

**Police Pension Meeting**

**January 22, 2009**

**1. CALL TO ORDER**

**The January 22, 2009 Police Pension Meeting was called to order at 2:40 P.M. by Chairman Albert Bailey. In attendance were the following individuals:**

Albert Bailey	Chairman
Gene Ziemba	Member
Leonard T. Perrone	Member
Ken Danielsen	Invest Financial Corporation

**2. APPROVAL OF THE MINUTES OF THE OCTOBER 23, 2008 POLICE PENSION MEETING**

The Minutes of the October 23, 2008 Police Pension Meeting were reviewed by the members of the Board. Upon motion by Mr. Ziemba, seconded by Mr. Perrone, the Minutes of the October 22, 2008 Police Pension Meeting were unanimously approved.

**3. APPROVAL OF THE MINUTES OF THE NOVEMBER 18, 2008 POLICE PENSION MEETING**

The Minutes of the November 18, 2008 Police Pension Meeting were reviewed by the members of the Board. Upon motion by Mr. Ziemba, seconded by Mr. Perrone, the Minutes of the November 18, 2008 Police Pension Meeting were unanimously approved.

**4. REPORT OF KEN DANIELSEN**

Mr. Danielsen stated that other than the notes in his report cover sheet, individual bond holdings are still being observed. Four of which ratings have dropped, noting that three of the four are going to mature this year. Countrywide, Ford, Citigroup and Credit Suisse dropped from AA to A+. Most of the bonds increased in value over the previous quarter. Ford will mature in October. Ford did increase in value also. This represents \$175,644 of the \$200,000. If Ford rolls the debt to new debt, you will not get the \$200,000. Mr. Danielsen stated that the drop to CCC+, based on the rating scale, Ford is poor quality, its not a CC rating. Mr. Danielsen does not want to see it roll to new debt or default. Mr. Danielsen hinted at selling it. There was a brief discussion concerning collecting April's payment and then decide about selling. Mr. Danielsen estimated that selling would not bring less than \$170,000. Mr. Bailey asked for direction on what to do with money. Mr. Danielsen suggested to let sit in cash. Noting that the fixed account in One America is as good as anything.

Mr. Perrone suggested a six month liquid cd that could be moved when things begin to improve. Mr. Bailey noted that on November 4, the worth was \$163,000, noting that it has improved. Mr. Danielsen stated that in light of the guidelines, we don't want to roll it into new debt with Ford but should be willing to take a small loss in order to get cash out. Mr. Perrone noted three risks: value could drop, value could get rolled into new debt, or it could default. Mr. Perrone stated that he is leaning toward getting the cash out. Mr. Danielsen noted that there will be some accumulated interest up to point of sale. Mr. Danielsen noted that in the best interest of the account, we should not allow Ford to roll or default. If it stayed a single B, Mr. Danielsen would

have recommended holding it. Mr. Danielsen will to call bond desk and then contact Mr. Perrone.

Mr Danielsen stated that Jones apparel is suffering similarly to all other retail operations, along with Clear Channel communications, which is privately owned now. The Street is concerned since they have done a 100% stock repurchase. Advertising is down and this will have an impact. As of the December 31 statement the worth is \$18,000.

Mr. Danielsen noted that in the One America account, the one change was adding American Century Income and the Contra fund. Mr. Danielsen handed out an additional handout to address the diversity. He explained that this information was provided by Morning Star. Basically this is a snapshot only of the three stock funds. There are 709 total stock issues in this report based on reporting by the fund. The majority are in large cap stocks. When you look at the sector and geographic locations, both domestic and international, mostly domestic, it notes what sector they are in. It also shows 12 month yields on the total holdings which is 2.97%.

If held long term for the last ten years, when the benchmark lost year after year 1.38%, these three would have had 5% growth year after year. Mr. Danielsen noted that they are better than the benchmark.

The next several pages is a breakdown on stock intersection for the top 25 holdings in these 3 funds. They are all large companies who should be able to take good punch. Of 709 stocks, there's 25 that represent \$271,830. The remaining 684 positions in these funds average \$933 per issue, basically a lot of diversity and not a lot of risk. Mr. Danielsen noted that he likes where the portfolio is at this time.

Mr. Bailey asked if the large cap stocks that are invested in, have they come out of the world stock number? Mr. Danielsen explained that there was 100% in Capital World Growth and Income fund. It was split between the American Century fund and Capital World fund.

Mr. Bailey noted a large loss and asked if it would have it been better to stay where we were. Mr. Danielsen noted that for the quarter there was a loss but then it was reallocated.

Mr. Danielsen explained that the other handout is the guidelines as noted previously. Mr. Baily stated that he is ok with first 4 bullets on guidelines, but not ok with #5. Mr. Danielsen stated that this is just a summary of the last couple of discussions.

Mr. Baily suggested bonds be reviewed more than quarterly. Mr. Danielsen stated that the Pension Board gets quarterly reports but he reviews them daily. It was noted that the guideline to be amended accordingly.

Mr. Danielsen is to review daily and to advise accordingly. Mr. Baily suggested not ready to present to the Board of Commissioners yet.

## **5. VEBA**

Mr. Danielsen noted that the account has increased in value by \$3,000. Also, the three bonds held increased in value as well.

## **6. OLD BUSINESS**

None

## **7. NEW BUSINESS**

None

## **8. PUBLIC COMMENTS AND/OR CONCERNS**

**9. CALL FOR ADJOURNMENT**

There being no further business, upon motion by Mr. Perrone, seconded by Mr. Ziemba, the Police Pension meeting was adjourned at 3:30 PM.

Respectfully submitted,

Leonard T. Perrone  
Township Manager

/sac