcock noted that there is a terminated vested Participant that has submitted her application after reaching normal retirement age and inquired as to whether the benefit should be given back to the date of normal retirement age or the date of the submission of the application. Ms. Jensen stated that the Ordinance provides that a Participant is eligible on the date they become a retired member. As such, it was determined that the Participant would receive a benefit retroactive to the date they reached normal retirement age.

OTHER BUSINESS

It was noted that an election was held for the vacant position on the Board. It was noted that no one received a majority of the votes of the Participants in the Plan as required by the Ordinance. Additionally, there was an election challenge. It was alleged that some people that voted were not members of the Plan. It was determined that the ballots went out before July 1, 2010 to all those in the Plan at that time. However, the ballots were due after July 1 and so it was possible that some votes received could have been from those that were no longer in the Plan after July 1, 2010. As such, the election needs to be redone for both reasons. There was a discussion on how to proceed with another election. There was discussion on whether terminated vested Participants would be allowed to vote. Ms. Jensen reviewed the Ordinance and noted that the Ordinance provides that those allowed to vote are those employees in the Plan as of June 30, 2010. It was noted that the definition of a Member/Participant is vague. It was determined that

it was the Board's decision on whether a terminated vested Participant was allowed to vote in an election. There was a lengthy discussion. Ms. Jensen noted that the Plan does not allow other terminated vested Participants who are not current employees to vote. It was determined that a mail ballot would be sent to all active employees in the Plan.

Ms. Morse reported that effective October 1, 2010, the retirees would receive a 1.4% cost of living increase.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patrick Rothenburg, Secretary