

**VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND**  
**MINUTES OF MEETING HELD**  
**February 7, 2012**

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**

Virginia Walton  
Rebecca Morse  
Vicki Van Fossen  
Patrick Rothenburg  
Patti Waller

**OTHERS**

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

**MINUTES**

The Board reviewed the minutes of the meeting held November 1, 2011. A motion was made, seconded and carried 5-0 to approve the minutes of the meeting held November 1, 2011.

**INVESTMENT MANAGER: ANCHOR CAPITAL**

Dan Doucette appeared before the Board. He reported on performance for the period ending December 31, 2011. The total market value of the fixed income account as of December 31, 2011 was \$4,102,982.63. The total market value of the equity account as of December 31, 2011 was \$3,554,810.04. The total equity portfolio was up 8.58% net of fees for the quarter ending December 31, 2011 while the Russell 1000 Value was up 13.11%. Mr. Doucette noted that the equity portfolio underperformed on a relative basis primarily because when the market started to move up in the second half of the quarter, the higher cash position they held hurt performance. The total fixed income portfolio was up .95% net of fees for the quarter ending December 31, 2011 while the benchmark was up .84%. Mr. Doucette reviewed the portfolio holdings and the purchases and sales in the quarter. He stated that they reduced their position in gold. They now have about 4% in gold, which was the result of just taking some profits off the table. They have about 12.3% in cash in the equity portfolio. They think the current cash position is fine given the potential for volatility with Europe and it being an election year. They think taking a conservative approach is still the way to go. They have about a 16.1% cash position in the fixed income portfolio. He noted that they have brought the cash position down significantly as the cash position was as high as 40%. He stated that they are not trying to go too long in terms of duration or maturity. They are trying to stay in the intermediate area.

**INVESTMENT MONITOR REPORT**

Dan Johnson appeared before the Board. He reviewed the market environment for the period ending December 31, 2011. He reviewed the major market index performance. He stated that all markets and all sectors were positive for the quarter. Mr. Johnson reported on the performance of the Fund for the quarter ending December 31, 2011. The total market value of the Fund as of December 31, 2011 was \$12,738,467. The asset allocation was 51.2% in domestic equities; 10.1% in international; 29.1% in domestic

fixed income; and 9.6% in cash. The asset allocation by manager was 32.2% with Anchor Fixed Income; 27.9% with Anchor All Cap Value; 27.4% with Brown Large Cap Growth; 10.1% with Manning & Napier; and 2.3% with Vanguard TIPS. The total portfolio was up 6.11% net of fees for the quarter while the benchmark was up 6.89%. The total equity portfolio was up 8.99% for the quarter while the benchmark was up 10.08%. The total domestic equity portfolio was up 10.16% for the quarter while the benchmark was up 12.12%. The total fixed income portfolio was up 1.06% for the quarter while the benchmark was up 1.04%. The total international portfolio was up 3.02% for the quarter while the benchmark was up 3.38%.

Mr. Johnson reviewed the performance of the managers. The Anchor All Cap Value portfolio was up 8.55% for the quarter while the Russell 3000 Value was up 13.33%. The Brown Large Cap Growth portfolio was up 11.84% for the quarter while the Russell 1000 Growth was up 10.61%. The Manning & Napier portfolio was up 3.02% for the quarter while the EAFE was up 3.38%. The Vanguard TIPS portfolio was up 2.63% for the quarter while the benchmark was up 2.69%. The Anchor Fixed Income portfolio was up .94% for the quarter while the benchmark was up .91%. Mr. Johnson stated that he talked to Anchor about the high cash position they hold and the cost to the Fund in terms of paying a fee of 50 basis points to hold cash. He stated that Anchor is willing to give the Fund a fee concession and reduce their fee to 40 basis points for fixed income. Ms. Jensen stated that she would draft a new contract to reflect the new fee.

There was a discussion on dedicated bond managers. It was noted that the Police Pension Plan interviewed two fixed income managers at their meeting today and decided to hire Garcia Hamilton. Mr. Johnson provided the Board with information on some other fixed income managers: Agincourt; Garcia Hamilton; Reinhart Partners; Sawgrass. He compared these candidates to Anchor Fixed Income. He reviewed the trailing performance through December 31, 2011 for the quarter, 1, 2, 3, 4, 5, 6, 7, 8 and 10 year time periods. He reviewed the calendar year performance from 2002 to 2011. He reviewed the manager risk and return analysis and multi-statistics summary table. Mr. Johnson stated that he would recommend the Board hire a dedicated fixed income manager, but noted that Anchor has done well and there is good will built up. He stated that it is up to the Board as to whether they want to look into this further. He does not think there is a rush. There was a lengthy discussion. A motion was made, seconded and carried 5-0 to consider hiring a dedicated fixed income manager and to invite Garcia Hamilton; Reinhart Partners; and Anchor Fixed Income to make a presentation at the next Board meeting.

### **ACTUARY REPORT**

Chad Little appeared before the Board. He presented the Actuarial Valuation as of October 1, 2011. He stated that there were no assumption changes made. He did include a payroll growth method change. Mr. Little reviewed the historical total salary and noted that pay has started to decline. He reviewed projected total salary. He stated that he put in a payroll decrease assumption and will update the assumption every couple of years. He reviewed the required contributions. The total minimum funding requirement for the Village is \$978,877 or 37.1% of pay. He reviewed the funded ratio noting it decreased from 86% to 83.7%. This decrease was mostly due to the investment return as the growth in assets was stunted. Mr. Little reviewed the participant data. Ms. Morse stated that she did not think there would be as many terminations or retirements as is projected in the Valuation. Mr. Little stated that he would discuss this more with Ms. Morse. Mr. Little stated that with respect to the projected contributions going forward he expects the dollar

amount to level off in 2016 to 2018. Mr. Little reviewed the market value versus the actuarial value. He reviewed the historical investment returns of the Fund. There was discussion on the assumed investment rate. It was noted that the Board would review the final Valuation at the next meeting for approval.

Rebecca Morse departed the meeting.

### **ATTORNEY REPORT**

Ms. Jensen provided a Memorandum dated January 23, 2012 regarding proposed HB 1499. She reviewed the proposed Bill with the Board.

Ms. Jensen discussed the Disability Task Force. She stated that she prepared a Memorandum regarding this, but noted that it does not impact this Fund.

Ms. Jensen stated that she followed up on the discussion from the last meeting on the issue of conflicts of interest. The Board had authorized her to send an affidavit to the investment managers for execution confirming that there were no conflicts of interest. She stated that each investment manager has completed the affidavit advising that there are no conflict of interest relationships that they are aware of.

Ms. Jensen stated that she would prepare an Addendum to the Anchor Capital Agreement to reduce the fees for fixed income effective January 1, 2011 to be executed by the Chair. A motion was made, seconded and carried 4-0 to authorize the Attorney to draft an Addendum to the Anchor Capital Agreement to reflect the reduction of fees for the fixed income portfolio effective January 1, 2011 and to authorize the Chair to execute the Addendum.

### **ADMINISTRATIVE REPORT**

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

Ms. Adcock provided the Board with the results of their recent client survey that was done. She thanked the Trustees for taking the time to respond to the survey. She noted that a majority of the feedback that was received was overwhelmingly positive and stated that they were addressing the areas where responses indicated there could be some improvement. She stated that they take seriously the job they do for the plans they administer and thanked the Board for the trust they placed in her company.

### **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patrick Rothenburg, Secretary