

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY
EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
May 7, 2002**

John Matthews called the meeting to order at 5:10 P.M. at the Water Treatment Plant in Palm Springs, Florida. Those persons present were:

TRUSTEES

John Matthews
Tim Conboy
Jorge Cabrera
Ed West

OTHERS

Paul Nicoletti, Fund Counsel
Margie Adcock & Scott Baur, Pension Resource Center
Bruce Bridges, Invesco
Ernie Mahler, Salomon Smith Barney
Larry Wilson & Ken Jones, Actuary

MINUTES

The Board reviewed the minutes of the meetings held February 5, 2002. A motion was made, seconded and carried 4-0 to approve minutes of the meetings held February 5, 2002.

INVESTMENT MANAGER REPORT: INVESCO

Bruce Bridges appeared before the Board to discuss the investment performance for the Fund for the quarter ending March 31, 2002. Mr. Bridges advised that the S&P 500 was up .3% for the first quarter. He noted that the Russell 1000 Value was up 4.1% for the quarter, while the Russell 1000 Growth was down 2.6% for that same time period. The S&P Barra Value was up 1.3% for the quarter, while the S&P Barra Growth was down .8% for that same time period. It was a quarter for value versus growth.

Mr. Bridges reviewed the equity market. He noted that technology was down 7.4% for the quarter and telecommunications was down 15.3% for the quarter. The sectors that did well were materials and consumer stocks. With respect to the fixed income market, the Lehman Brothers Government/Corporate Index was down .2% for the quarter. He noted that bonds were down a little for the quarter because interest rates went up.

Mr. Bridges reported that the total market value for the Fund as of March 31, 2002 was \$4,025,000. The asset allocation of the Fund was comprised of 58.7% in equities; 37.7% in fixed income; and 3.6% in cash. The total portfolio was up .18% for the quarter. For the fiscal year to date, the Fund is up 8.28% while the index is up only 6.03%. Equities were up .26% for the quarter, while the S&P 500 was up .27% for that same time period. For the fiscal year to date, equities are up 15.51%, while the benchmark is up only 10.99%. Fixed income was down .11% for the quarter, while the benchmark was down .23% for that same time period. Mr. Bridges advised that for this current quarter so far, the Fund is down 4% so that for the fiscal year to date, the Fund is up about 4%. Mr. Bridges advised that the Fund is pretty fully invested in equities. This is because they are comfortable with the stocks, but also because the alternative in bonds does not look that attractive.

Mr. Bridges then discussed the equity characteristics and noted that the Fund has a well-balanced core portfolio. He noted that financial stocks are doing well, as are things that benefit from a rising economy. He advised that they purchased AOL Time Warner and Boeing. He presented the fixed income market overview. He noted that the average quality of the portfolio is AAA. Mr. Bridges advised that it has been a pretty good fiscal year through the end of March. A motion was made, seconded and carried 4-0 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 reported that for the quarter, the Fund was up .02%, while the benchmark was up .13%. For the fiscal year to date, the Fund was up 8.12% while the benchmark was up 6.03%. Generally speaking, since September 30, 2001, he is pleased with the numbers. They are pretty much what he expected, maybe slightly better. The total market value of the Fund for the period ending March 31, 2002 was \$4,019,000 compared to the same amount at the beginning of the quarter. Mr. Mahler stated that they have done a nice job so far and it was a non-event quarter. He feels good about the group and they are doing what we are asking them to do. A motion was made, seconded and carried 4-0 to accept the Investment Monitor's Report.

ACTUARY REPORT

Larry Wilson and Ken Jones appeared before the Board to present the Actuarial Valuation as of September 30, 2001. Larry Wilson gave the Board a brief background of the firm and of his qualifications. He then presented the Actuarial Valuation. Mr. Wilson noted that the Fund is 86% funded, which is down slightly from the year before and is solely due to investment returns. Mr. Wilson advised that the Fund had an actuarial loss of \$395,696 for the year. There was a recognized rate of return on investments of .1% versus the 8% expected rate of return. Additionally there was an 8.9% increase in payroll versus the 5.8% that was expected. There was an increase in active members from 32 to 36 in the year. The total adjusted contribution requirement is 1% for the members; 1.30% from 175/185; and 20.84% from the village. The key things were experience loss and the increase in payroll. There was then a discussion on smoothing. It was reported that the market value at the end of the year was \$3,795,269 and the funding value at the end of the year was \$4,620,654. However, there is a decrease because of the State requirement that it cannot be over 120% of market value or \$4,554,323. Mr. Wilson advised that \$29,024 can be used for excess benefits and is being held in reserve. The average age at retirement is 44.3. The actual real investment return rate for 2000 was 3.8% and the actual real investment return rate for 2001 was a negative 2.5%. A motion was made, seconded and carried 4-0 to accept the Actuarial Valuation.

ADMINISTRATIVE REPORT

Margie Adcock reported that she had received a Beneficiary/Enrollment Forms from the Village. A motion was made, seconded and carried 4-0 to approve the list of Enrollment Applications.

Ms. Adcock provided the Board with a list of upcoming conferences.

DISBURSEMENTS

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

ATTORNEY REPORT

Paul Nicoletti advised that as of April 1, 2002, the Village has raised his rate to \$145 an hour and he requested the Board to do the same. A motion was made, seconded and approved 4-0 to raise the hourly rate for Paul Nicoletti from \$140 to \$145.

OTHER BUSINESS

John Matthews reported that the mass mailing is complete. He advised that the mailing went out to the residential addresses in the last two weeks and will go to the commercial addresses by the end of this week. He noted that they have received an overwhelming response and should receive an increase in the amounts received from the State next year. He advised that he was going to give the Administrator the extra mailings for any future annexed areas. It was noted that after a Council meeting where new areas are acquired, a letter would be faxed to the Administrator with the addresses so that they can be mailed a packet. The Board will reimburse the Administrator for any postage involved with the mailings.

Mr. Matthews noted that the Board has been looking at enhancing the Plan with the excess benefit amounts from 175/185. Although there is not enough money now for any enhancements, Mr. Matthews wanted the minutes to reflect that the Board has been interested in increasing the multiplier; a 20 and out provision; and post retirement health insurance.

Mr. Matthews advised the Board that he was resigning as a Trustee on the Board as he would no longer be an employee of the Village as of the end of the week. It was noted that an election would need to be conducted to fill his position for the remaining of his term and that a new Chairman would need to be elected once that position is filled.

There being no further business and the next meeting being scheduled for Tuesday, August 6, 2002 at 5:00 P.M. at the Water Plant, the meeting was adjourned at 6:30 P.M.

Respectfully submitted,

Ed West, Secretary