

**VILLAGE OF PALM SPRINGS HAZARDOUS PENSION FUND
AND
VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND
MINUTES OF JOINT MEETING HELD
May 1, 2007**

A joint meeting was called to order at 2:30 P.M. at the Council Chambers on the First Floor at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Randy Hoffer
Phil Englert
Tim Conboy
James Gregory

OTHERS

Bonni Jensen, Hanson, Perry & Jensen, Attorney
Margie Adcock, Pension Resource Center

Virginia Walton
Rebecca Morse
Patti Waller

PRESENTATIONS BY INVESTMENT MONITORS

SOUTHEASTERN ADVISORY SERVICES

Jeff Swanson appeared before the Boards. He stated that Southeastern Advisory Services is an independent, privately-owned firm. They have a forward looking model versus looking at only managers with a good past track record. The firm was incorporated in 1986 and is located in Atlanta. They have one person in Miami and he is in Jacksonville. They have \$3 billion in client assets and about 30 clients. He stated that they have extensive public fund experience and have been consulting Florida public funds since 1989. He reviewed the consultants in the firm. He stated that he has 17 years experience and the other consultants have 20 or more years of experience and are CFA's. He reviewed their public fund client list. Mr. Swanson stated that he was in a broker/consultant model for 12 years with Merrill Lynch where he dealt with only public funds. He stated that he left Merrill Lynch to move to an independent because of the issues that are beginning to arise with broker/consultants.

Mr. Swanson discussed the primary services that they would be offering the Board. He stated that they were affiliated with Wilshire which provides exceptional resources and reporting. He discussed the Wilshire Cooperative Universe Service. He noted that there were 184 plans in the Wilshire Universe and they have the sophistication to compare information of smaller plans or to limit the comparison to geographical areas. He stated that what makes them unique is that they have a team of experienced, career consultants with an average of 23 years consulting experience. They have exceptional resources and reporting and an independent structure. They also have superior client service in that they limit the number of relationships per consultant. He stated that they take a proactive approach with a higher level of service and client satisfaction. He stated that if the Boards were unhappy for any reason within six months, they will refund any fee paid. He stated that they charge a fee of 12 basis points or about \$9,600 per year. This type of fee structure keeps their interests directly in line with each Fund. Mr. Swanson provided a sample investment performance report. He stated that they can customize the report to the desires of the Boards. For example, they could use tables versus pie charts. He provided a list of references for their public fund clients.

Jeff Swanson departed the meeting.

BOGDahn CONSULTING

Joe Bogdahn and Dave West appeared before the Boards. Mr. Bogdahn stated that they are an independent firm with a team of 18 people. They are based in Winter Haven. He stated that there are 8 consultants on the team and they have had no employee terminations since inception. They are 100% employee owned. He stated that 85% of their business is serving the Florida public pension market and 100% of their business is investment consulting. Mr. Bogdahn discussed the employees in the firm. He reviewed their Florida public clients. He discussed how they add value operationally. They manually review all transactions, are an advocate/guide in the administration of the plan, and assist in fulfilling/reducing fiduciary responsibilities. He discussed how they add value by their relationships. They have a “can do” business philosophy. He stated that if the Board was unhappy for any reason during the first year, they will return the entire fee paid. He stated that the fee is \$12,500 versus the \$15,000 reported in the written proposal submitted previously.

Mr. West discussed how they would proceed if they were elected as the new Investment Monitor. He stated that they would review the Ordinance, the managers and the Plan. He reviewed with the Boards the index level with three and five year time periods and market capture ratios with a proposed benchmark. He reviewed the manager level and market capture ratios and discussed adding international. Mr. West stated that 93% of their plans rank in the top 40th percentile in their peer group. He noted that 87% rank in the top quartile and 40% are in the top decile. He stated that during the last 10 years they have gained over 120 Florida municipal clients; 12 endowments; 5 corporate clients; and 13 Taft-Hartley clients. He noted that they have not lost any clients since inception. It was noted that they provided a sample report with the response to the RFP.

Joe Bogdahn and Dave West departed the meeting.

BURGESS CHAMBERS AND ASSOCIATES

Burgess Chambers, Sidney Taylor and Karla Engard appeared before the Boards. Mr. Taylor stated that the firm was founded in 1988. They have over \$1 billion in assets and 44 clients. They focus on Florida public pension funds which are 90% of their business. He noted that they have centralized operations. He stated that they were an independent, research based firm. They focus on compliance, performance and cost containment. Ms. Engard stated that her role was a client liaison. She stated that she coordinates with the managers, actuary and attorney to make sure that everything is in compliance.

Mr. Chambers stated that he set up the firm 18 years ago. He has 22 years of experience in the industry. Their average size client is about \$25 million. The firm has grown at a solid, steady pace. He stated that they have designed top performing programs. He noted that asset allocation decisions drive 90% of performance, not manager selection. Only about 10% of performance comes from what the manager does. He discussed alternative asset classes and indexing. He reviewed the growth of an investment of a large and small plan for the 3 year period.

Rebecca Morse departed the meeting.

Mr. Chambers discussed the services and fees. He stated that the fee would be \$15,000 per year. He stated that they would start the process with recommended changes to the

asset allocation and the Investment Policy Statement. Mr. Taylor discussed the manager selection process. He reviewed the plan evaluation of Anchor and ICC.

Burgess Chambers, Sidney Taylor and Karla Engard departed the meeting.

Randy Hoffer departed the meeting.

SMITH BARNEY CONSULTING SERVICES

Ernie Mahler appeared before the Boards. He provided the Boards with their quarterly performance report. He stated that he was providing the Boards with their actual numbers of performance for reference as he thought that was important to offer. He stated that he brought each Fund a manager that was not in their research team. He stated that the GE Fund was up 3.2% for the quarter ending March 31, 2007 versus the benchmark which was up 1.07%. The Haz Fund was up 2.67% for the quarter versus the benchmark which was up 1.07%. He stated that no other monitor was going to be able to bring better numbers than that. He stated that both Plans have very reasonable risk parameters. He reviewed a handout regarding manager style. He stated that it is a statistical tool they use to see if a manager is what they say they are. He stated that both Anchor and ICC have nicely outperformed. Mr. Mahler discussed tactical asset allocation. They are produced monthly and more often if necessary by an independent committee. Mr. Mahler stated that he has been honest and frank with the Boards. He has given impartial advice and used third party tools. He stated that their fees are not expensive. He stated that he is comfortable that as a firm they are treating the Boards fairly to the best of his knowledge. He stated that the New York part of Smith Barney wants to increase the fee to the minimum per account with would be an increase from \$7,500 to \$15,000. Mr. Mahler stated that he has not received the information that he has asked for from New York. They are slow to responding to requests which might be a strategy as it is consistent with the different accounts. He stated that he has lost three accounts as a direct result to the lack of response from New York to certain requests. He discussed the asset allocation. Ms. Jensen stated that Smith Barney is only taking fiduciary responsibility for the managers in their product, so they provide a limited exception for fiduciary responsibility. It was noted that Anchor is now in their system but ICC is not. It was noted that the contract could be left in place as it is for now because the contract does protect the Funds.

Ernie Mahler departed the meeting.

It was noted that the GE Board could not make a decision as they did not have a quorum. The Haz Board decided to wait in order to make a decision as they wanted the input of Mr. Hoffer who had to leave as well as the GE Board. A motion was made, seconded and carried 3-0 by the Haz Board to table the matter. A special meeting was scheduled for Tuesday, May 29 at 3:00 p.m.

OTHER BUSINESS

There being no further business, the joint meeting was adjourned.

Respectfully submitted,

Randy Hoffer, Secretary (Hazardous Employees)