

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY  
EMPLOYEES' PENSION FUND  
MINUTES OF MEETING HELD**

**August 5, 2003**

Tim Conboy called the meeting to order at 4:35 P.M. at the Council Chambers 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  
Bill Stewart, Invesco  
Ernie Mahler, Salomon Smith Barney

**MINUTES**

The Board reviewed the minutes of the meetings held May 6, 2003. A motion was made, seconded and carried 3-0 to approve minutes of the meetings held May 6, 2003.

**INVESTMENT MANAGER REPORT: INVESCO**

Bill Stewart appeared before the Board to discuss the investment performance for the Fund for the quarter ending June 30, 2003. Mr. Stewart noted that it was a strong quarter, mostly driven by the low interest rates, the end of the conflict in Iraq and corporate earnings coming in ahead of expectations. He stated that with respect to the fixed income portion of the portfolio, they were a little behind the benchmark mostly due to the restriction on A or better bonds. Mr. Stewart advised that the total market value for the portfolio for the quarter ending June 30, 2003 was \$4,117,863. The asset allocation as of June 30, 2003 was 60% in equities, 39% in fixed income and the remainder in cash. Mr. Stewart reported that the total Fund was up 8.2% for the quarter ending June 30, 2003 while the benchmark was up 9.5%. With respect to equities for the quarter, the Fund was up 12.7% while the benchmark was up 15.4%. With respect to fixed income for the quarter, the Fund was up 2.3% while the benchmark was up 2.7%. Mr. Stewart discussed the equity portfolio characteristics and the equity market outlook. He noted that based on history and the current market, he believes that the market is heading in an up direction more than down, although it will still be volatile. Mr. Stewart then discussed the fixed income portfolio characteristics. He also reported that he received \$325,000 from the Village pursuant to the direction at the last meeting.

**INVESTMENT MONITOR REPORT: SMITH BARNEY**

Ernie Mahler appeared before the Board to discuss the investment performance of the Fund. He reported that the Fund was a little behind the benchmark for the quarter. Mr. Mahler reviewed the quarterly breakdown of the change in value of the account. He stated that he would like to look at including a new asset class that performs when large

cap is down. He stated that he would like to include small/midcap and maybe international to the Fund's portfolio for additional exposure to try to enhance returns. He noted that Invesco has such a product that has done well and might make sense to use them because of the cost. There was a discussion diversification. Mr. Mahler noted that it would help reduce risk and smooth out short term volatility. He stated that it would be worthy of coming back with a better comparison. Mr. Mahler stated that by itself, small/midcap is more risky. However, if it is held along with a core product, then the risk in the overall investment scheme will be lower. Mr. Mahler then asked Mr. Stewart to briefly discuss the Invesco product.

Mr. Stewart stated that within their broad product line, they have collective trusts that are designed specifically for qualified retirement plans and can invest in such trust with as little as \$100,000. There was discussion on the collective trust versus an individually managed account. He stated that the product has a good track record relative to the benchmark. Mr. Stewart noted that they also have a midcap trust product. He provided the Board with information that was representative of the different types of products that they have. Mr. Mahler stated that he would provide more detailed information at the next meeting.

### **ADMINISTRATIVE REPORT**

Margie Adcock reported that they had received one Beneficiary/Enrollment Form from the Village. A motion was made, seconded and carried 3-0 to approve the list of Enrollment Applications.

Ms. Adcock presented the disbursements. A motion was made, seconded and approved 3-0 to pay all listed disbursements.

Ms. Adcock noted that she received a request from Gary Grove for a refund of contributions. She stated that he was a vested Participant who wanted to waive his right to the pension benefit under the Plan and receive a refund of his contributions. There was discussion on the normal retirement date for a Participant with partial vesting. Mr. Nicoletti stated that he thought it was at age 55. Mr. Nicoletti was directed to draft an Ordinance change to clarify the normal retirement date for partial vesting. It was determined that Mr. Grove could receive a refund if he signed an affidavit acknowledging that he was waiving his right to a pension benefit under the Plan. A motion was made, seconded and approved 3-0 to refund contributions to Gary Grove if and when the proper paperwork is received.

Ms. Adcock provided the Board with the results of the ballots that were sent out for pension changes. There was a discussion on the results of the ballots and how to proceed from this point. It was determined that a letter should be forwarded to the Village Manager, Village Council and the Union advising that Plan members voted on the changes and the results of the ballots. The letter should state that the Board is recommending the approval of the results of the ballot and ask the Union and the Village to negotiate the benefits. A motion was made, seconded and approved 3-0 to accept the

results of the ballot election. A motion was made, seconded and approved 3-0 to authorize the Attorney to send a letter to the Village Manager, Village Council and the Union advising of the vote and the results.

Ms. Adcock presented the Board with the Annual Report for signature by the Chairman and Secretary. The Annual Report was signed accordingly.

### **OTHER BUSINESS**

There being no further business and the next meeting being scheduled for Tuesday, November 4, 2003 at 4:30 P.M., the meeting was adjourned at 6:10 p.m.

Respectfully submitted,

Ed West, Secretary