

**VILLAGE OF  
PALM SPRINGS POLICE OFFICERS' PENSION FUND  
MINUTES OF MEETING HELD  
February 2, 2010**

The meeting was called 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**

Randy Hoffer  
James Gregory  
Mark Hall  
Tim Conboy

**OTHERS**

Bonni Jensen, Attorney  
Margie Adcock, The Resource Centers  
Dan Johnson, Bogdahn Consulting  
Larry Wilson, Actuary

**APPOINTMENT OF CHAIRMAN**

A motion was made, seconded and carried to appoint Tim Conboy as the Chairman.

**MINUTES**

The Board reviewed the minutes of the meeting held December 11, 2009. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held December 11, 2009.

**INVESTMENT MANAGER REPORT – ICC**

Dan Johnson stated that Kevin Quinn from ICC called him and asked if Mr. Johnson would mind if he did not attend the meeting. Mr. Johnson reported that he told Mr. Quinn that he did not mind if Mr. Quinn did not attend the meeting, but told Mr. Quinn to contact the Trustees regarding his request.

**INVESTMENT MONITOR REPORT**

Dan Johnson appeared before the Board. Mr. Johnson reviewed the market environment as of December 31, 2009. He reviewed the domestic equity style index performance. He noted that growth has significantly outperformed value this quarter. He reviewed the sector performance. Technology was the top sector for the quarter and the year. The worst sector was financials, which was the only negative sector. He stated that he thinks inflation will be a serious concern.

Mr. Johnson reported on the performance of the Fund for the quarter ending December 31, 2009. The total market value of the Fund as of December 31, 2009 was \$11,528,692. The asset allocation was 56.1% in domestic equities; 9.9% in international; 28.3% in domestic fixed income; and 5.6% in cash. The total portfolio was up 5.77% net of fees for the quarter while the benchmark was up 3.78%. The total domestic equity portfolio was up 7.66% for the quarter while the S&P 500 was up 6.04%. The total fixed income portfolio was up 1.42% for the quarter while the benchmark was up .53%. The Manning & Napier portfolio was down .01% for the quarter while the EAFE was up 2.22%. Mr. Johnson noted that the EAFE Index includes emerging markets, which did better than

international. Additionally Manning was overweight in healthcare, which did not do so well. He stated that for the one year Manning was up 39.55% while the EAFE was up 32.46 for that same time period. Mr. Johnson stated that the Fund's portfolio was doing well and that they had no recommended changes at this time.

Mr. Johnson stated that the Board approved the revised Investment Policy Statement at the last meeting. He provided the revised Investment Policy Statement for the Chairman to sign.

### **ATTORNEY REPORT**

Ms. Jensen reported that the changes to the Plan Document passed second reading.

Ms. Jensen provided a Memorandum on the 2010 IRS Mileage Rate noting that the mileage rate decreased to \$.50 a mile as of January 1, 2010.

Ms. Jensen provided a Memorandum on Attorney General Opinion 2009-56 regarding meetings of a retirement board via electronic technology and how that is interpreted by the Sunshine Law.

Ms. Jensen provided an Addendum to the Custodial Service Agreement with Comerica and Exhibit A. She noted that the minimum annual fee is \$6,000 and the market value includes Manning & Napier. There is no \$1,000 special fee. She noted that it is the same fee but that Manning is no longer under a special asset fee. A motion was made, seconded and carried 4-0 to approve the Addendum to the Custodial Service Agreement with Comerica and Exhibit A.

Ms. Jensen noted that the Plan would need to be changed to recognize the replacement of the Plan to FRS. There was discussion on the implications of the normal retirement age for governmental plans and the GRS Memorandum dated December 21, 2007. Ms. Jensen discussed the history. She stated that the Fund did not need to comply until January 1, 2011 which date has now been extended to January 1, 2013. She stated that there is no provision in the Plan that allows someone to collect a pension and keep working at the Village. There was a very lengthy discussion. Ms. Jensen noted that the IRS ruling does not impact the ability to retire. Rather, it impacts the ability to work at the Village and collect a pension. The Plan would have to be amended to allow someone to collect a pension at normal retirement age while still working at the Village. She stated that even if the IRS ruling does not apply to a governmental plan at this time, she recommended following the ruling. She provided a Memorandum from a conference she attended regarding a survey of the law and vocabulary for working after retirement.

### **ACTUARY REPORT**

Larry Wilson appeared before the Board to present the Actuarial Valuation as of October 1, 2009. He noted that effective September 30, 2009 the firefighter portion of the Plan closed and the firefighters benefits were frozen. The total required contribution is \$1,384,399. Mr. Wilson stated that with member contributions for the Police at \$155,435, State 185 monies of \$45,098, the Village required contribution is \$1,183,866. He noted that there is no expectation to receive any further 175 monies as the firefighters are out of the Plan. He discussed the cost comparison for the Participants. He stated that

active Participants decreased by approximately 33% while covered payroll decreased by approximately 28%. The firefighter pay increases were substantially greater than expected due to the payment of unused annual leave. He reviewed the firefighter experience. The net Fund experience resulted in a net actuarial loss of \$867,469. He reviewed the salary experience noting that there was an actuarial gain due to the actual salary increase being 4.2% versus the assumed rate of 5.7%. There were no police terminations, which was a source of actuarial loss. The actuarial rate of return was 6.8% versus the assumed rate of 8%, which was an actuarial loss. Mr. Wilson reviewed the summary of assets at market value. He reviewed the revenues and expenditures. He noted that the funded ratio was 64%. He reviewed the unfunded actuarial accrued liabilities and split them out between police and fire. He noted that the effect of the Plan Amendment closing the firefighter portion of the Plan was a reduction in the unfunded actuarial accrued liability in the amount of \$1,328,162. A motion was made, seconded and carried 4-0 to accept the Actuarial Valuation as of October 1, 2009. Mr. Wilson provided the impact statement for the Ordinance that terminated the firefighter portion of the Plan.

### **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 Tim Conboy and Russell Lee. A motion was made, seconded and carried 4-0 to approve the benefit elections.

Ms. Adcock presented the disbursements, which included a list of refunds of contributions for a number of firefighters that left when the Fire portion of the Plan terminated. A motion was made, seconded and carried 4-0 to pay all listed disbursements, including the refunds of contributions.

### **OTHER BUSINESS**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Randy Hoffer, Secretary