

Chairperson Rebecca W. Sutton called the Joint Quarterly Performance and Evaluation Meeting of the City of Orlando Pension Advisory Committee, Police and Firefighters' Pension Boards to order at 8:25 a.m. on September 5, 2007, in the Agenda Conference Room, 2nd floor, City Hall, Orlando, Florida. There was a quorum for the Pension Advisory Committee, Firefighters' and Police Pension Boards.

PAC Members Present

R. Sutton, Chairman
L. Brooks, Executive Offices
L. J. Conley, L.I.U.N.A. Representative
C. Cummings, Families, Parks & Recreation
P. Edwards, Housing, Community Development
L. Floyd Jacobs, Fire Dept.
P. Dempsey, SEIU Representative
S. Geller, S.E.I.U. Representative
D. Rafanowicz, General Administration
R. Suggs, L.I.U.N.A. Representative
J. Doman, Orlando Venues
D. Sloan, Wastewater
B. Gray, Transportation Planning

PAC Members Absent

W. Powell, Assistant City Attorney
M. Rhodes, Economic Development
B. Rintoul, Police Department

Police Pension Board Trustees Present

J. Smith, Chairman
R. Sutton, Vice-Chair
V. Montgomery, Secretary

Members Absent

L. Singletary, Trustee
K. Edmonds, Trustee

Firefighters' Pension Board Trustees Present

R. Glass, Chairman
J. Miller, Vice-Chair
R. Sutton, Trustee
M. Garcia, Trustee
M. Droege, Secretary arrived at 9:50 am

Others Present

D.R. Jones, Treasurer and Executive Director
Fire & Police Pension Boards
K. Laudeman, Deputy Executive Director
Police & Fire Pension Boards
B. Schoenfeld, Bank of New York Mellon
G. Kalson, Kalson & Associates
R. Burlon, Pension Coordinator
C. McCullion, Assistant Treasurer
J. DeRosa, Kalson & Associates
J. Nevola, Bank of New York Mellon

1. **INTRODUCTION OF NEW PAC MEMBERS**

Chairperson R. Sutton introduced two new members to the PAC-Jon Dorman, Orlando Venues and Rick Suggs representing L.I. U.N.A..

2. **OVERVIEW OF THE QUARTER-CUSTODIAN**

**Bank of New York
Bernie Schoenfeld**

B. Schoenfeld reported that the stock market rally that began late in the first quarter carried forcefully into April and May but then abated somewhat in June. Oil prices remain high and have crimped spending by consumers. Housing remains flat and subprime lending keeps getting worse. The economy is actually performing relatively well, as employment continues to grow and industrial output continues to expand. The S&P 500 had a total return of 6.28% during the quarter ending June 30, 2007. To put that into perspective, the total return of the S&P 500 for all of 2004 was 4.92%. International stock markets also performed well during the second quarter.

Bond prices saw a decline. The yield on the 10-year Treasury note rose sharply during May and early June and retreated slightly by quarter-end. The total return of the Lehman Brothers Aggregate Bond Index was -0.52% during the second quarter and 6.12% for the 12 months ending June 30.

Real Estate Investment Trusts (REITS) finally retrenched after an extraordinary run. However, the index had an annualized total return of 21.15% during the last 3 years and 18.62% during the last 5 years.

B. Schoenfeld stated that effective immediately he will no longer be the Bank's representative to the City of Orlando Pension Boards and has been replaced by J. Nevola, Assistant Treasurer of The Bank of New York Mellon, Securities Servicing. He has transferred to another division at BONY.

3. **MANAGER PERFORMANCE REVIEW** **Kalson & Associates**
 PENSION CONSULTANT **Grant Kalson and Joe DeRosa**

G. Kalson stated that all three City Pension Plans beat their blended benchmarks in the second quarter. The General Employees Pension Plan gained 3.2% while its benchmark rose 2.7%. Similarly, the Police Pension Plan tacked on 2.8% and the Firefighters' Pension Plan gained 2.9%, while their benchmark gained 2.6%. Within the domestic equity arena, three of the five active managers outperformed their indices. Duff & Phelps, the real estate investment trust manager, unfortunately, came back down to earth as did the REIT market as a whole. The Manager lost 10.7% while the index dropped 9.0%.

4. **ICC CAPITAL MANAGEMENT**

G. Kalson reported that since D. Rundell retired in April, the account has been handled by the team led by B. Ohanasian and Nick Burwell. They are very overweight in corporate and incorrectly overweighed that sector. Their quarter return was fractionally negative, they lost 0.26% vs. -0.46% for the index.

5. **WELLINGTON**

G. Kalson stated that Wellington continued to shine in the second quarter, this time by an even more impressive 1.6% . The manager gained 6.5% while the index added 4.9%. J. Ryan, the Portfolio Manager , is relocating to London and his team will handle our accounts. He does not foresee any problems occurring with his departure since we have had the same team players since inception.

6. **TRUST COMPANY OF THE WEST**

G. Kalson confirmed that even though the purchase of subprime mortgages are very economical at the present time, TCW was advised not to purchase any subprime mortgages for any of the City's pension funds.

7. **APPROVAL OF MINUTES**

A MOTION TO APPROVE THE MINUTES OF THE JUNE 6, 2007 MEETING
was made by D. Rafanowicz and seconded by C. Cummings; **MOTION CARRIED**
UNANIMOUSLY.

8. **NORTHPOINTE**

G. Kalson advised that Northpointe should be employee owned by the end of this month.
They will proceed with the contract for the pension funds.

9. **BARROW HANLEY-POLICE PENSION FUND**

Contract negotiations should be finalized shortly.

Meeting adjourned at 10:30 am.

Respectfully submitted,

Rebecca W. Sutton
Chairman

Rochelle L. Burlon
Pension Coordinator