

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY
EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
February 5, 2002**

John Matthews called the meeting to order at 10:03 A.M. at the Water Treatment Plant in Palm Springs, Florida. Those persons present were:

TRUSTEES

John Matthews
Tim Conboy
Bob Becak
Ed West
Jorge Cabrera

OTHERS

Paul Nicoletti, Fund Counsel
Margie Adcock, Pension Resource Center
John Flagel & Bruce Bridges, Invesco
Ernie Mahler, Salomon Smith Barney

MINUTES

The Board reviewed the minutes of the meetings held November 13, 2001. A motion was made, seconded and carried 5-0 to approve minutes of the meetings held November 13, 2001.

INVESTMENT MANAGER REPORT: INVESCO

John Flagel and Bruce Bridges appeared before the Board to discuss the investment performance for the Fund for the quarter ending December 30, 2001. John Flagel advised that it was a good quarter. The S&P 500 was up 10.7% for the fourth quarter. However, the S&P 500 was down 11.9% for the calendar year 2001 and down 9.1% for the calendar year 2000. He noted that this is the first time since 1973/1974 that there have been back-to-back negative years.

Mr. Flagel reviewed the equity market. He noted that three sectors did very well: consumer discretion, technology and industrials. Even with the stellar quarter technology had being up 34.9%, it was down 26.4% for the year. He advised that there was no clear trend between value and growth. Value outperformed growth in the first and third quarters, while growth outperformed value in the second and fourth quarters. National Asset has taken a neutral mix holding the portfolio at 52% growth and 48% value. Mr. Flagel thinks that returns will be about 7-10% over the next decade.

Mr. Flagel then reported on the fixed income market. He noted that the Lehman Brothers Government/Corporate Index was up .1% for the fourth quarter. While there were two back-to-back bad years in stocks, there were two good years in bonds.

Mr. Flagel reported that the total market value for the Fund as of December 30, 2001 was \$4,018,000. The asset allocation of the Fund was comprised of 55.9% in equities; 39.1% in fixed income; and 5% in cash. The total portfolio was up 8.08% for the fourth quarter. Equities were up 15.20% for the fourth quarter, while the S&P 500 was only up 10.69 for that same time period. Fixed income was up .11% for the fourth quarter, while the benchmark was up .09% for that same time period.

Mr. Flagel then discussed the equity characteristics and noted that the Fund has a well-balanced core portfolio. They have a mix of growth and value, which helps with consistency and smoothing out returns quarter to quarter. Also being underweight in telecommunications has helped. Bruce Bridges noted that the fixed income portfolio is also well diversified. He thinks that interest rates should stay where they are and expects returns to come out of the equity market. A motion was made, seconded and carried 5-0 to approve the Investment Manager's Report.

INVESTMENT MONITOR REPORT: SMITH BARNEY

Ernie Mahler appeared before the Board to discuss the investment performance of the Fund. He discussed the capital markets and noted that the trend used to be growth and then value. Now it goes back and forth between growth and value. He advised that having National Asset has helped because they have a nice blend of growth and value. Mr. Mahler reported that the CPI rose 1.8% for the year, which was down from a 3.38% increase in the calendar year 2000. This is about the lowest that it has gotten in recent times.

Mr. Mahler then discussed the performance of the Fund. He reported that for the quarter, the Fund was up 8.09%, while the benchmark was up 5.9%. The total market value of the Fund for the period ending December 30, 2001 was \$4,019,000 compared to \$3,718,000 at the beginning of the quarter. Mr. Mahler advised that he felt good that the Fund's portfolio was going in the right direction. He noted that equities were key to outperformance of the benchmark in the fourth quarter and he is pleased with the performance. A motion was made, seconded and carried 5-0 to accept the Investment Monitor's Report.

John Flagel, Bruce Bridges and Ernie Mahler departed the meeting.

Tim Conboy departed the meeting.

ADMINISTRATIVE REPORT

Margie Adcock reported that Donald Purdom retired from the Village. Ms. Adcock provided the Board with an Agenda Addendum that set forth the information concerning the pension benefit for Mr. Purdom. A motion was made, seconded and approved 5-0 to approve a pension benefit to Donald Purdom

DISBURSEMENTS

Ms. Adcock presented the disbursements. Additionally, it was noted that \$571.85 has been spent to date for the mailing to be sent to the new people in the Village. This amount is for an invoice for Dan the Printer who made copies of a letter to be sent and envelopes with the Village seal. A motion was made, seconded and approved 4-0 to pay all listed disbursements plus \$571.85 to Dan the Printer.

ATTORNEY REPORT

Paul Nicoletti reported the Division of Retirement sent a letter requesting certain information. The only part that related to this Plan was a request for a copy of the Investment Policy Statement.

OTHER BUSINESS

There being no further business and the next meeting being scheduled for Tuesday, May 7, 2002 at 5:00 P.M. at the Water Plant, the meeting was adjourned at 10:50 P.M.

Respectfully submitted,

Ed West, Secretary