

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

**November 9, 2004**

Tim Conboy called the meeting to order at 4:45 P.M. at the Council Chambers in Palm Springs, Florida. Those persons present were:

**TRUSTEES**

Tim Conboy  
Ed Lewis  
Ed West  
Jorge Cabrera

**OTHERS**

Ernie Mahler, Salomon Smith Barney  
Margie Adcock, Pension Resource Center  
Bill Stewart, Invesco (5:10 P.M.)

It was noted that Paul Nicoletti had an illness in the family and would be unable to attend.

**MINUTES**

The Board reviewed the minutes of the meeting held August 3, 2004. A motion was made, seconded and carried 4-0 to approve minutes of the meeting August 3, 2004.

**INVESTMENT MONITOR REPORT: SMITH BARNEY**

Ernie Mahler appeared before the Board to discuss the investment performance of the Fund. He reported on performance for the quarter ending September 30, 2004. He provided a capital markets overview noting that there was nothing special for the quarter as far as the stock market was concerned. He stated that value clearly outperformed growth and quality stocks had a comeback in the quarter. He noted that Invesco has stated that this is an issue in the past and he agrees that it is a valid argument. However, then it would seem that a little outperformance from Invesco would have been seen in the quarter but that was not really evident. He noted that oil prices have started to come back down and corporate profits have been very good.

Mr. Mahler reported that the Fund for the quarter was down 1.44% while the benchmark was up .07%. For the fiscal year to date, the Fund was up 5.83% while the benchmark was up 8.72%. The total market value of the Fund as of September 30, 2004 was \$4,784,000. The asset allocation as of September 30, 2004 was 69% in equities; 30% in fixed income; and 1% in cash. Mr. Mahler stated that the asset allocation was fine for the short term, but for the longer term he thought the assets needed to be more diversified. With respect to performance of the equities for the quarter, Mr. Mahler stated that Invesco was a little heavy in its weighting in growth where value did better. Additionally there was the security selection issue of being out of oil when oil did well. Mr. Mahler provided the Board with a handout of the manager versus universe returns through September 30, 2004. He noted that Invesco has some other products that look a little better such as small cap value and international. Mr. Mahler reported that the General

Employees Pension Plan was going to be listening to some presentations from other managers and invited the members of this Board to attend the presentations.

Bill Stewart entered the meeting.

### **INVESTMENT MANAGER REPORT: INVESCO**

Bill Stewart appeared before the Board to discuss the investment performance for the Fund for the quarter ending September 30, 2004. He reported that the total Fund was down 1.4% for the quarter while the benchmark was down .4%. With respect to equities for the quarter, the Fund was down 3.3% while the benchmark was down 1.9%. He noted that they struggled in the third quarter and year to date. They had no exposure to energy in the second or third quarter and the technology sector underperformed. With respect to fixed income for the quarter, the Fund was up 2.6% while the benchmark was up 2.7%. He noted that duration was a little shorter than the benchmark. Mr. Stewart reported that the asset allocation was 69% in equities; 30% in fixed income; and 1% in cash. The total market value for the Fund as of September 30, 2004 was \$4,784,046. Mr. Stewart discussed the equity characteristics. He stated that they have a bias towards economically sensitive names and have about 60% in growth and 40% in value. They are overweight in technology which was the largest overweight relative to the benchmark. They are underweight in energy which detracted from performance. Mr. Stewart then discussed the equity market outlook. Mr. Stewart discussed the fixed income characteristics. He noted that they are going to continue to maintain a short to neutral duration with the potential increase in interest rates. Mr. Stewart provided an update of performance for the month of October. He noted that the total Fund was up 1.6% while the benchmark was up 1.2%. Equities are up 2.0% for October while the benchmark is up 1.5%. Mr. Stewart advised that there were no updates to deliver with respect to the management team.

### **ADMINISTRATIVE REPORT**

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

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

Ms. Adcock reported that Ed West and Jorge Cabrera had been reappointed by the Village for another two year term.

### **OTHER BUSINESS**

Tim Conboy advised that the Ordinance concerning the pension improvements passed. The benefits include a 3% multiplier, DROP account, and 20 and out. There was then discussion on the establishment of administrative rules to govern the DROP account. It was noted that there are several ways that interest can be calculated for the DROP accounts, such as using the assumed rate, the Fund's actual rate of earning, or self-

directed accounts. It was noted that Mr. Conboy would contact the Attorney to discuss the matter and there would be further discussion at the next meeting.

There being no further business and the next meeting being scheduled for Tuesday, February 1, 2005 at 4:30 P.M., the meeting was adjourned at 5:35 p.m.

Respectfully submitted,

Ed West, Secretary