

TAB 1

Police Officers' Pension
Board of Trustees
January 21, 2009

Board Members Present:

Eric Ball, Chair
Kenny Bright
Garry Lowe
Mike Stinson
Gerald White

Staff and Others Present:

Scott Christiansen, Attorney
Gregory S. Gosch, Sawgrass Asset Management
Bryan Bakardjiev, Bogdahn Consulting
Deanna Roberts, Administrative Assistant

1. CALL TO ORDER

Chairman Eric Ball called the meeting to order at 9:30 a.m.

2. ELECTION RESULT CERTIFICATION

MOTION: Mr. Bright moved, Mr. Stinson seconded, and motion carried unanimously to certify the election of Garry Lowe as the Police Officer Trustee for a term ending January 2011.

A) Swearing in of Trustee Garry Lowe.

Mr. Lowe took the Oath of Office.

3. APPROVAL OF MINUTES

MOTION: Mr. White moved, Mr. Bright seconded and motion carried unanimously to approve the October 22, 2008 minutes.

4A. INVESTMENT REVIEW – SAWGRASS ASSET MANAGEMENT

Greg Gosch assured the Board that Sawgrass is a stable company and is structured for the lows in the market. The current economy is being driven by negativity; banks are suffering, retail sales are down, unemployment is up and the auto industry is teetering on bankruptcy.

Referring to the Madoff scandal, he stated the way the City's plan is set up it is 100% transparent, and there is no reason to fear a Ponzi scheme. In the middle of December the City account was rebalanced; heavier in equities. He commented that Asset Manager, Marty LaPrade, projects a strong rally and a strong bull market after the current downturn.

He referred the Board to the Investment Review booklet. (The booklet is attached to these minutes and will remain a part of the permanent record.) The portfolio value as of December 31, 2008, was \$5,985,927.00. The account was down negative 9.3%. Fixed income was up 7.1% which helped the total account; it might have been even more negative.

He advised the Board that the City's investment policy does not allow Sawgrass to purchase or hold any bonds below an A grade. In error, they had purchased a BBB account, Conagra Foods. They sold the bonds at a loss of \$218.00 which they will reimburse to the City.

Mr. Gosch pointed to three graph charts. Last year the market went down 31% in ten trading days. Currently, there is daily volatility in the market. There is a lot of money on the sidelines that has been pulled out of the market and put in money market accounts. He terms this "fuel for a rally." The third graph, Comparative Investment Returns Since 1926, showed that after ten tough years, stocks were the clear long-term winners over other investment vehicles. Based on history, he predicts a really good rally, soon. Both Sawgrass and Bogdahn recommending staying firm. Chairman Ball asked if this was the time to pick up more stocks. Mr. Gosch said yes.

4B. INVESTMENT REVIEW – BOGDAHN CONSULTING

Bryan Bakardjiev remarked that there was unprecedented stimulus and intervention by the government in the last quarter. The federal funds rate was pushed down to nearly 0%.

He did a quick review of the Major Market Index Performance for the period ending December 31, 2008 (page 2 of the Bogdahn Group Police Officers Fund for the 4th Quarter of 2008). He reported that Fixed Income had a substantial quarter which offered some protection. In the large cap sector, the Russell 1000, he pointed out that in nearly every sector the market was considerably negative, except for Telecom which was negative 4.7%. These are the sectors that make up the benchmark.

He next referred the Board to page 7 which was a history of market expansions and contractions. He reported the cycles in downturns are getting shorter and the expansions longer. The government has reported that we entered a recession in December 2007. We have been in a recession for one year. In the most current average of cycles on the chart, 1945-2001, the contraction period was ten months.

Reviewed the Compliance Checklist as of December 31, 2008: The plan was out of costs allocations. The plan calls for total equity allocation less than 60% of the total plan assets at cost (the plan was above 60%), and total foreign equity less than 10% of the total plan assets at cost (the plan was at 10.3%). With the market declining we are out of costs allocations. Over the next quarter this could self-correct. He recommends deferring a decision on direction until the next quarter.

The City's Investment Policy is from 2005. Bogdahn has made considerable changes to its standard policy investment statement, and he would like to bring a draft copy of that to the next meeting. At a certain point in time, they would like to adopt a new policy. One of the changes would be to change the 10% cost limitation but keep the 10% market limitation for internationals; and, to change the 60% cost limitation for the equity securities to match the investment policy statement; move it to the market limitation. Mr. Christiansen said this should be put on the next agenda and let it go one quarter to see if it corrects itself. Any changes can be incorporated into the ordinance that he is working on.

Mr. Christiansen said the Internal Revenue Code Ordinance will be on the next agenda for approval.

Mr. Bakardjiev continued with a review of the Total Fund on page 12. The Total Fund is down negative 9.41% in the quarter, but the benchmarks were down more than the plan. Fixed income for the quarter was very good. He said Bogdahn feels comfortable with the Sawgrass strategy. On the positive side, companies that were inefficient or bloated are out of business now, so other companies have the opportunity to capture more market share.

5. REVIEW OF EXPENSES

- A. Bogdahn Consulting, LLC (12/29/08)
- B. Gabriel Roeder Smith & Co. (10/31/08)
- C. Christiansen & Dehner, P.A. (10/31/08)

MOTION: Mr. White moved, Mr. Bright seconded and motion carried unanimously to approve the expenses as presented.

6. ATTORNEY'S REPORT

Mr. Christiansen reported that he is negotiating the contract for Gabriel Roeder Smith.

Changes proposed to pension plans will be moving through the legislature as House Bill No. 5 for those who want to follow it.

A letter needs to be sent to the president of the Senate telling them we are in compliance with the law with regard to requests for social security numbers.

He recommends that the chair and secretary of the Board be elected, or reelected, at today's meeting.

Informed the Board that the Summary Plan Description needs to be updated. It was last done in February 2007, and it must be done every two years.

MOTION: Mr. Bright moved, Mr. White seconded, and motion passed unanimously to authorize the attorney, Scott Christiansen, to update the Summary Plan Description.

Asked to have Diane Ponder follow up with the actuary to get proposed revisions to the assumptions that are used in the actuarial evaluations.

Rex Hannaford will have to do a Financial Disclosure Form IF.

7. OTHER BUSINESS

Election of officers.

MOTION: Chief Lowe moved, Mr. White seconded, and motion passed unanimously to appoint Eric Ball chairman of the Board.

MOTION: Mr. Bright moved, Mr. White seconded, and motion passed unanimously to appoint Mike Stinson secretary of the Board.

The meeting was adjourned at 10:32 a.m.

Minutes approved:

Mike Stinson, Secretary