

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 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
Patrick Rothenburg
Rebecca Morse
Vicki Van Fossen
Patti Waller

OTHERS

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

MINUTES

The Board reviewed the minutes of the meeting held May 1, 2012. A motion was made, seconded and carried 5-0 to approve the minutes of the meeting held May 1, 2012.

INVESTMENT MANAGER: ANCHOR CAPITAL

Dan Doucette appeared before the Board. He reported on performance for the period ending June 30, 2012. The total market value of the equity account as of June 30, 2012 was \$3,806,301.19. The total equity portfolio was down .63% net of fees for the quarter ending June 30, 2012 while the Russell 1000 Value was down 2.20%. Mr. Doucette stated that they think there is increased volatility in the market, which is why they have taken a more conservative approach in terms of the positions in the portfolio. They are trying to mitigate risk as much as possible. He stated that they do not think there will be a big drop off at the end of the year like there was last year. He noted that there is still uncertainty with Europe and unemployment in the United States is still high. They are focusing on companies that are well capitalized and have good dividends. Mr. Doucette reviewed the portfolio holdings and the purchases and sales in the quarter. He stated that they trimmed gold at the end of last year. They think there is a good reason to have gold as an asset in the portfolio. They do not think there is any reason to add more gold to the portfolio, but do not think they should move away from it either.

INVESTMENT MONITOR REPORT

Dan Johnson and Tyler Grumbles appeared before the Board. It was noted that Mr. Grumbles was an internal consultant with their firm. Mr. Johnson reviewed the market environment for the period ending June 30, 2012. He noted that all equities were down for the quarter. He stated that TIPS was the best performing asset class for the quarter. Mr. Johnson reported on the performance of the Fund for the quarter ending June 30, 2012. The total market value of the Fund as of June 30, 2012 was \$13,761,561. The asset allocation was 52.6% in domestic equities; 9.9% in international; 33.5% in domestic

fixed income; and 4.1% in cash. It was noted that Anchor Fixed Income was transitioned to Garcia Hamilton during the quarter. The asset allocation by manager was 30.7% with Garcia Hamilton Fixed Income; 27.7% with Anchor All Cap Value; 27.6% with Brown Large Cap Growth; 9.9% with Manning & Napier; and 4.1% with Vanguard TIPS.

The total portfolio was down 2.63% net of fees for the quarter while the benchmark was down 2.12%. The total equity portfolio was down 4.99% for the quarter while the benchmark was down 3.98%. The total domestic equity portfolio was down 4.19% for the quarter while the benchmark was down 3.15%. The total fixed income portfolio was up 2.14% for the quarter while the benchmark was up 1.33%. The total international portfolio was down 9.28% for the quarter while the benchmark was down 6.85%.

Mr. Johnson reviewed the performance of the managers. The Anchor All Cap Value portfolio was down .54% for the quarter while the Russell 3000 Value was down 2.26%. The Brown Large Cap Growth portfolio was down 7.58% for the quarter while the Russell 1000 Growth was down 4.02%. The Manning & Napier portfolio was down 9.28% for the quarter while the EAFE was down 6.85%. The Vanguard TIPS portfolio was up 3.24% for the quarter while the benchmark was up 3.15%. It was noted that the Garcia Hamilton Fixed Income portfolio was funded during the quarter.

Mr. Johnson stated that there was excess cash in the cash account held by the Village for the Fund in the amount of \$325,000. He stated that the cash would be transferred to the Custodian tomorrow. He recommended using that money to bring the international portfolio up to its target. A motion was made, seconded and carried 5-0 to authorize Mr. Johnson to coordinate with the Village and the Custodian to invest the \$325,000 in excess cash with Manning & Napier.

Mr. Johnson discussed setting a schedule for the managers to attend future meetings. He recommended having the four managers stagger their attendance so that each attends one meeting a year. It was determined that Anchor would attend each February; Manning & Napier would attend each May; Brown would attend each August; and Garcia Hamilton would attend each November.

ACTUARY REPORT

Chad Little appeared before the Board. He stated that when he presented the Actuarial Valuation as of October 1, 2011, he made the modifications to provide that contributions be made on a percentage of payroll basis due to a requirement of the State. He stated that the State has recently changed its position on this matter. The State is now allowing the Board and the Actuary to work together to make a decision on what is the best funding method to use for the Plan. Mr. Little stated that the Village is making contributions on a percentage of payroll basis so they are not going to change what is in place for this year.

Mr. Little advised that the State has completed their review of the Fund's Valuations through September 30, 2010 and all of them have been approved. The State did raise an

issue regarding the mortality table and interest rate for the Board to consider. It was noted that these issues have already been discussed by the Board and are being addressed.

Dan Doucette departed the meeting.

ATTORNEY REPORT

Ms. Jensen reminded the Board of the new statutory provision that passed this year - Section 732.703, Florida Statutes. This section voids the designation of the former spouse as the death beneficiary/joint annuitant as of the date of divorce and applies to all deaths occurring on or after July 1, 2012, regardless of when the designation was made. Ms. Jensen stated that she sent a letter to the Village asking that the Village, when notified of a divorce of a Participant in the Plan, to encourage that Participant to complete a new beneficiary designation. Ms. Jensen stated that she would prepare letters that could be sent to the Participants of the Plan advising of this new law for the Board to review at the next meeting. Once the Board has reviewed the letters, the Administrator will coordinate dissemination of the letters to the Participants.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for Wendy Young. A motion was made, seconded and carried 5-0 to approve the benefit election.

Ms. Adcock presented the disbursements. A motion was made, seconded and approved 5-0 to pay the listed disbursements.

Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on November 1, 2012. A motion was made, seconded and carried 5-0 to renew the Fiduciary Liability Insurance provided that it does not to exceed a 3% increase in the premium.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patrick Rothenburg, Secretary