VILLAGE OF PALM SPRINGS HAZARDOUS DUTY EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
November 6, 2007

Tim Conboy called the meeting to order at 4:33 P.M. in the Conference Room on the First Floor at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES	**OTHERS**
Tim Conboy	Bonni Jensen, Attorney
Randy Hoffer	Margie Adcock, Pension Resource Center
Phil Englert	Dave West, Bogdahn Consulting
James Gregory	

MINUTES

The Board reviewed the minutes of the meeting held August 27, 2007. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held August 27, 2007.

INVESTMENT MANAGER REPORT: ICC

It was noted that Kevin Quinn had a conflict and was unable to attend the meeting in person. However, he was available by teleconference if the Board desired to discuss any matter with him.

INVESTMENT MONITOR REPORT

Dave West appeared before the Board. He reported on the performance of the Fund for the quarter ending September 30, 2007. The total market value of the Fund as of September 30, 2007 was $9,087,031. The total portfolio was up 2.44% for the quarter while the benchmark was up 2.27%. The Fund was in the 14th percentile for the quarter. The asset allocation as of September 30, 2007 was 57.5% in equities; 42% in fixed income; and .5% in cash. For the fiscal year to date the Fund was up 17.54% while the benchmark was up 12.55%. The Fund was in the top percentile for the fiscal year to date. The equity portion of the portfolio was up 2.57% for the quarter while the S&P 500 was up 2.03%. The fixed income portion of the portfolio was up 3.03% for the quarter while the benchmark was up 2.88%.

Mr. West stated that the ICC product has been consistent. Their higher quality orientation and all cap product has certainly helped. He stated that they should be heading into a friendlier environment and this year was the start of it. Mr. West noted that the S&P 500 benchmark and peer group universe that he is using is coming from the existing Investment Policy Statement. He stated that with the ICC all cap product, he recommended using a broader benchmark to measure their performance. He stated that the benchmark used now is certainly acceptable and common. However, ICC invests in a broader base of stocks than what is in the S&P 500 benchmark. He recommended using the S&P 1500, which has large, mid and small cap, all rolled up into one benchmark and is the pond that ICC is fishing in. He stated that the results do not look quite as good but he feels it is more appropriate. Mr. West stated that the universe currently being used is a pure large cap core universe. He thinks they should use a universe that is a little bit broader. He stated that the broad cap manager had an advantage over the large cap manager. He stated that ICC has done a good job and has great numbers. They outperformed the index and their peer group. Mr. West reviewed the market capitalization information from the ICC report. He reviewed the performance by sectors information from the ICC report. He noted that they had an overweight in materials and telecommunications and an underweight in financials and energy. He noted that returns in financials and consumer discretionary were down for the quarter. Mr. West stated that ICC has communicated that they had no full direct exposure to sub prime.

It was noted that ICC is directing 100% of their trades through Smith Barney. Mr. West sent a letter to ICC dated October 15, 2007 that establishes a trading expectation for ICC to follow. He asked Ms. Jensen if she wanted ICC to acknowledge that direction letter. Ms. Jensen stated that the contract with ICC requires best execution. She noted that she did not find any letter of direction that was sent to ICC in her files. Mr. West stated that there should be a direction on file. He does not want to tie the hands of ICC but does want a process in place. Mr. West recommended that the Board establish a commission recapture arrangement. He stated that it was highly unlikely ICC would ever use it because ICC will most likely trade for less than two to three cents. However, a program would be in place for them to use. Ms. Jensen noted that according to the September 30, 2007 report of ICC, ICC traded through Smith Barney although Kevin Quinn was at the last meeting when this matter was specifically discussed. It was noted that the letter of direction from Mr. West was dated October 15, 2007, which was after the end of the quarter. Mr. West stated that two of the most cost effective recapture brokers are Lynch, Jones & Ryan or CAPIS. He stated that there was no need to establish two because he did not feel it would be used by ICC anyway. He thinks the Board just needs to have one in place to offer a vehicle. He stated that he would forward the documents for Lynch, Jones & Ryan to the Attorney and Administrator. A motion was made, seconded and carried 4-0 to enter into a commission recapture arrangement with Lynch, Jones & Ryan.

Mr. West provided a draft Investment Policy Statement. He stated that he would want to circulate it to ICC and give them an opportunity to review and comment. He noted that the major changes were highlighted. He reviewed Schedule A which sets forth the asset classes. He recommended that the asset classes be composed of the following: broad cap equity (ICC) at 55%; international at 10%; investment grade bonds (ICC) at 30%; and TIPS at 5%. He reviewed the draft Investment Policy Statement in detail. There was a lengthy discussion on the draft Investment Policy Statement. Mr. West stated that he would make the changes discussed and have Ms. Jensen and ICC review and provide comments. He stated that he would like to get it in final for the next meeting.

Mr. West provided an international equity manager search. He discussed the process of a manager search. He stated that their search resulted in five candidates: Baring Asset (a growth manager); ICC Capital Management (ADR product); Manning & Napier (a core manager); Voyageur Asset (a value manager); and Wentworth Hauser (a sector manager). Mr. West reviewed the trailing performance as of September 30, 2007 for the quarter, year to date, 1, 2, 3, 4, 5, 7 and 10 year periods. He reviewed the alpha and information ratio for the 10 year trailing period ending September 30, 2007; and returns and tracking error for the same time period. He reviewed the market capture ratios for the 3, 5, 7 and 10 year trailing periods ended September 30, 2007. He stated that the managers that stood out to him were Baring Asset; Voyageur Asset; and Wentworth Hauser. He noted that one caveat with Wentworth Hauser was that 45% of their portfolio is weighted toward energy and materials which could make it more volatile. A motion was made, seconded and carried 4-0 to invite Voyageur Asset and Baring to make a presentation at the next meeting, possibly in conjunction with the General Employees Board.

ATTORNEY REPORT

Ms. Jensen advised that she sent correspondence regarding the purchase of “air time” from the provisions from the Hallandale Pension Plan. She noted that it is done by increasing the multiplier to purchase the time. There was a lengthy discussion on the matter.

There was discussion on the 4th District Court of Appeals decision in the Lake Park case. The Board had several questions on the case. There was a lengthy discussion.

Ms. Jensen advised that the IRS issued a private letter ruling on DROP programs. She stated that the IRS has agreed that how the Fund has been treating the DROP is correct: (1) It has to be a component in a defined benefit plan and not a defined contribution standalone; (2) It is subject to the 415 limits; (3) Contributions during the DROP can be “picked up” on a pre-tax basis; (4) Contributions into the DROP are not distributions; (5) DROP benefits can be rolled over.

ADMINISTRATIVE REPORT

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

It was noted that Larry Wilson still had to calculate the cost of the issue involving the final average salary for those that retired since 2000. Ms. Adcock advised that there were four people who retired since 2000 that would fall under the minimum benefit provisions enacted by the 1999 Legislation. Certain terminated vested Participants would not be included as they terminated employment prior to the 1999 Legislation. Ms. Jensen stated that she would forward that information to Mr. Wilson.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Tim Conboy, Chairman