

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
October 29, 2012

The meeting was called to order at 2:06 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
Janna Hamilton, Garcia Hamilton
Dan Johnson and Tyler Grumbles, Monitor
Chad Little, Actuary

MINUTES

The Board reviewed the minutes of the meetings held August 7, 2012 and October 4, 2012. A motion was made, seconded and carried 5-0 to approve the minutes of the meetings held August 7, 2012 and October 4, 2012.

INVESTMENT MANAGER: GARCIA HAMILTON

Janna Hamilton appeared before the Board. She reviewed their investment goal and philosophy. She reported on performance for the period ending September 30, 2012. The total market value of the portfolio as of September 30, 2012 was \$4,369,628.59. The total portfolio was up 3.4% for the quarter ending September 30, 2012 while the benchmark was up 1.4%. She reviewed the market environment. They do not think there is a lot of opportunity for return in treasuries because treasuries are very expensive and the yield is low. They are overweight in corporates because the yield is so much more than treasuries. They expect the recovery to continue. It will be a while before they start adding back into treasuries. She reviewed the current fixed income market factors including sentiment, monetary, valuation, economic and inflation. Ms. Hamilton reviewed the portfolio characteristics. The portfolio is comprised of 44% in corporates; 48% in mortgages; 6% in agencies; 1% in treasuries; and 1% in cash. She stated that they expect the absolute rates going forward on the fixed income side will be lower. She reviewed the portfolio holdings as of September 30, 2012.

INVESTMENT MONITOR REPORT

Dan Johnson and Tyler Grumbles appeared before the Board. Mr. Johnson stated that Mr. Grumbles will be more involved in the Plan going forward so the Board can expect to see one or both of them at future meetings. Mr. Grumbles stated that he started with the firm in 2007 and has his CFA. Mr. Grumbles reviewed the market environment for the period ending September 30, 2012. He reported on the performance of the Fund for the quarter ending September 30, 2012. The total market value of the Fund as of September 30,

2012 was \$14,829,249. The asset allocation was 50.8% in domestic equities; 12.0% in international; 32.9% in domestic fixed income; and 4.3% in cash. The asset allocation by manager was 29.5% with Garcia Hamilton Fixed Income; 26.9% with Anchor All Cap Value; 27.7% with Brown Large Cap Growth; 12.0% with Manning & Napier; and 3.9% with Vanguard TIPS. Mr. Grumbles discussed TIPS. He stated that TIPS has a negative real rate of return. They prefer TIPS to treasures but will continue to monitor closely. TIPS have done very well the last year and a half, but they are not sure how well they will perform going forward. They do not expect to make a change too soon but will continue to monitor closely.

The total portfolio was up 5.18% net of fees for the quarter while the benchmark was up 4.57%. The total equity portfolio was up 6.37% for the quarter while the benchmark was up 6.40%. The total domestic equity portfolio was up 6.36% for the quarter while the benchmark was up 6.23%. The total fixed income portfolio was up 3.24% for the quarter while the benchmark was up 1.42%. The total international portfolio was up 6.50% for the quarter while the benchmark was up 6.98%.

Mr. Grumbles reviewed the performance of the managers. The Anchor All Cap Value portfolio was up 4.94% for the quarter while the Russell 3000 Value was up 6.44%. The Brown Large Cap Growth portfolio was up 7.78% for the quarter while the Russell 1000 Growth was up 6.11%. The Manning & Napier portfolio was up 6.93% for the quarter while the EAFE was up 6.98%. The Vanguard TIPS portfolio was up 2.17% for the quarter while the benchmark was up 2.12%. The Garcia Hamilton Fixed Income portfolio was up 3.38% for the quarter while the benchmark was up 1.36%. Mr. Grumbles stated that they have no recommendation for any changes as this time.

ACTUARY REPORT

Chad Little appeared before the Board. He stated that he has received the fiscal year end data from the Village so he is working on the Valuation. He discussed the issue of showing contributions made on a percentage of payroll basis versus a level dollar amount. He stated that he usually shows it both ways although the Village funds as a level dollar amount. He stated that because the Plan is closed, the percentage of pay basis does not really make much sense. He inquired as to whether he should continue to show both ways in the Valuation or just show the contributions as a dollar amount. There was a lengthy discussion. It was determined that contributions should be shown on a level dollar amount only. Mr. Little discussed the mortality tables and interest assumption. He stated that he was going to all a volatility index into the Valuation, which shows how much the Plan has in assets compared to payroll.

Janna Hamilton departed the meeting.

ATTORNEY REPORT

Ms. Jensen provided the Board with draft letters for the retirees and active Participants advising of the new statutory provision that passed this year regarding the designation of

beneficiaries. She recommended that the Board send the letters to the retired and active Participants to let them know of the new beneficiary requirements. There was a lengthy discussion on the new law. It was noted that this Plan has no option to change a joint survivor because of divorce. If there were a divorce, the Plan would treat the former spouse as deceased. The Board authorized the letters to be sent to the retired and active Participants.

The Board reviewed the final draft of the Summary Plan Description. It was noted that it was time to distribute the updated document to active Participants. A motion was made, seconded and carried 5-0 to approve the Summary Plan Description and authorize it to be distributed to active Participants.

Ms. Jensen provided an updated Authorized Signature Form from the Custodian. The Board executed the Form.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculation and election approval for Carol Kearney. 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.

It was noted that it was time to reappoint Patrick Rothenburg as the 5th Trustee. A motion was made, seconded and carried 4-0 to reappoint Patrick Rothenburg as the 5th Trustee for another term which will expire on November 1, 2016.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patrick Rothenburg, Secretary