

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY
EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 5, 2008**

Tim Conboy called the meeting to order at 4:35 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
Randy Hoffer

OTHERS

Bonni Jensen, Attorney
Margie Adcock, Pension Resource Center
Dave West and Dan Johnson, Bogdahn Consulting
Kevin Quinn and Bob Ohanesian, ICC

MINUTES

The Board reviewed the minutes of the meeting held May 6, 2008. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held May 6, 2008.

INVESTMENT MANAGER REPORT

Kevin Quinn and Bob Ohanesian appeared before the Board. Mr. Quinn addressed the issue of his attendance at some of the prior meetings. He stated that he understood that the Board wanted him at each quarterly meeting. Mr. Quinn noted that Jennifer Cute left their firm in June. He stated that she had worked closely with the portfolio manager on the equity side. She was considered as a co-manager of the equity product and not really a portfolio manager. There has not been a change in their managerial staff. Mr. West stated that he met with ICC and is familiar with the people managing this product for the Fund. They have no issues on the product. However, because she was a co-manager, they will put an elevated watch on the product. Mr. West advised the Board that Bogdahn Consulting hired Jennifer Cute effective in September 2008.

Mr. Quinn reported on the performance of the portfolio as of June 30, 2008. The total market value as of June 30, 2008 was \$7,982,529. The asset allocation was 56.4% in equities; 32.2% in fixed income and 11.4% in cash. The portfolio was down 1.91% for the quarter while the benchmark was down 2.19%. Equities were down 2.58% while the benchmark was down 2.73%. Fixed income was down .43% while the benchmark was down 1.53%. Mr. Ohanesian discussed fixed income. He stated that they maintain a high quality portfolio and are somewhat defensive in terms of quality and average duration of the portfolio. He stated that they are comfortable that they are on top of it. He stated that they are always looking to manage yield in a portfolio. They are comfortable on a relative basis that they can provide outperformance. They are overweight in corporates, which is a big part of their strategy going forward. He provided fixed income insights. They still think inflation is an issue. The US rates are so far below most of the trading partner rates such as the UK, Euro Zone and Japan. Global GDP is at a 25 year high relative to the US. They think the demand for oil will come down. They do not think the gap can be maintained between the World and US GDP growth. Mr. Ohanesian stated that they do think it is a difficult time in fixed income but they think they are on the right side of it. They feel comfortable going forward. Mr.

Quinn discussed asset allocation. Mr. West stated that they have a separate international manager. He will prepare a sub Investment policy for ICC that would lay out the equity parameters so they do not violate the international limitations.

INVESTMENT MONITOR REPORT

Dave West and Dan Johnson appeared before the Board. Mr. West reviewed the market environment. He noted that it was a tough environment. Energy was the only major positive area in the quarter while financials was the most negative area in the quarter. He stated that the fact that ICC held ground is positive as most managers struggled. Mr. West reported on the performance of the Fund for the quarter ending June 30, 2008. The manager allocation as of June 30, 2008 was 90.5% with ICC and 9.5% with Manning & Napier. The total market value of the Fund as of June 30, 2008 was \$8,824,308, with ICC holding \$7,984,830 and Manning & Napier holding \$839,478. The total portfolio was down 2.07% net of fees for the quarter while the benchmark was down 2.09%. The ICC total portfolio was down 1.8% while the benchmark was down 2.09%. The ICC domestic equity portfolio was down 2.88% for the quarter while the benchmark was down 2.73%. The ICC fixed income portfolio was down .51% for the quarter while the benchmark was down 1.53%. He noted that Manning & Napier was funded during the quarter. Mr. West stated that they were comfortable with ICC. It has been a tough market and they have hung in there pretty well.

ATTORNEY REPORT

Ms. Jensen stated that Comerica Bank needed an updated authorized signor form. She stated that an issue came up when the Village went to pay a DROP Participant their DROP account and they needed to raise cash. Ms. Jensen stated that Finance has requested to be added as an authorized signor. There was a lengthy discussion. Ms. Jensen stated that there is no legal impediment either in adding or not adding Finance as an authorized signor. The Board decided to keep the current signors on the account.

Ms. Jensen provided the Board with a proposed Ordinance regarding decreasing early retirement to age 45 for terminated vested members with over 10 years of service. She reviewed the proposed Ordinance. She reviewed the actuarial impact statement. She stated that Fund could use the State reserve to pay for the change. There was a lengthy discussion on the early retirement maximum reduction of 30%. A motion was made, seconded and carried 3-0 to approve the proposed Ordinance and forward it to Village Council. Ms. Jensen stated that in order to use 175/185 monies, they need approval from the Participants. It could be done by a vote of the Participants or presented to the Union. Ms. Jensen stated that she would assist in setting up the approval of using the 175/185 monies for a vote of the Participants.

ADMINISTRATIVE REPORT

Margie Adcock presented the Beneficiary/Enrollment Forms received from the Village. A motion was made, seconded and carried 3-0 to approve the list of Enrollment Applications.

Ms. Adcock presented the Board with the benefit calculation and election approval for William Gilday. A motion was made, seconded and carried 3-0 to approve the benefit election.

Ms. Adcock presented the disbursements. A motion was made, seconded and carried 3-0 to pay all listed disbursements.

Randy Hoffer departed the meeting.

ATTORNEY REPORT CONTINUED

Ms. Jensen stated that the Summary Plan Description is due to be updated. She noted that the Actuary is working on that.

Ms. Jensen noted that the IRS mileage reimbursement increased to 58.5 cents effective July 1, 2008.

Ms. Jensen discussed her memorandum dated July 15, 2008 regarding IRS Determination Letters. She stated that the IRS has opened up a cycle for governmental plans to file for an IRS Determination Letter. There is no need to file for such a Letter because this is a governmental plan. However, the IRS would like to encourage plans to file and are advising that they will be sending out surveys to plans. She stated that the cycle is open for governmental plans from February 1, 2008 to January 31, 2009. She noted that whether to file for such a Letter is a business decision. He recommends that the Board have her review the Plan to make sure everything is in order. She stated that she would look at the Plan and discuss this further at the next meeting.

Ms. Jensen discussed her memorandum dated July 18, 2008 regarding the Heroes Earnings Assistance and Relief Tax Act of 2008. She discussed the federal law, which concerned survivor and disability payments and the treatment of differential military pay as wages.

Ms. Jensen discussed the summary of proposed changes to Rule 60T by the Division of Retirement. She reviewed the proposed changes and discussed how this could impact the Fund. She stated that she would continue to monitor the matter.

OTHER BUSINESS

It was noted that the term for James Gregory was due to expire September 30, 2008. Ms. Adcock stated that she would conduct an election. It was noted that there is a vacancy for the Village Trustee appointed positions.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Tim Conboy, Chairman