

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
November 1, 2011

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
Rebecca Morse
Vicki Van Fossen
Patrick Rothenburg (2:07 P.M.)

OTHERS

Bonni Jensen, Fund Counsel
Margie Adcock, Administrator
Dan Johnson, Monitor
Chad Little, Actuary
Mary Gregory, Brown Advisory

MINUTES

The Board reviewed the minutes of the meeting held August 2, 2011. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held August 2, 2011.

INVESTMENT MANAGER: BROWN ADVISORY

Mary Gregory appeared before the Board. She stated that she was on the institutional client service team in their main office in Baltimore. She stated that half of their clients are institutional clients and half are high net worth clients. She discussed the current market environment. She stated that they have been managing the Fund's money since mid-May.

Patrick Rothenburg entered the meeting.

Ms. Gregory provided a firm update. The firm was founded in 1993. They have 250 employees with over 40 investment professionals. They have \$17 billion in assets under management. Ms. Gregory reviewed the investment team. She stated that Ken Stuzin was the portfolio manager. She discussed the large cap growth investment approach. They have an independent, rigorous and repeatable investment process. They have a concentrated portfolio that is appropriately diversified to mitigate risk. They are sector agnostic. They have a bottom up, fundamentally oriented approach where valuation is the key process. The portfolio has normally 30 to 35 holdings with a current portfolio of 32 holdings. Ms. Gregory reviewed performance. Since inception of May 11, 2011 through September 30, 2011 the portfolio was down 17.33% net of fees while the Russell 1000 Growth was down 14.18%. For the quarter ending September 30, 2011 the portfolio was down 16.37% net of fees while the Russell 1000 Growth was down 13.14%. It was noted that a lot of the underperformance came from stock selection in technology and health care. She noted that they still believe in those holdings. She reviewed the five highest contributors and detractors to the portfolio in the quarter. She reviewed the attribution

analysis as well as the key additions and deletions to the portfolio. She reviewed the portfolio noting the top ten holdings; portfolio characteristics; sector diversification and portfolio holdings.

INVESTMENT MONITOR REPORT

Dan Johnson appeared before the Board. He reviewed the market environment for the period ending September 30, 2011. He reviewed the major market index performance. He stated that it was a rough quarter. The only areas that did well were fixed income investments. Mr. Johnson reported on the performance of the Fund for the quarter ending September 30, 2011. The total market value of the Fund as of September 30, 2011 was \$12,004,657. The asset allocation was 49.7% in domestic equities; 10.4% in international; 31.7% in domestic fixed income; and 8.3% in cash. The asset allocation by manager was 33.9% with Anchor Fixed Income; 27.3% with Anchor All Cap Value; 26.0% with Brown Large Cap Growth; 10.4% with Manning & Napier; and 2.4% with Vanguard TIPS.

The total portfolio was down 10.85% net of fees for the quarter while the benchmark was down 10.08%. The total equity portfolio was down 15.72% for the quarter while the benchmark was down 16.13%. The total domestic equity portfolio was down 13.96% for the quarter while the benchmark was down 15.28%. The total fixed income portfolio was up .48% for the quarter while the benchmark was up 2.19%. The total international portfolio was down 23.70% for the quarter while the benchmark was down 18.95%. Mr. Johnson reviewed the performance of the managers. The Anchor All Cap Value portfolio was down 11.65% for the quarter while the Russell 3000 Value was down 16.63%. The Brown Large Cap Growth portfolio was down 16.26% for the quarter while the Russell 1000 Growth was down 13.14%. The Manning & Napier portfolio was down 23.70% for the quarter while the EAFE was down 18.95%. The Anchor Fixed Income portfolio was up .66% for the quarter while the benchmark was up 2.30%. Mr. Johnson stated that bonds did very well during the quarter but Anchor Fixed Income did not do very well. They have 16% of their portfolio in cash. He stated that he has a concern with this as the Fund is basically then paying them 50 basis points to own cash, which does not make sense. It was noted that the Vanguard TIPS portfolio was funded during the quarter.

Mr. Johnson discussed the issue of conflicts of interest. He stated that Ms. Morse sent him an inquiry about conflicts of interest. He stated that Bogdahn Consulting is a completely independent firm. They have no broker-dealer relationships. They only get paid the amount of their invoice. They do not “pay to play” and do not take money from any investment manager of any kind. He stated that he provided his firm’s response to the questions from the “DOL/SEC Tips for Plan Fiduciaries Pension Consultant Questionnaire”. Ms. Jensen reviewed the RFP that was sent to Bogdahn that required the consultant to be independent of any manager. She stated that the Board could send an affidavit to the managers to sign to confirm there is no conflict of interest. A motion was made, seconded and carried 4-0 to authorize the Attorney to send an affidavit to the investment managers for execution.

Mr. Johnson discussed the sweep vehicle used by Comerica for the Fund's accounts. He stated that Brown Advisory has asked if they could use a US government only sweep vehicle. Mr. Johnson recommended the Goldman Sachs Financial Square Government Fund. He stated that he also checked with Anchor and they have agreed to the change. As such, Mr. Johnson recommended that the Cash Management Fund Election Form for Comerica be executed to select the Goldman Sachs Financial Square Government Fund as the new sweep vehicle for all accounts of the Fund. He stated that it has no corporate notes, foreign notes. It only invests in US government securities. A motion was made, seconded and 4-0 to execute the Cash Management Fund Election Form to select the Goldman Sachs Financial Square Government Fund as the new sweep vehicle.

Mr. Johnson discussed a notice from Manning & Napier wherein they advise that they are changing the name of their company from "Inc" to "LLC". He stated that it would not impact the Fund.

ACTUARY REPORT

Chad Little appeared before the Board. He stated that the timing of the fiscal year end is tough with the rough quarter that ended September 30, 2011. Also, for smoothing, the Fund will be dropping off one big gain year. That will leave one breakeven year and everything else is negative. He stated that he estimates that liability will go up about \$1 million, which will be amortized over a shorter period of 15 years, so the contribution rate will be absorbed in a little bit faster. However, it will be offset a little by the lack of growth in payroll. He expects to present the Valuation at the next meeting.

ATTORNEY REPORT

Ms. Jensen provided updated Comerica signature authorization form. The Board executed the Form.

Ms. Jensen provided a Memorandum dated September 26, 2011 regarding Form 1 Reporting – Disclosure of "Intangible Personal Property". She advised that the Florida Commission on Ethics recently issued an Ethics Opinion regarding proper reporting on Form 1.

Ms. Jensen discussed the Palm Beach County Ordinance regarding Ethics. She stated that the Commission issued an Ethics Opinion on September 6, 2011 regarding the jurisdiction of the Commission of Ethics on two specific pension plans. She stated that the Opinion stated that two other pension plans were not advisory boards. However, all of the trustees on the boards were either officials or employees of the municipalities so the Commission found a sufficient nexus between their employment and the plan to be under the purview of the Ordinance. She stated that she was expecting an Opinion regarding the 5th trustee on a police and fire fund and would keep the Board apprised of any response she receives.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for Lazaro Quintana. 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.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patrick Rothenburg, Secretary