

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY
EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
August 19, 2009**

Tim Conboy called the meeting to order at 2:00 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 (2:03 P.M.)
Mark Hall

OTHERS

Bonni Jensen, Attorney
Margie Adcock, Pension Resource Center
Joe Bogdahn, Bogdahn Consulting
Kevin Quinn and Carli Hutton, ICC
Larry Wilson, Actuary
Mariana Ortega-Sánchez, Finance Department

MINUTES

The Board reviewed the minutes of the meeting held May 5, 2009. A motion was made, seconded and carried 3-0 to approve the minutes of the meeting held May 5, 2009.

INVESTMENT MANAGER REPORT: ICC

Kevin Quinn and Carli Hutton appeared before the Board. Mr. Quinn reported on the performance of the portfolio. He stated that the total market value as of June 30, 2009 was \$8,335,337. The total market value as of July 31, 2009 was \$9,339,699.

Randy Hoffer entered the meeting.

Mr. Quinn stated that the asset allocation was 61.2% in equities; 28.3% in fixed income and 10.5% in cash. The portfolio was up 14.93% as of June 30, 2009 for the quarter while the benchmark was up 8.19%. Equities were up 21.30% while the benchmark was up 10.97%. Fixed income was up 3.53% while the benchmark was up 4.01%. Mr. Quinn reviewed the top ten holdings and sector contribution. Ms. Hutton discussed fixed income. She discussed the market and outlook. She stated that they hold high quality bonds. The lower quality bonds have dramatically outperformed the high quality bonds. They continue to hold a defensive position because they expect the rates to rise in the future.

Kevin Quinn and Carli Hutton departed the meeting.

INVESTMENT MONITOR REPORT

Joe Bogdahn appeared before the Board. He reviewed the market environment for the period ending June 30, 2009. He reviewed the quarterly performance for major market indices. All major indices were positive for the quarter. He reviewed the quality rankings

by weight and quality rankings by performance of the various indices. He noted that the lower rated the company the higher their return. Mr. Bogdahn stated that they would need to revise the Investment Policy Statement for due to some recent changes in the Florida Statutes, such as the increase in the maximum exposure in international to 25%.

ACTUARY REPORT

Larry Wilson appeared before the Board. He presented the actuarial projection as of October 1, 2009 based on the Village's decision to terminate the fire portion of the Plan. He stated that for the projection he used the census as of October 1, 2008 and the investment information as of June 30, 2009. He advised that the State has guidelines that must be followed. The guidelines provide that all accrued benefits have to be funded. He looked at valuing the benefits under four possible approaches. Mr. Wilson discussed the four approaches. Once it has been determined that the fire portion of the Plan will be terminated, the benefits would be provided under a substitute trust to hold the assets and pay benefits when they are due or to purchase annuities. He stated that they were still holding the 175 monies for extra benefits. There was a discussion on the ability to continue receiving 175 monies and/or keeping the money that the Plan already has. There was also discussion on the continuation of the cost of living increase for the firefighters. Ms. Jensen stated that the Plan would be continuing to pay the benefits. The cost of living increase only ends when there is no continuing obligation to pay any benefits under the Plan. She believes that the intent of the Plan was that the cost of living increase would no longer be payable if the entire Plan was terminated and no more payments were to be paid at all. There was discussion on the termination of a Plan versus a merger. Mr. Wilson continued to review the actuarial study as of September 30, 2009 with the four scenarios. Ms. Jensen stated that it is the Board's job to interpret the Plan and decide how to distribute the money. The Board reviewed a composite listing as of October 1, 2009. It was noted that there are more firefighters than those that were used in the projection study. The Board reviewed the proposed employee benefit statement of deferred vested retirement income as of October 1, 2009. It was noted that the amount of the employee contributions should be added to the statement. There was discussion on holding meetings with the firefighter employees. It was decided that workshops would be scheduled for September 8 and 9 at 8:00 a.m. in the Public Safety Building. It was noted that the cost of living adjustments should be noted on the statements.

ATTORNEY REPORT

Ms. Jensen noted that Comerica is charging \$500 annually for an account like ICC. When the Board added Manning, Comerica billed another \$500 for a new account plus 4 basis points on the market value. They have a minimum of \$6,000. The account fee plus the market value fee is \$6,000. However, they have a special annual asset fee for mutual funds of \$1000 each. Ms. Morse stated that she deducted the special asset fee because she did not see that the Board had authorized it. There was a lengthy discussion. Ms. Jensen advised that the General Employees Board discussed getting information on other Custodians. With respect to the General Employees Board, Mr. Johnson had stated that he would get information from Fifth Third Bank and Fiduciary Trust. A motion was made, seconded and carried 4-0 to pay the one time payment now, but to put Comerica on notice that the Board is looking at other Custodians. Mr. Bogdahn stated that it is

possible that the account could be held at Manning. He stated that it might not be worth it to pay \$1,000 fee to avoid getting a separate statement. He stated that they would follow up with Manning and discuss it further at the next meeting.

Ms. Jensen presented an updated Administrative Services Agreement to reflect the name change and fee change for The Resource Centers, LLC. A motion was made, seconded and carried 4-0 to approve and execute the Administrative Services Agreement with The Resource Centers, LLC.

Ms. Jensen provided an update on the recent changes to the Florida Statutes. She revised the changes of SB538 to Chapters 175 and 185, which became effective July 1, 2009. The changes allow for an increase in the maximum exposure to 25% in international investments. She noted that the Ordinance already provides for that. The changes also allow for the expanding of the trustee terms from two to four years, as well as the payment of insurance premiums to third parties. The Board decided to not take any action regarding the last two changes.

ADMINISTRATIVE REPORT

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

OTHER BUSINESS

There was a lengthy discussion on the possibility of the termination of the police portion of the Plan or a merger.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Tim Conboy, Chairman