

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
August 8, 2011**

The meeting was called to order at 10:37 A.M. in the Conference Room on the First Floor at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Darrell Diez
James Gregory
Tim Conboy
Mark Hall

OTHERS

Bonni Jensen, Attorney
Margie Adcock, The Resource Centers
Dan Johnson, Bogdahn Consulting
Kevin Quinn, ICC

MINUTES

The Board reviewed the minutes of the meeting held May 3, 2011. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held May 3, 2011.

INVESTMENT MANAGER REPORT – ICC

Kevin Quinn appeared before the Board. He reported on the performance of the portfolio for the quarter ending June 30, 2011. He stated that the total market value as of June 30, 2011 was \$12,544,535. The asset allocation was 49.2% in multicap equities; 14.4% in value equities; 33.0% in fixed income and 3.4% in cash. The portfolio was down 1.48% for the quarter while the benchmark was up .73%. Value equities were down 2.80% while the benchmark was down .50%. Multicap equities were down 3.33% while the benchmark was up .10%. Fixed income was up 1.90% while the benchmark was up 2.17%. Mr. Quinn reviewed the top ten holdings and portfolio sector diversification. He stated that they had a couple of gold stocks that were down dramatically, about 20%. Mr. Johnson stated that ICC has hit a rough patch in the last two quarters. He noted that they have an aggressive strategy. He stated that they were highly invested in industrial and energy sectors, which have not done well. Mr. Quinn stated that they still believe in the industrial sector and gold and believe they will work well in the overall recovery. He stated that they are still comfortable with their strategy.

INVESTMENT MONITOR REPORT

Dan Johnson appeared before the Board. Mr. Johnson reviewed the market environment as of June 30, 2011. He reviewed the major market index performance. He stated that there has been a lot of increased volatility in the market recently. He discussed the equity market recovery. He noted that quantitative easing part two ended on June 30th. Mr. Johnson reported on the performance of the Fund for the quarter ending June 30, 2011. The total market value of the Fund as of June 30, 2011 was \$13,918,226. The asset allocation was 57.6% in domestic equities; 9.6% in international; 29.5% in domestic

fixed income; and 3.3% in cash. The asset allocation by manager was 45% with ICC Multicap; 31.4% with ICC Fixed Income; 13.9% with ICC Core Value; and 9.6% with Manning & Napier. The total portfolio was down 1.25% net of fees for the quarter while the benchmark was up .89%. The total equity portfolio was down 2.48% for the quarter while the benchmark was up .07%. The total domestic equity portfolio was down 3.16% for the quarter while the benchmark was down .03%. The total fixed income portfolio was up 1.85% for the quarter while the benchmark was up 2.17%. The total international portfolio was up 1.88% for the quarter while the benchmark was up .61%. The ICC Core portfolio was down 2.68% for the quarter while the S&P 500 was up .10%. The ICC Multicap portfolio was down 3.31% for the quarter while the Russell 3000 was down .03%. The ICC Fixed Income portfolio was up 1.85% for the quarter while the benchmark was up 2.17%. The Manning & Napier portfolio was up 1.88% for the quarter while the benchmark was up .61%. Mr. Johnson noted that Manning & Napier filed documents that indicate they will become a publicly traded company. There will be no changes in people or policy. Mr. Johnson stated that he has no issue with this.

Mr. Johnson stated that he was not concerned with the equity portfolio. He recommended that the Board consider to maybe start moving Core Value and Multicap to an even weight for the long term. He stated that his concern was with ICC Fixed Income. He stated that their research group has formally stated that there are other better alternatives. He stated that ICC Fixed Income has been consecutively in the bottom quartile. He stated that ICC Fixed Income has changed their philosophy and they seem to be chasing the market. He stated that he suspects ICC Fixed Income will have a down quarter for the period ending September 30th as they are positioned in the wrong place. He recommended looking at other alternatives for this asset class. There was a lengthy discussion. Mr. Johnson stated that he would bring a manager search to the next meeting.

ATTORNEY REPORT

Ms. Jensen noted that ICC did provide proxy-voting information in their report. She stated that they are assets in the Plan and ICC is required to vote in the best interests of the Plan.

Ms. Jensen provided a Memorandum dated July 7, 2011 regarding the IRS Mileage Rate. She stated that effective July 1, 2011 the standard rate increased to 55.5 cents per mile.

Ms. Jensen reported on the status of the IRS Determination Letter. She stated that there has not been a final determination yet, but the process is moving along.

Ms. Jensen provided an Addendum to the Investment Monitor Agreement with Bogdahn to reflect the increase in fee that the Board approved at the last meeting. A motion was made, seconded and carried 4-0 to authorize the execution of the Addendum to the Investment Monitor Agreement.

Ms. Jensen noted that at the last meeting Manning & Napier wanted to update their contract to reflect the new name of the Plan. She stated that she thought the same should

be done with the other contracts. As such, she provided an Addendum to the agreement with the Administrator and an Addendum to the agreement with the Attorney to reflect the change in name of the Plan. A motion was made, seconded and carried 4-0 to approve the Addendums to the agreement with the Administrator and Attorney that recognize the name change of the Plan.

Ms. Jensen stated that SB 1128 passed. She stated that when the collective bargaining agreement expires the Board would need to make some changes in the Plan.

Ms. Jensen discussed the Palm Beach County Ordinance regarding Ethics. She stated that she was not sure if the Board was subject to the Ordinance or not and the Commission on Ethics was not sure if the Board was subject to the Ordinance either. Ms. Jensen stated that she has presented several questions to the Commission on Ethics regarding coverage and will keep the Board apprised of any response she receives.

Ms. Jensen noted that the State has taken the position that the 185 tax premium check received last year was the last one the Fund was entitled to. She stated that she would argue that the Fund is entitled to the premium tax monies for this year as well.

The Board reviewed the final Summary Plan Description prepared by the Actuary. There was discussion on how to distribute the documents. It was noted that the Summary Plan Description would be provided electronically to the active Participants in the Plan.

ADMINISTRATIVE REPORT

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

Ms. Adcock advised that the Fiduciary Liability Insurance is due to expire on November 1, 2011. A motion was made, seconded and carried 4-0 to renew the Fiduciary Liability Insurance with FMIT not to exceed a 5% increase in the premium.

Ms. Adcock noted that the term of the 5th Trustee held by Tim Conboy was due to expire on September 30, 2011. A motion was made, seconded and carried 3-0 to reappoint Tim Conboy as the 5th Trustee for another term.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

Randy Hoffer, Secretary