

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY
EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
May 2, 2006**

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
Randy Hoffer
Phil Englert

OTHERS

Ernie Mahler, Smith Barney
Margie Adcock, Pension Resource Center
Bonni Jensen, Attorney
Kevin Quinn, Investment Manager, ICC

MINUTES

The Board reviewed the minutes of the meetings held February 7, 2006 (regular and joint) and February 28, 2006 (joint). A motion was made, seconded and carried 5-0 to approve the minutes of the meetings held February 7, 2006 (regular and joint) and February 28, 2006 (joint).

INVESTMENT MONITOR REPORT

Ernie Mahler appeared before the Board. He reviewed the investment performance for the quarter ending March 31, 2006. He stated that the numbers were excellent. He reported that the Fund was up 3.89% net of fees while the benchmark was up 2.20%. The total market value of the Fund as of March 31, 2006 was \$6,131,000. He stated that he continues to encourage international as an asset class and knows that Ms. Jensen has been working on that. Ms. Jensen stated that she sent a proposed Ordinance to the Village and will follow up with that. Mr. Mahler provided a capital markets overview. He stated that it was a good quarter for the market. Small caps continue to do well. Growth outperformed value in small cap and value outperformed growth in large cap for the quarter. ICC is an all cap product so the Fund gets participation in everything. They can move things around and this is why the Fund has such good numbers. It helps with diversification. Mr. Mahler stated that the place to be in fixed income has been in short term and long term at the same time. Now the middle is more the place to be. Corporate profits are doing very well. Oil just went over \$70 a barrel. There will continue to be a push on prices as it trickles down to the consumer. Mr. Mahler reviewed the developed market and emerging market returns. He stated that the Fund could get an enhanced return if there is some exposure to these assets classes.

Mr. Mahler provided the Board with information that he prepared for the General Employees Plan. He used the custodian data for his reporting and the managers use their own data for their reporting. He noted that the manager for the GE plan, Anchor Capital, does not take out custodial fees for the custodian so it is not net of custodial fees. He reviewed the chart which showed the beginning value, net cash flow, adjusted beginning

value, ending value, performance and rolling quarters from December 31, 2005. He stated that as long as it is within 20 basis points on a cross check it is within tolerance. He is very satisfied here.

INVESTMENT MANAGER REPORT: ICC

Kevin Quinn appeared before the Board. He discussed the investment performance for the Fund for the quarter ending March 31, 2006. He reported that the total Fund was up 3.97% for the quarter while the benchmark was up 2.63%. With respect to equities for the quarter, the Fund was up 6.17 while the benchmark was up 4.28%. With respect to fixed income for the quarter, the Fund was down .07% while the benchmark was down .39%. The total market value of the Fund as of March 31, 2006 was \$6,123,751. The asset allocation at market was 64.2% in equities; 23.3% in fixed income; and 12.5% in cash. Mr. Quinn stated that they were not style specific. It is an all cap portfolio. They gravitate to where the manager thinks the market will be. He reviewed the top 10 holdings and sector weightings. There was a discussion on the cash position of the portfolio. Mr. Quinn stated that the cash is more on the bond side. The manager thinks the return is not worth the risk to purchase long term bonds. They have stayed shorter and not found the names they are comfortable purchasing yet. This is the largest cash position their managers have ever taken. There is a small cash portion attached to the equities but the equities are pretty much fully invested at this point.

ATTORNEY REPORT

Ms. Jensen stated that she sent Comerica a proposed agreement for custodial services and is waiting to hear back.

ADMINISTRATIVE REPORT

Margie Adcock presented the Beneficiary/Enrollment Forms received from the Village. A motion was made, seconded and carried 5-0 to approve the list of Enrollment Applications.

It was noted that the Board needed to appoint a new Secretary. A motion was made, seconded and carried 5-0 to appoint Randy Hoffer as the Secretary of the Board.

Kevin Quinn departed the meeting.

Ms. Adcock presented the disbursements. A motion was made, seconded and carried 5-0 to pay all listed disbursements. Ms. Adcock provided the Board with an invoice for the processing fee for retirement applications. A motion was made, seconded and carried 5-0 to approve the invoice.

Ms. Adcock advised that the employee benefit statements as of October 1, 2005 were completed and were being provided to the Chairman for distribution to the employees.

OTHER BUSINESS

Ed Lewis advised that he would be resigning from the Board as he was retiring from the Village. He stated that he submitted his Application for Retirement. He discussed how the final salary is determined. It was noted that the Ordinance states that the final salary is any 12 month period however the practice has been to use the plan year salary. There was a lengthy discussion. Ms. Jensen stated that the Board had the options of changing the practice to match the Ordinance or changing the Ordinance to match the practice. It was noted that it appeared the language changed in 1999 from plan year to 12 consecutive months. The language is different from the GE Plan. She noted that there is a lot of missing information at this point and a lot of research needs to be done. Ms. Jensen stated that the Board has an obligation to act in the best interests of all of the Participants in the Plan. The Board needs to fully investigate and if someone is entitled to a benefit, the Board needs to make sure it is paid to them. The Board gave direction to Ms. Jensen to move forward and find out more information regarding this matter.

There being no further business, the meeting was adjourned at 5:50 P.M.

Respectfully submitted,

Tim Conboy, Chairman