

**City of Sanibel General Employees Pension Plan
Board of the Trustees
Minutes
May 12, 2004**

The meeting was called to order at City Hall, 800 Dunlop Road, Sanibel, FL 33957-4096 at 10:00 a.m. by Chairman Cohan.

CALL TO ORDER:

Chairman Cohan, Secretary Lynch, Mr. Rogers, Mr. Primm, Mr. Gibson, and Mr. Pendleton

Absent and excused: Mr. Cuscaden,

OTHERS PRESENT: Mr. McNeillie of Dahab Associates, Mr. Pete Prior of Benefits USA, Inc., Mr. Philip Reardon of State Street Global Advisors and Fund Attorney Ronald Cohen.

APPROVAL OF MINUTES

Mr. Primm moved to approve the minutes of the March 15, 2004 regular meeting. Mr. Rogers seconded the motion and the motion passed.

1. CONSENT AGENDA:

a. Benefits USA, Inc.	February 2004	\$800.00
	March 2004	\$800.00
	April 2004	\$800.00
b. Attorney Ronald J. Cohen, PA	January 2004	\$800.00
	February 2004	\$812.38
	March 2004	\$800.00
c. Foster & Foster	Actuarial Valuation	\$5,175.00
d. State Street Global Advisors	4 th Qtr 2003	\$4,372.84
	4 th Qtr 2003	\$1,189.45
e. Dahab Associates	4 th Qtr, 2003	\$2,400.00
	1 st Qtr 2004	\$2,400.00

Mr. Primm moved to ratify the consent agenda. Mr. Rogers seconded the motion and the motion passed.

UNFINISHED BUSINESS:

a. Status of NMF Contract

Attorney Cohen spoke on the issue and said there appears to be a problem with the contract. Apparently, trading in small cap stocks is different from and more difficult than trading in large cap stocks. NMF trades through a platform with Fidelity. NMF uses FNB Brokerage

Services, Inc. ("FNB") as a referring broker. We have been asked to sign an agreement with FNB as a referring broker and that proposed agreement requires that there be a clause that will settle disputes between the Fund and FNB through arbitration conducted through the auspices of NASD. Attorney Cohen reported that what is contemplated was dispute resolution of a matter involving public funds through a private method. Attorney Cohen stated that he has tried to work this out with NMF and FNB but has been unable to do so. Since this is public money, the public has the right to see the proceedings, as well as an appeal, if applicable. Attorney Cohen said that is the only problem and that NMF had made all the changes he requested to the contract between it and the Fund. Attorney Cohen suggested another method that NMF is willing to do but it would cost a little more. Mr. McNeillie spoke on this and said he has contacted Salem Trust but has not heard from them directly as yet, but would suspect it would cost approximately three thousand dollars additional per year. Mr. Rogers asked if NMF would absorb the cost and Mr. McNeillie said he asked Ms. Falcone that question and her reply was she would not absorb the fee. Chairman Cohan asked Attorney Cohen if there is any other way and Attorney Cohen said he has asked Ms. Falcone to concede on other issues and she more than willing did so.

Mr. Rogers moved to have Mr. McNeillie contact Ms. Falcone and ask her to absorb the custodian fee. Renee seconded the motion. Motion passed. The board decided to address other items on the agenda while Mr. McNeillie spoke to Ms. Falcone. Mr. McNeillie reported that Ms. Falcone declined to absorb the custodian fee.

Mr. Primm moved to have Attorney Cohen negotiate with NL Capital to engage in contract negotiations and if they did not agree, enter into negotiations with the third place. Mr. Gibson seconded the motion and the motion passed.

Attorney Cohen asked the board if they want to approve the contract between meetings if Attorney Cohen feels all the points of interest are approved. Chairman Cohan said he thought that if Attorney Cohen felt the contract is sufficient, then the chairman could sign the contract before the next meeting.

b. Status of Revised Investment Guidelines Policy

Attorney Cohen spoke on this and said that the policy is complete as well as the travel policy, which Attorney Cohen provided for the board to review.

Mr. Primm asked the chairman what is the status of the report to city council. The chair asked the secretary to report on this at the next meeting.

NEW BUSINESS:

a. Dahab Associates Report

Mr. McNeillie addressed the board and reported the fund returned 1.5% for the quarter. Mr. McNeillie reported the portfolio is 41% in the broad market fixed income, 48.9% in State Street Equity and 10% in the State Street International. The total fund returned for the quarter 1.5%, ranking in the 90th percentile. The equities returned 0.9% ranking in the 89th percentile, fixed income returned 1.9% ranking in the 81st percentile and the international portfolio returned 2.9% ranking in the 95th percentile.

Mr. McNeillie said the portfolio is geared to a growth portfolio and this is supported by the industry analysis showing overweighting in technology. Mr. McNeillie reported that the International portfolio returned \$29,139 over the Quarter ending December 2003, with a value of \$698,672.

Chairman Cohan provided a report he prepared and asked Mr. McNeillie to comment on why the fund is not in an index fund. The report the chairman provided suggests that an index fund returned more than an active managed account. Mr. McNeillie said in the long term, the active manager should out perform the index. Unfortunately, the last two years have caused the five year average to be negative. Mr. McNeillie commented that the chairman is correct to look at the index but Mr. McNeillie suggested continuing the fund as is, at least through a market cycle. The last two years were not the best for equities, either domestic or foreign.

b. Investment Manager Report

State Street Global Advisors

Mr. Philip Reardon addressed the board and reported that the quarter returned 0.88% compared to the index of 1.69%. For one year, the fund returned 29.02% compared to the index of 35.12% and for three years, the fund returned -0.75% compared to the index of 0.63%. Mr. Reardon reminded the board that the small cap equities outperformed large cap for the quarter. Mr. Reardon said in the long term, the large cap should perform better as the market comes back and invests in the large cap community.

Mr. Reardon reviewed with the board the organizational changes with State Street Global Advisors, stating that Mr. Tom Moore is

now the head of Global Fundamental Strategies, while Eleanor Marsh joins the analyst team.

REPORTS:

- a. Attorney
 1. Summary Plan Description- Attorney Cohen said this is complete and has been distributed.
 2. Travel Policy- the travel policy has been amended as directed and distributed to the trustees.
- b. Chairman- Chairman Cohan said he does not have anything additional for the board.
- c. Secretary- Ms. Lynch provided the asset report for the board to review and noted that the fund can transfer another 50 thousand to an account and Mr. McNeillie said that we can place that in the small cap fund.
- d. Administrator- Mr. Prior reminded the board about the FPPTA Conference July 27-30, 2004 at the Naples Registry Hotel.

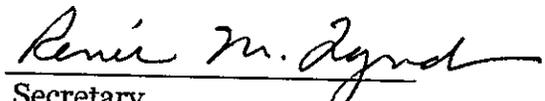
NEXT MEETING DATE

Next meeting date is August 11, 2004 at 10:00 a.m.

ADJOURN.

Mr. Primm motioned to adjourn the meeting at 11:55 am. Mr. Pendleton seconded the motion and the motion passed.


Chairman


Secretary