

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
October 29, 2012**

The meeting was called to order at 10:00 A.M. in the Conference Room on the First Floor at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Tim Conboy
Robert Perez
James Gregory
Gene Hall

OTHERS

Bonni Jensen, Attorney
Margie Adcock, The Resource Centers
Dan Johnson and Tyler Grumbles, Bogdahn Consulting
Janna Hamilton, Garcia Hamilton

MINUTES

The Board reviewed the minutes of the meeting held August 7, 2012. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held August 7, 2012.

INVESTMENT MANAGER: GARCIA HAMILTON

Janna Hamilton appeared before the Board. She reviewed their investment goal and philosophy. She reported on performance for the period ending September 30, 2012. The total market value of the portfolio as of September 30, 2012 was \$5,481,754. The total portfolio was up 3.5% for the quarter ending September 30, 2012 while the benchmark was up 1.4%. She reviewed the market environment. They do not think there is a lot of opportunity for return in treasuries because treasuries are very expensive and the yield is low. They are overweight in corporates because the yield is so much more than treasuries. They expect the recovery to continue. It will be a while before they start adding back into treasuries. She reviewed the current fixed income market factors including sentiment, monetary, valuation, economic and inflation. Ms. Hamilton reviewed the portfolio characteristics. The portfolio is comprised of 45% in corporates; 46% in mortgages; 7% in agencies; 1% in treasuries; and 1% in cash. She stated that they expect the absolute rates going forward on the fixed income side will be lower. She reviewed the portfolio holdings as of September 30, 2012.

INVESTMENT MONITOR REPORT

Dan Johnson and Tyler Grumbles appeared before the Board. Mr. Johnson stated that Mr. Grumbles will be more involved in the Plan going forward so the Board can expect to see one or both of them at future meetings. Mr. Grumbles stated that he started with the firm in 2007 and has his CFA. Mr. Grumbles reviewed the market environment for the period ending September 30, 2012. He reported on the performance of the Fund for the quarter ending September 30, 2012. The total market value of the Fund as of September 30,

2012 was \$15,050,693. The asset allocation was 50.8% in domestic equities; 10.3% in international; 35.7% in domestic fixed income; and 3.3% in cash. The asset allocation by manager was 40.2% with ICC Multicap; 36.4% with Garcia Hamilton Fixed Income; 10.3% with Manning & Napier; and 13% with the Vanguard Total Stock Market.

The total portfolio was up 4.90% net of fees for the quarter ending September 30, 2012 while the benchmark was up 4.68%. The total equity portfolio was up 5.83% while the benchmark was up 6.42%. The total domestic equity portfolio was up 6.01% for the quarter while the benchmark was up 6.23%. The total fixed income portfolio was up 3.47% for the quarter while the benchmark was up 1.36%. The total international portfolio was up 5.95% for the quarter while the benchmark was up 7.49%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The ICC Multicap portfolio was up 5.57% for the quarter while the Russell 3000 was up 6.23%. For the fiscal year to date, the ICC Multicap portfolio was up 17.34% and in the 99th percentile while the Russell 3000 was up 30.20%. Mr. Grumbles noted that ICC Multicap struggled last year and stated that they are watching the portfolio closely. He noted that it is a difficult market environment for what the ICC Multicap does. He stated that they have compared them to other like managers and those other managers have underperformed as well. The Manning & Napier portfolio was up 6.93% for the quarter while the benchmark was up 7.49%. The Garcia Hamilton portfolio was up 3.47% for the quarter while the benchmark was up 1.36%. Mr. Grumbles stated that changing to Garcia Hamilton and the Vanguard Total Stock Market helped increase returns and reduce fees. It will help smooth out the entire portfolio.

ATTORNEY REPORT

Ms. Jensen presented the responses received to the request for quote for actuarial services. She stated that she received responses from five firms: Cavanaugh Macdonald Consulting; Foster & Foster; Freiman Little; Gabriel Roeder Smith; and Nyhart Actuary. She reminded the Board that the reason a request for quote was done was to compare fees to make sure that the Board was paying a reasonable fee for the services provided. Ms. Jensen reviewed the fees quoted by the various firms responding. It was noted that the fees charged the Fund in the recent years were higher due to a lot of actuarial work that was done due to the Plan being closed which necessitated several Ordinance changes and the drafting of the Summary Plan Description. The Board stated that they felt it was necessary to obtain a comparison to make sure that they were paying a reasonable fee. It was noted that Gabriel Roeder Smith has been the Actuary for the Fund for a very long time and the Board was very satisfied with the services they provided. A motion was made, seconded and carried to continue to retain Gabriel Roeder Smith as the Actuary for the Fund.

Ms. Jensen provided the Board with draft letters for the retirees and active Participants advising of the new statutory provision that passed this year regarding the designation of beneficiaries. She recommended that the Board send the letters to the retired and active Participants to let them know of the new beneficiary requirements. There was a lengthy

discussion on the new law. A motion was made, seconded and carried 4-0 to authorize the letters to be sent to the retired and active Participants.

ADMINISTRATIVE REPORT

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

Ms. Adcock stated that she began the election process for the Trustee positions currently held by James Gregory and Darrell Diez. She stated that she received a notice of interest from three individuals in the Plan. As such, she will be conducting a mail ballot election for the Participants to vote for the two Trustees to fill the positions on the Board.

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary