

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY
EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
November 4, 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
Jorge Cabrera
Bob Becak (4:45 P.M.)
Ed West (5:10 P.M.)

OTHERS

Paul Nicoletti, Fund Counsel
Margie Adcock, Pension Resource Center
Bill Stewart, Invesco
Ernie Mahler and Troy Wheat, Salomon Smith Barney

MINUTES

The Board reviewed the minutes of the meetings held August 5, 2003. A motion was made, seconded and carried 3-0 to approve minutes of the meetings held August 5, 2003.

ADMINISTRATIVE REPORT

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

Ms. Adcock presented the disbursements. She noted that the Fiduciary Liability Insurance was up for renewal. There was a discussion about increasing the amount of coverage. A motion was made, seconded and approved 3-0 to increase the liability to \$1 million with a premium not to exceed \$3,400. A motion was made, seconded and approved 3-0 to pay all listed disbursements with the addition of \$450.00 to the Attorney.

Bob Becak entered the meeting.

Ms. Adcock reported that the only person that submitted their name for the position on the Board was Tim Conboy. Therefore, Tim Conboy was appointed for another term. She also noted that the term for Bob Becak was up and the Board needed to take action. The Board asked Mr. Becak if he wanted to serve another term and stated that they really needed him to attend all of the meeting. Mr. Becak stated that he would like to serve another term. A motion was made, seconded and approved 4-0 to reappoint Bob Becak to the Board as the Fifth Trustee.

Ms. Adcock then provided the Board with Employee Benefit Statements as of October 1, 2003 to be provided to the Participants in the Fund.

OTHER BUSINESS

Ed Lewis inquired about the possibility of instituting a 13th and 14th check. Paul Nicoletti stated that a change to the Ordinance would need to be made in order to add this type of benefit and an impact statement would be needed from the Actuary. The Board asked Mr. Nicoletti to bring back some language on such a benefit to the next meeting for further discussion and consideration.

INVESTMENT MANAGER REPORT: INVESCO

Bill Stewart appeared before the Board to discuss the investment performance for the Fund for the quarter ending September 30, 2003. Mr. Stewart noted that the third quarter was a great quarter. Mr. Stewart advised that the total market value for the portfolio for the quarter ending September 30, 2003 was \$4,228,797. The asset allocation as of September 30, 2003 was 61% in equities, 37% in fixed income and the remainder in cash. Mr. Stewart reported that the total Fund was up 2.7% for the quarter ending September 30, 2003 while the benchmark was up 1.5%. With respect to equities for the quarter, the Fund was up 5.0% while the benchmark was up 2.6%. With respect to fixed income for the quarter, the Fund was down .6% while the benchmark was flat. Mr. Stewart discussed the equity portfolio characteristics and the equity market outlook. He noted that the equity market is up over 26% from the 2003 low reached on March 12, 2003. Mr. Stewart then discussed the fixed income portfolio characteristics. He stated that the duration is shorter than the index. He believes that in the long run the market will see higher interest rates.

Mr. Stewart then highlighted the difference between mutual funds and the collective trust that he discussed briefly at the last meeting. He noted that the mutual fund is a registered product and has a prospectus. The collective trust is really for ERISA funds and does not have to be registered but it acts like a mutual fund.

Ed West entered the meeting.

There was then a discussion on the recent issues involving Putnam. Mr. Nicoletti stated that the collective trust is not a foreign concept for municipalities to pool all of their assets together. The Fund's money would be commingled with other plans and the law certainly allows for it.

INVESTMENT MONITOR REPORT: SMITH BARNEY

Ernie Mahler appeared before the Board to discuss the investment performance of the Fund. He reported that the Fund outperformed the benchmark for the quarter. He stated that the Fund was up 2.69% for the quarter while the benchmark was up 1.49%. The total market value of the Fund as of September 30, 2003 was \$4,229,000.

Mr. Mahler then provided the Board with an asset allocation study as of September 30, 2003. He reviewed the different asset classes and the stock and bond blends. He provided a value versus growth style comparison, a small versus large cap comparison, a domestic versus international comparison. He also discussed the risk and return relationships and the benefits of diversification.

Ed Lewis departed the meeting.

Mr. Mahler then discussed the consistency of performances noting the mixes of assets and the capture ratios. He stated that he thought the Fund could do better by diversifying further. He was trying to educate the Board more on this point. The Fund is at a good point right now and might not want to make a move. But the fund could add an asset class if desired and make an allocation. Mr. Mahler stated that he does not have a strong opinion that the Fund has to move to small cap and/or international right now. There was then a lengthy discussion on this issue. Mr. Mahler recommended that for the long term health of the Plan another asset class should be added, but he did not see any risk for a decision to be made at this meeting. Mr. Nicoletti stated that he just received the proposed contracts today and would be more comfortable to read through the documents and ask questions of Invesco and discuss it further at the next meeting. A motion was made, seconded and carried 4-0 to allocate \$100,000 to small cap and \$100,000 to international subject to approval from the Attorney.

ATTORNEY REPORT

Paul Nicoletti reported that as of December 1, 2003, he will become a shareholder with the firm Moyle Flanigan Katz Raymond & Sheehan, P.A. He stated that it would not change his representation of the Fund but would give him more support and depth.

OTHER BUSINESS CONTINUED

Tim Conboy reported on the status of the benefit changes. There was discussion on how to proceed at this point. It was noted that there was probably no further Board action required at this point. Mr. Conboy would discuss the matter further with Mr. Nicoletti.

There was then discussion on the Investment Policy and the need to change it due to the allocation to small cap and international. Mr. Mahler stated that he would bring his recommendation of the asset allocation and revised Investment Policy to the next meeting. It was then determined that the current Policy prohibits international investments. Mr. Nicoletti asked the Board to reconsider the previous action made to make an allocation until he could review the matter. A motion was made, seconded and carried 4-0 to reconsider the action taken on the allocation to small cap and international and postpone any action on that until the next meeting.

There being no further business and the next meeting being scheduled for Tuesday, February 3, 2004 at 4:30 P.M., the meeting was adjourned at 6:06 p.m.

Respectfully submitted,

Ed West, Secretary