

**VILLAGE OF
PALM SPRINGS POLICE OFFICERS' PENSION FUND
MINUTES OF MEETING HELD
February 5, 2013**

The meeting was called to order at 10:05 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
Darrell Diez

OTHERS

Bonni Jensen, Attorney
Margie Adcock, The Resource Centers
Dan Johnson and Tyler Grumbles, Bogdahn Consulting
Kevin Quinn, ICC
Larry Wilson and Kelly Adams, Actuary

MINUTES

The Board reviewed the minutes of the meeting held October 29, 2012. Ms. Adcock advised that the sentences regarding the lack of ability to change a joint survivor because of divorce should be removed. It was noted that this Plan does allow a Participant to change a joint survivor because of divorce. A motion was made, seconded and carried 5-0 to approve the minutes of the meeting held October 29, 2012 as corrected.

INVESTMENT MONITOR REPORT

Dan Johnson and Tyler Grumbles appeared before the Board. Mr. Grumbles reviewed the market environment for the period ending December 31, 2012. He stated that the international markets were the big winners this quarter. He noted that value outperformed growth for the quarter. The best sectors were industrials and financials with information technology and telecommunications being the lagers. He reported on the performance of the Fund for the quarter ending December 31, 2012. The total market value of the Fund as of December 31, 2012 was \$15,321,183. The asset allocation was 52.3% in domestic equities; 10.7% in international; 35.2% in domestic fixed income; and 1.8% in cash. The asset allocation by manager was 40.4% with ICC Multicap; 36.0% with Garcia Hamilton Fixed Income; 10.7% with Manning & Napier; and 12.8% with the Vanguard Total Stock Market.

The total portfolio was up 1.80% net of fees for the quarter ending December 31, 2012 while the benchmark was up .81%. The total equity portfolio was up 2.41% while the benchmark was up 1.08%. The total domestic equity portfolio was up 1.74% for the quarter while the benchmark was up .25%. The total fixed income portfolio was up .72% for the quarter while the benchmark was up .18%. The total international portfolio was up 5.89% for the quarter while the benchmark was up 5.89%.

Mr. Grumbles reviewed the performance of the individual manager portfolios. The ICC Multicap portfolio was up 2.24% for the quarter while the Russell 3000 was up .25%. Mr. Grumbles stated that sector selection helped with ICC's performance. They were in the right sectors and had good stock selection. Their strategy has done very well long term. However, for the shorter term there have been some bumps. Mr. Grumbles stated that he would continue to monitor their strategy. The Manning & Napier portfolio was up 5.89% for the quarter while the benchmark was up 5.89%. The Garcia Hamilton portfolio was up .72% for the quarter while the benchmark was up .18%. The Vanguard Total Stock Market portfolio was up .21% for the quarter while the benchmark was up .19%. Mr. Grumbles stated that they have no recommendation for any changes at this time. They would like to continue to look at global fixed income, TIPS and high yield.

INVESTMENT MANAGER: ICC

Kevin Quinn appeared before the Board. He reported on performance for the period ending December 31, 2012. The total market value of the portfolio as of December 31, 2012 was \$6,192,272. The total portfolio was up 2.22% for the quarter ending December 31, 2012 while the benchmark was up .25%. Mr. Quinn stated that there was a serious buyer that talked about acquiring their firm about a year ago. It was a larger management firm that did not have a multi cap product. In the end, the acquisition did not go through. He stated that other firms do sometimes approach their firm to buy it. If that ever happened, they would want this strategy to stay in place. Mr. Johnson stated that it was a development that he wanted the Board to be aware of. There was a lengthy discussion.

ACTUARY REPORT

Larry Wilson and Kelly Adams appeared before the Board to present the Actuarial Valuation as of October 1, 2012. Mr. Wilson recommended that the Board move to a more conservative investment assumption and lower the current assumption from 8% to 7.5%. He noted that there were no new firefighters or police officers coming into the Plan. Additionally, the State has indicated their desire for the Plan to become more conservative. Mr. Wilson also recommended similarly reducing the salary scale.

The total minimum required contribution for fiscal year beginning October 1, 2013 is \$1,531,657, with \$1,421,664 from the Village and \$109,993 from the members. He noted that this is an increase of \$70,000 from last year. Mr. Wilson reviewed a comparison of cost data of October 1, 2011 and October 1, 2012 Valuations for police officers and firefighters. He noted that two active police officers retired during the year. He reviewed the actuarial gains/losses for the plan year ending September 30, 2012 noting an actuarial gain of \$515,579. He reviewed the actuarial assumptions used for the Valuation. He reviewed the summary of assets at market value. The total Plan assets at market value as of September 30, 2012 were \$15,178,627. He reviewed the development of the actuarial value of plan assets. He noted that the funded ratio was 67.5% with the changes in the actuarial assumptions. The funded ratio would be 72.1% if the assumptions were not changed. He reviewed the unfunded actuarial accrued liability. There was a lengthy discussion on the change of the actuarial assumptions for the

investment return and salary. Mr. Johnson stated that he was more comfortable with a 7.5% assumption rate. A motion was made, seconded and carried 5-0 to accept the Actuarial Valuation as of October 1, 2012 as presented. Mr. Wilson stated that the accounting requirements are changing for plans that issue their own financial statements. He stated that it would be up to the Village to decide if they want to wait until September 30, 2015 to implement the change. He stated that it is just something that will be coming up in the next Valuation.

Mr. Wilson provided the Share Account allocations. A motion was made, seconded and carried 5-0 to approve the Share Account allocations and approve the distribution of the Share Account Statements to the Participants

ATTORNEY REPORT

Ms. Jensen stated that the Board should update their agreement with the Actuary. She stated that she would present the Actuary/Consultant Agreement with Gabriel, Roeder, Smith and Company at the next meeting for execution.

Ms. Jensen presented an updated Signature Authorization Form from Comerica. The Board executed the Form.

Ms. Jensen provided a Memorandum dated December 2012 regarding the change in the IRS mileage reimbursement rate. She advised that effective January 1, 2013 the rate was 56.5 cents.

Ms. Jensen discussed an issue regarding a DROP plan that she is experiencing in an IRS Determination Letter process with another plan. She stated that the IRS is taking the position with that plan that the DROP is a defined contribution plan. That would limit the amount of money that could go into the plan. She discussed an excess benefit plan. She stated that her other plan is a similar plan to this one so she just wanted the Board to be aware of the issue.

ADMINISTRATIVE REPORT

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

OTHER BUSINESS

There being no further business, the meeting was adjourned.

Respectfully submitted,

James Gregory, Secretary