

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY  
EMPLOYEES' PENSION FUND  
MINUTES OF MEETING HELD  
November 1, 2005**

Tim Conboy called the meeting to order at 4:50 P.M. at the Council Chambers in Palm Springs, Florida. Those persons present were:

**TRUSTEES**

Tim Conboy  
Ed Lewis

**OTHERS**

Ernie Mahler, Salomon Smith Barney  
Margie Adcock, Pension Resource Center  
Bonni Jensen, Attorney  
Jennifer Cute and Kevin Quinn, ICC

It was noted that there was not a quorum.

**INVESTMENT MANAGER REPORT: ICC**

Jennifer Cute and Kevin Quinn appeared before the Board. Ms. Cute discussed the investment performance for the Fund for the quarter ending September 30, 2005. She reported that the total Fund was up 4.29% for the quarter while the benchmark was up 2.17%. With respect to equities for the quarter, the Fund was up 5.96 while the benchmark was up 3.60%. With respect to fixed income for the quarter, the Fund was down .58% while the benchmark was down .52%. She stated that the Board should expect them to be very index-like. She stated that most of their relative outperformance was in August and September. She stated that their rationale is tied to the interest rates. Consumers are not going to spend more this year than last year. Housing, consumer borrowing and the economy have not slowed down. Looking at the history of the markets, whenever there has been sustained growth the Fed has not stopped raising rates until they inflict some harm on the market. The Fed is looking to slow down housing, consumer borrowing and the economy. She stated that they are still maintaining a defensive position. They do not see any reason in the next six months to change that stance. They will be keeping the same sector weightings. They think there is a lot of risk in stocks. The more important thing is what to avoid versus what to invest in. They are avoiding financials and anything related to the retailing and consumer spending markets. She noted that with the three Hurricanes this year there was a loss in production and loss in earning. The Fed is looking forward and looking at rebuilding. With respect to the fixed income side, they are keeping the portfolio ultra-conservative. They will not be changing that for the next six months also. They are expecting a lot of volatility so they are being careful where they are making their bets. She reported that the asset allocation was 61.4% in equities; 20.1% in fixed income; and 18.5% in cash.

**INVESTMENT MONITOR REPORT: SMITH BARNEY**

Ernie Mahler appeared before the Board to discuss the investment performance of the Fund for the quarter ending September 30, 2005. The total market value of the Fund as of September 30, 2005 was \$5,716,000. ICC was up 4.34% for the quarter while the benchmark was up 1.83%. Mr. Mahler stated that he thinks his valuation is more

accurate than ICC because his has accrued interest in it. Since the manger change on May 31, 2005, the Fund is up 4.17% versus the benchmark which is up 2.09%. He noted that the equity portfolio was up 6.08% for the quarter while the benchmark was up 3.61%. The fixed income portfolio was down .9% for the quarter while the benchmark was down .97%. Mr. Mahler stated that ICC has done a nice job so far and he is very satisfied with their performance.

Mr. Mahler stated that at some point he would like to integrate international into the Fund's portfolio. He stated that he has asked ICC to looking into that. Ms. Cute stated that several clients have a portion of the portfolio in ADR's. She stated that ADR's are not as risky as having a separate international manager investing directly in Japan for instance. She stated that they have the ability to carve out a small portion of the portfolio and put it in international. They can continue to aggregate the portfolio and use the same fee schedule. Mr. Mahler stated that the statistical data supports having a piece in international and he would recommend that the Board consider such an investment.

### **ADMINISTRATIVE REPORT**

Margie Adcock stated that the Fiduciary Liability Insurance Policy was up for renewal. It was noted that there was no other proposal submitted other than the one received to renew with Travelers.

Ms. Adcock reported that the other matters she had needed action by the Board so they would need to be addressed at a future meeting when a quorum is present.

### **ATTORNEY REPORT**

Bonni Jensen reported that the IRS increased the mileage rate from September 1, 2005 to December 31, 2005 to 48.5 cents.

Ms. Jensen reported that the other matters she had needed action by the Board so they would need to be addressed at a future meeting when a quorum is present.

### **OTHER BUSINESS**

There being no further business, the meeting was adjourned at 5:30 p.m.

Respectfully submitted,

Tim Conboy, Chair