

# **POLICE & FIRE PENSION INVESTMENT BOARD**

## **OCTOBER 20, 2006**

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The board meeting was preceded by an educational seminar. Sessions were as listed below:

9:00 – 9:45 a.m. Investing Basis presented by Max Callen and Todd Peterson of Smith Hayes Advisors.  
9:45-10:00 a.m. break  
10:00 – 10:45 a.m. Structured Investments presented by Bill Killam of J.P. Morgan  
10:45 – 11:00 a.m. International /Global Investing by Steve Caruthers of The American Funds Group  
11:45 – 12:45 Lunch  
12:45 – 1:45 p.m. Rreef American REIT II and the Real Estate market presented by Terry Doyle of Rreef Real Estate.

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Members present: Don Taute- Personnel Director  
Don Herz – Finance Director  
Greg Sorensen – Police Sergeant  
Michael Donnelly – V.P, Wells Fargo Institutional Trust and Investments.  
Gerry Finnegan – Independent Financial Planner  
Mark Westphalen – Edward Jones Co. Registered Representative  
Brad Thavenet – Fire Fighter  
Jeremy Gegg – Fire Fighter  
Russ Fosler – Police Investigator

Members absent: None

Personnel Dept.  
Resource Staff: John Cripe – Compensation Manager  
Paul Lutomski – Police and Fire Pension Officer

Others present: Max Callan – Smith Hayes Financial Services Investment Consultant  
Todd Peterson - Smith Hayes Financial Services Investment Consultant

The meeting was called to order at 2:01 p.m. by Vice Chair Don Taute. Mr. Taute explained that prior chairman Mark Meyerson's term has expired and he did not run for re-election. The board welcomed newly elected members Police Sergeant Russ Fosler as the Police Department representative and Fire Apparatus Operator Jeremy Gegg as the Fire Department representative.

Don Taute asked Paul Lutomski to read the minutes of the last meeting and list recent events.

Paul Lutomski read the minutes of the May 25, 2006 meeting and Gerry Finnegan made a motion to approve the minutes as read. Greg Sorenson seconded the motion and it passed unanimously.

Paul Lutomski referred to informal discussions during this educational seminar and the April 2006 seminar wherein board members expressed interest in investing in Structured Investments and asked if the board would like to vote on purchasing these in February. The consensus was for a vote in February.

Paul Lutomski explained that CNL sold their Retirement Properties REIT to Health Care Properties (HCP) for \$13.50 per share with \$11.1293 per share paid in cash and the rest in HCP stock. The HCP stock would be sold when received. Gerry Finnegan asked what were the sale strategy options. Max Callen explained that they would look at the share price history, share volume and determine if the share should be sold in one block or broken into smaller blocks.

Don Taute updated the Board on Fiduciary Liability proposals. He has been working with the City Risk Manager and their insurance consultant to determine coverage. They have received a response from Travelers for \$1 MM coverage with \$25k deductible, and are awaiting responses from Chubb, Zurich, and AIG.

Don Taute reiterates the Board no longer has a Chairperson and asks for discussion and a vote. After discussion, Gerry Finnegan made a motion to nominate Don Taute as Chairperson, Brad Thavenet as Vice Chair and Russ Fosler as Secretary. Jeremy Gegg seconds the motion and it passed unanimously.

Greg Sorenson asks for an update on the possibility of a COLA. John Cripe says we have actuarial cost estimates and will get those to the Police and Fire members of the Board, and that the COLA discussion belongs with the unions, not this group.

Meeting is adjourned at 2:40 p.m.