

VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
February 5, 2013

The meeting was called to order at 1:35 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 (1:40 P.M.)
Rebecca Morse
Vicki Van Fossen
Patti Waller

OTHERS

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

MINUTES

The Board reviewed the minutes of the meeting held October 29, 2012. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held October 29, 2012.

INVESTMENT MANAGER: ANCHOR CAPITAL

Robert Croce and Dan Doucette appeared before the Board. Mr. Doucette reported on performance for the period ending December 31, 2012. The total market value of the equity account as of December 31, 2012 was \$3,997,674.43. The total portfolio was up .11% net of fees for the quarter ending December 31, 2012 while the Russell 3000 Value was up 1.65%. Mr. Doucette stated that they were pleased with how things have gone, especially given the real possibility of drawbacks at the end of last year.

Patrick Rothenburg entered the meeting.

Mr. Croce stated that individual stocks versus sectors helped them during the quarter. He noted that financial service stocks, utilities and gold were the main drivers of the underperformance during the quarter. He stated that they are cautiously optimistic with what is going on in the market. They do see some bright spots in the market. The housing market is getting better and the energy boom is filtering down to other industries. There is a cloud still hanging over the market, which is the US debt ceiling issue that keeps being kicked down the road. Mr. Doucette reviewed the portfolio holdings and the purchases and sales in the quarter.

INVESTMENT MONITOR REPORT

Tyler Grumbles and Dan Johnson appeared before the Board. Mr. Grumbles reviewed the market environment for the period ending December 31, 2012. He stated that the international markets were the big winners this quarter. He noted that value outperformed

growth for the quarter. Mr. Grumbles reported on the performance of the Fund for the quarter ending December 31, 2012. The total market value of the Fund as of December 31, 2012 was \$14,950,302. The asset allocation was 51.8% in domestic equities; 12.6% in international; 32.8% in domestic fixed income; and 2.7% in cash. The asset allocation by manager was 29.5% with Garcia Hamilton Fixed Income; 26.7% with Anchor All Cap Value; 27.3% with Brown Large Cap Growth; 12.6% with Manning & Napier; and 3.9% with Vanguard TIPS.

The total portfolio was up .83% net of fees for the quarter while the benchmark was up 1.19%. The total equity portfolio was up .84% for the quarter while the benchmark was up 1.69%. The total domestic equity portfolio was down .28% for the quarter while the benchmark was up .25%. The total fixed income portfolio was up .82% for the quarter while the benchmark was up .26%. The total international portfolio was up 5.89% for the quarter while the benchmark was up 6.60%.

Mr. Grumbles reviewed the performance of the managers. The Anchor All Cap Value portfolio was up .08% for the quarter while the Russell 3000 Value was up 1.65%. Mr. Grumbles stated that in up markets Anchor will lag but in down markets they will protect the portfolio. He stated that they are comfortable with Anchor's strategy. The Brown Large Cap Growth portfolio was down .63% for the quarter while the Russell 1000 Growth was down 1.32%. The Manning & Napier portfolio was up 5.89% for the quarter while the EAFE was up 6.60%. The Vanguard TIPS portfolio was up .57% for the quarter while the benchmark was up .69%. The Garcia Hamilton Fixed Income portfolio was up .86% for the quarter while the benchmark was up .18%. Mr. Grumbles stated that they have no recommendation for any changes as this time. He stated that they would like to explore the possibility of global fixed income and high yield and will bring information to the next meeting for the Board to review and discuss further.

Robert Croce and Dan Doucette departed the meeting.

ACTUARY REPORT

Chad Little appeared before the Board. He presented the draft Actuarial Valuation as of October 1, 2012. He stated that there were no Plan changes. He advised that he was recommending a change in the mortality assumption to the RP 2000 projected to the Valuation year. He further discussed the mortality assumption. Mr. Little discussed the investment returns. He reviewed the historic investment returns from 1995 to 2012. He reviewed the funded ratio noting it was at 83.6%. He reviewed the required contributions. The total contribution required is \$1,017,113 with \$80,728 coming from employee contributions and \$941,771 coming from the Village. He reviewed the projected contributions going forward. He reviewed the market value of assets versus the actuarial value of assets. Mr. Little discussed the projected unfunded accrued actuarial liability. He stated that currently the Fund is using 25 years for amortization payments. He stated that he would like the Board to consider using a Fresh Start which effect would be that the Fund would only have 7 more years until it was 100% funded. There was a lengthy discussion. Ms. Morse noted that it was a financially attractive option to do the

Fresh Start given the current structure of the Plan and the Village. A motion was made, seconded and carried 5-0 to follow the Actuary's recommendation to do a Fresh Start effective with the October 1, 2012 Valuation. Mr. Little stated that he would revise the Actuarial Valuation as of October 1, 2012 accordingly. The Board decided to have a special meeting in March for Mr. Little to present the revised Valuation. Mr. Little reviewed GASB 27 which is the annual pension cost and net pension obligation.

ATTORNEY REPORT

Ms. Jensen provided a Memorandum dated December 2012 regarding the change in the IRS mileage reimbursement rate. She advised that effective January 1, 2013 the rate was 56.5 cents.

ADMINISTRATIVE REPORT

Ms. Adcock presented the Board with the benefit calculations and election approvals for Mary Sakellarios, Neal Tuminski and Patricia Rogers. A motion was made, seconded and carried 5-0 to approve the benefit elections.

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

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Patrick Rothenburg, Secretary