

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY  
EMPLOYEES' PENSION FUND  
MINUTES OF MEETING HELD  
May 6, 2008**

Tim Conboy called the meeting to order at 4:30 P.M. in the Conference Room on the First Floor at Village Hall in Palm Springs, Florida. Those persons present were:

**TRUSTEES**

Tim Conboy  
James Gregory  
Phil Englert  
Randy Hoffer

**OTHERS**

Bonni Jensen, Attorney  
Margie Adcock, Pension Resource Center  
Dave West, Bogdahn Consulting

**MINUTES**

The Board reviewed the minutes of the meetings held February 5, 2008 (joint) and February 5, 2008. A motion was made, seconded and carried 4-0 to approve the minutes of the meetings held February 5, 2008 (joint) and February 5, 2008.

**ATTORNEY REPORT**

Bonni Jensen provided an update on the contract with Voyager. She stated that the contract that Voyager provided had a provision requiring the Board to adopt their trust agreement as part of the Fund's Plan Document. She stated that Voyager believes the law requires this. Ms. Jensen stated that she does not think the law requires the Board to adopt Voyager's trust agreement. However, Voyager responded that they would not enter into an agreement where the Board did not adopt the Voyager trust agreement. As such, Ms. Jensen went to the second choice, which was Manning and Napier. She stated that she negotiated an agreement with Manning and Napier and go them to invest the funds through their mutual funds so the Fund will not incur costs of trading international stocks, which is very expensive. A motion was made, seconded and carried 4-0 to execute an Investment Manager Agreement with Manning and Napier.

**INVESTMENT MANAGER REPORT**

It was noted that ICC was not in attendance. The Board noted that they had an issue with the lack of attendance from ICC at several recent meetings. Ms. Adcock stated that she was not contacted advising that they would not be in attendance. Mr. West stated that he spoke with Kevin Quinn who advised that they would not be attending the meeting. Mr. West stated that he thinks ICC thought they were not required to be at this meeting as they were supposed to be at the February meeting but the Board asked them not to attend due to other manager presentations. It was noted that ICC was to attend all of the quarterly meetings and advised that the issue of attendance of all quarterly meetings had been discussed previously.

The Board then inquired about best execution. Mr. West stated that all the trades done at Smith Barney were at six cents a share. Trades were done with Griswald and Kellogg at four cents a share and at Edgetrade at one cent a share. Mr. West stated that he thought it

was appropriate for ICC to justify to the Board the trades that were done in excess of the minimum share amount. The Board needs justification of trades done at Smith Barney that were above the minimum share amount. Ms. Jensen questioned the timing of the communication to ICC of best execution. Mr. West stated that it seems the lower cost shares were done at the end of March and were not with Smith Barney and the more expensive cost shares done with Smith Barney were in February. It was noted that it appeared to take a long time to implement the Board direction. This has been going on for six to nine months. Mr. West stated that he sent a letter to ICC dated October 15, 2007 that advised that trading should be at two cents or less. The Board stated that they wanted proof that the trades done at Smith Barney, Griswald and Kellogg were at best execution. The Board directed Mr. West to correspond with ICC and advise them to provide proof that trades above two cents were done at beset execution and advise ICC that the Fund has an arrangement to rebate commissions above two cents per share through Lynch Jones and Ryan.

### **INVESTMENT MONITOR REPORT**

Dave West appeared before the Board. He reported on the performance of the Fund for the quarter ending March 31, 2008. He discussed the market environment. He reviewed the asset class and sector performance. He stated that no sector delivered a positive return in the quarter. The highlight for the period was in the bond market, but was really limited to US Treasuries. The total market value of the Fund as of March 31, 2008 was \$8,525,206. The total portfolio was down 3.48% for the quarter while the benchmark was down 5.29%. The asset allocation as of March 31, 2008 was 54.8% in equities; 37.2% in fixed income; and 8% in cash. The equity portion of the portfolio was down 7.36% for the quarter while the benchmark was down 9.45%. The fixed income portion of the portfolio was up 2.17% for the quarter while the benchmark was up 3%. There was discussion on the contributions and expenses to the Plan. It was noted that the quarterly contributions and expenses are done through the checking account that is held at the Village.

### **ATTORNEY REPORT**

Ms. Jensen discussed an issue regarding a vested deferred member who is age 45 and is applying for an early retirement benefit. She provided the Board with the current provisions of Section 9 regarding early retirement and Section 14 regarding separation of service. Ms. Jensen stated that when the Ordinance was changed to allow for early retirement at age 45 with 15 years of service, the rest of the sections in the Ordinance were not updated to reflect that change. Section 14 still provides that for those vested members that terminate employment, early retirement is age 50. As such, the Actuary did not include in the change the cost of the decrease for early retirement to age 45 for terminated vested members with over 10 years of service. There was a lengthy discussion. Ms. Jensen stated that she thinks when the provision for early retirement at age 45 with 15 years of service was added, the entire Plan was not updated. She believes it was just an oversight. She stated that there is some cost to this change, which is probably di minimus. Ms. Jensen provided a proposed change to the Ordinance to update Section 14. Ms. Jensen reviewed the proposed change. There was further discussion on the maximum early retirement reduction. Ms. Jensen stated that she would discuss the matter further with Larry Wilson. A motion was made, seconded and carried 4-0 to

authorize the Attorney to make the amendments to the Plan and obtain an impact statement from the Actuary.

### **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 Board with the benefit calculation and election approval for Kathleen Smith. A motion was made, seconded and carried 4-0 to approve the benefit election.

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

Ms. Adcock noted that there is still a vacant position for a Village Trustee on the Board.

### **OTHER BUSINESS**

Mr. Gregory stated that he has received some questions on the funded status of the Plan. Ms. Jensen explained the funded status for the Board.

Mr. Conboy discussed the return on the DROP accounts. He inquired about whether a CD might be a better option as the Village would not be at risk and the accounts would receive a higher return than they are getting now. It was noted that the Ordinance governs the return on the DROP accounts.

It was noted that this was Phil Englert's last meeting on the Board. The Board thanked Mr. Englert for all of his service.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Tim Conboy, Chairman