

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
October 25, 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
Virginia Walton
Patti Waller

OTHERS

Bonni Jensen, Fund Counsel
Margie Adcock, Administrator
Chad Little, Actuary (3:00 P.M.)
Dan Johnson, Bogdahn Consulting
David Bunzel, Aletheia

MINUTES

The Board reviewed the minutes of the meeting held August 3, 2010. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held August 3, 2010.

INVESTMENT MANAGER: ALETHEIA

David Bunzel appeared before the Board. He stated that he is the co-portfolio manager. He is also the founding investor of the firm, which firm was founded in 1997. He reviewed the Aletheia Growth Composite as of September 30, 2010. He reviewed the sector allocation versus the Russell 1000 Growth, as well as the upside/downside capture ratio since inception. Mr. Bunzel reported on performance for the period ending September 30, 2010. The total market value of the portfolio as of September 30, 2010 was \$3,243,155. The total portfolio was up 12.24% for the quarter while the Russell 1000 Value was up 13.00%. He reviewed the portfolio holdings. He stated that he thinks the portfolio is in really good shape. He reviewed the investment philosophy and process of the firm. They do not rely on traditional channels of information. They do not seek guidance from management or Wall Street. They have a bottom-up process and focus on the individual companies. Every portfolio manager is a generalist. They feel cross-industry research is necessary to avoid sector bias or macro focus. Mr. Bunzel reviewed examples of purchases in their investment process such as McDonald's; Continental Resources; Coco-Cola; and IBM. He discussed their sell discipline and reviewed examples of their sell process using Amgen and Monsanto. He stated that they are long-term investors. The top ten holdings have an average holding period of about 4.3 years and comprise 34% of the portfolio. He provided a firm overview. They manage \$7.1 billion in assets. He reviewed their client list. They have 8 investment and research professionals and 29 employees. He reviewed their organizational chart. He stated that they did have turnover on the sales side. However, there has been no turnover on the portfolio team.

David Bunzel departed the meeting.

INVESTMENT MONITOR REPORT

Dan Johnson appeared before the Board. He reviewed the market environment for the period ending September 30, 2010. He noted that the month of September was the best month of September in 71 years. The total market value of the Fund as of September 30, 2010 was \$11,497,699. The asset allocation was 54.5% in domestic equities; 12.4% in international; 17.1% in domestic fixed income; and 16.0% in cash. The asset allocation by manager was 31.7% with Anchor Fixed Income; 27.7% with Anchor All Cap Value; 28.2% with Aletheia Large Cap Growth; and 12.4% with Manning & Napier.

The total portfolio was up 8.39% net of fees for the quarter while the benchmark was up 8.90%. The total equity portfolio was up 12.35% for the quarter while the benchmark was up 12.67%. The total domestic equity portfolio was up 11.85% for the quarter while the benchmark was up 11.53%. The total fixed income portfolio was up 1.39% for the quarter while the benchmark was up 2.05%. The total international portfolio was up 15.19% for the quarter while the benchmark was up 16.53%. The Anchor All Cap Value portfolio was up 11.43% for the quarter while the Russell 3000 Value was up 10.10%. The Aletheia Large Cap Growth portfolio was up 12.26% while the Russell 1000 Growth was up 13.00%. The Anchor Fixed Income portfolio was up 1.39% for the quarter while the benchmark was up 2.05%. The Manning & Napier portfolio was up 15.19% for the quarter while the benchmark was up 16.53%.

ATTORNEY REPORT

Ms. Jensen provided a Memorandum dated September 2010 regarding Federal Updates. She noted that the SEC issued a final rule regarding “pay to play” which is effective September 13, 2010. She discussed the rule and there was a lengthy discussion. She also discussed the preliminary views of GASB. This would impact the employer regarding the reporting of the unfunded pension obligation.

It was noted that a second election was held for the vacant position on the Board. Again, no one received a majority of the votes of the Participants in the Plan as required by the Ordinance. It was noted that the same person did receive the most votes in both elections. Ms. Jensen recommended amending the Ordinance to change the wording so that it would be the person that receives the majority of votes from the Participants that vote in the election to fill the Trustee seat. A motion was made, seconded and carried 3-0 to amend the Ordinance to provide language so that the person that receives a majority of the votes would be elected as a Trustee. A motion was made to certify the election results and confirm Vicki Van Fossen as the new Trustee as she received a majority of the votes cast.

ACTUARY REPORT

Chad Little appeared before the Board. He stated that he received the census data and is waiting on the financial information. Ms. Morse stated that the financial information should be forthcoming in the next week or two.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for Angelica Carpenter. A motion was made, seconded and carried 3-0 to approve the benefit election.

Ms. Adcock presented the disbursements, which included refunds of contributions and the renewal of the Fiduciary Liability Insurance Policy. A motion was made, seconded and approved 3-0 to pay the listed disbursements.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patrick Rothenburg, Secretary