

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY
EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
November 12, 2002**

Tim Conboy called the meeting to order at 5:06 P.M. at the Water Treatment Plant in Palm Springs, Florida. Those persons present were:

TRUSTEES

Tim Conboy
Ed Lewis
Ed West

OTHERS

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

TRUSTEE APPOINTMENTS

It was noted that Ed West and Jorge Cabrera were reappointed to the Board at the September 26, 2002 Village Council meeting. Both appointments were for a 2 year term.

MINUTES

The Board reviewed the minutes of the meetings held August 27, 2002. It was noted that the paragraph under "Other Business" should be changed to read that an increase in the multiplier by 0.5% would cost approximately 1% of payroll for every .01% increase versus .05% and that Tim Conboy would take the issue back to the bargaining unit versus John Matthews. A motion was made, seconded and carried 3-0 to approve minutes of the meetings held August 27, 2002 as amended.

INVESTMENT MANAGER REPORT: INVESCO

Brian Coker appeared before the Board to discuss the investment performance for the Fund for the quarter ending September 30, 2002. Mr. Coker discussed the equity market summary and noted that all major stock market indices were down. It was one of the worst bear markets in history. He stated that the equity markets have been negative for the last 5 years with real estate being the only index with positive numbers. Mr. Coker noted that the market has been showing some strength since the end of the quarter. He stated that bear markets do not last forever and that following the initial decline in markets in the past, the returns have been positive in the 5 and 10 years following the decline. The bright spot has been the bond market with it outperforming stocks in the last 5 years.

Mr. Coker reported that the total portfolio was down 8.2% for the quarter ending September 30, 2002, while the benchmark was down 8%. Equities were down 19.2% for the quarter while the S&P 500 was down 17.3%. Fixed income for the quarter was up 5% while the benchmark was up 4.5%. Mr. Coker then discussed the equity characteristics and noted that the Fund has a well-balanced core portfolio. He stated that the Fund was overweighted in financials, industrials and materials.

Mr. Coker stated that Invesco has a consistent record of adding value and has outperformed the market in 11 out of the last 14 calendar years. He then discussed the fixed income characteristics and noted that there was value added on the bond side and the high quality focus of the bonds in the portfolio was the reason for that. Mr. Coker advised that the equity portfolio was up about 6.5% through yesterday while the S&P 500 was up about 7.5%.

Mr. Coker then discussed the letter sent to the Board dated August 30, 2002. He noted that Invesco is restructuring the office. They have had some cutbacks and Bruce is now the only one in the Florida office. Mr. Coker did note that, for this Fund, the equity portion of the portfolio is managed in Kentucky. The change in Invesco may mean something from a client servicing standpoint in Florida, but not in terms of the management of the equity portfolio. Ernie Mahler advised that he was not concerned about the change as Bruce Bridges is the service representative for this Fund and he is comfortable with that.

INVESTMENT MONITOR REPORT: SMITH BARNEY

Ernie Mahler appeared before the Board to discuss the investment performance of the Fund. He reviewed the top ten holdings in the portfolio and noted that the Investment Guidelines require there not to be more than 5% in any one issue. He noted that the Fund is within those requirements. Mr. Mahler reported that the Fund was down 8.3% for the quarter ending September 30, 2002 while the benchmark was down 7.99%. Equities were down 19.22% while the S&P 500 was down 17.28%. Fixed income was up 4.94% and the benchmark was up 5.69%. Mr. Mahler noted that the asset allocation was 48% in equities; 49% in fixed income and 3% in cash. The market value as of September 30, 2002 for the equity portfolio was \$1,646,000 and for the fixed income portfolio was \$1,696,000.

Mr. Mahler advised that the Fund is slightly behind the benchmark. For the last 5 quarters, the Fund has underperformed in 3 of the quarters and outperformed in 2 of the quarters. Mr. Mahler stated that he did not think the Board should do anything at this point, but would like to see things go the other way. With respect to the equity portion of the portfolio, Mr. Mahler would like to see a better trend relative to the benchmark. He stated that if he does not see something encouraging at the end of the next quarter, he would come prepared in February for something for the Board. He noted that he does not like to change managers, but if that is what needs to be done, he will recommend that.

The Board then reviewed the revised Statement of Investment Guidelines. A motion was made, seconded and carried 3-0 to adopt the revised Statement of Investment Policies and Objectives dated November 12, 2002.

DISBURSEMENTS

Margie Adcock presented the disbursements. Ms. Adcock noted that the disbursements included the renewal for fiduciary liability insurance and the 2003 membership dues for the FPPTA. A motion was made, seconded and approved 3-0 to pay all listed disbursements.

ADMINISTRATIVE REPORT

Margie Adcock reported that she received a verbal request from Antonio Perez for a refund of contributions. Ms. Adcock advised that she provided Mr. Perez with the necessary paperwork to complete for a refund, which had not yet been returned. A motion was made, seconded and carried 3-0 to approve a refund of contributions for Antonio Perez if the necessary paperwork is received.

Ms. Adcock reported that she received an inquiry from Douglas Edwards requesting a rollover of his pension to an IRA. Ms. Adcock noted that, according to the records of the Fund, Mr. Edwards is vested but not eligible for early or normal retirement as of yet. She was not sure if Mr. Edwards might be requesting a refund of his contributions in lieu of a pension benefit upon early or normal retirement. The Board determined that if Mr. Edwards was requesting a refund of contributions then arrangements could be made for that.

Ed Lewis stated that Charles Dewalt provided him with a letter concerning his disability. The letter stated that Mr. Dewalt was still disabled.

OTHER BUSINESS

There was discussion on possible benefit changes. It was noted that there were four benefit changes that would like to be considered: an increase in the multiplier to 3%, either prospectively or retroactively depending on the cost; 20 and out; purchase of extra years of service and a DROP. There was a lengthy discussion on the possible changes. There was also discussion on the legality of vesting in general. A motion was made, seconded and carried 3-0 to have the Attorney research the legality of the benefit changes and if allowable, direct the Actuary to do a cost study on the four changes in conjunction with the October 1, 2002 Valuation.

There was then a discussion on how to increase money to the Fund. It was noted that there has already been the mailout to the residents trying to make sure the right zip codes for the Village are recorded with State for purposes of the Chapter 175/185 monies. Paul Nicoletti noted that there would need to be negotiations for any other dedicated revenue stream into the Fund.

There was then discussion regarding the upcoming FPPTA Trustees School and Certification process. A motion was made, seconded and carried 3-0 to allow any Trustee applying for the certification process to complete the certification process, such as completing the application and attending the required number of conferences, without further Board approval. A motion was made, seconded and carried 3-0 to allow any Trustee to attend one annual conference without further Board approval.

There being no further business and the next meeting being scheduled for Tuesday, February 11, 2003 at 5:00 P.M. at the Water Plant, the meeting was adjourned.

Respectfully submitted,

Ed West, Secretary