

Chris McCullion, Treasurer, called the Joint Quarterly Performance and Evaluation Meeting of the City of Orlando Pension Advisory Committee, Police and Firefighters' Pension Boards to order at 9:40 a.m. on December 11, 2008, in the Agenda Conference Room, 2<sup>nd</sup> floor, City Hall, Orlando, Florida. There was a quorum for the Pension Advisory Committee and Police Pension Board.

**PAC Members Present**

Rebecca W. Sutton, Chair  
Lauri Brooks, CAO designee  
Jay Carr, Police Department  
Les Conley, L.I.U.N.A. Representative  
Cheryl Cummings, Families, Parks & Recreation  
Pete Dempsey, SEIU Representative  
Jon Dorman, Orlando Venues  
Susan Geller, S.E.I.U. Representative  
Ben Gray, Transportation  
Rick Howard, Public Works  
Liza Floyd Jacobs, Fire Department  
David Rafanowicz, Executive Offices  
Michael Rhodes, Economic Development  
R.icky Suggs, L.I.U.N.A. Representative

**PAC Members Absent**

Paulette Edwards, Housing, Community Development

**Police Pension Board Trustees Present**

Jay Smith, Chairman  
Vince Montgomery, Secretary  
Rebecca W. Sutton, Vice-Chair  
Leon Singletary, Trustee  
Tony Blanca, Trustee

**Firefighters' Pension Board Trustees Present**

Mike Droege, Secretary  
Rebecca W. Sutton, Trustee

**Firefighters' Pension Board Trustees Absent**

Ronald Glass, Chairman  
John Miller, Vice-Chair  
Mario A. Garcia, Trustee

**Others Present**

Christopher P. McCullion, Treasurer and Executive Director  
Fire & Police Pension Boards  
Katrina Laudeman, Deputy Executive Director  
Police & Fire Pension Boards  
Jim Nevola, Bank of New York Mellon  
Rigo Rodriguez, Portfolio Accountant  
Rochelle Burlon, Pension Coordinator  
Kevin Leonard, NEPC  
Kevin Kondry, NEPC  
Christopher Levell, NEPC  
Earle Sanborn, Police Retiree

**OVERVIEW OF QUARTER-CUSTODIAN**

J. Nevola, of BNY Mellon, reviewed the third quarter of 2008 where the markets ended on a weak note but were nevertheless more orderly than the freefall that ensued. The various problems associated with subprime mortgages have been in the news for more than a year, but the extent of the fallout surfaced with a vengeance in September. The stock market was down slightly in July and up modestly in August but then began to plummet in September. The total return of the S&P 500 was -8.37% during the third quarter and -21.98% during the last 12 months. The financial crisis dominated all other developments during the third quarter.

C. McCullion introduced Rick Howard of Public Works, who has joined the Pension Advisory Committee replacing David Sloan and Tony Blanca, who is a new trustee to the Police Pension Board, replacing Kevin Edmonds.

**MANAGER PERFORMANCE REVIEW-CONSULTANT**

K. Leonard, K. Kondry and C. Levell of NEPC reviewed the managers performance during the third quarter. All three City of Orlando Pension Plans underperformed their respective blended benchmarks in the third quarter.

The GE Plan lost 8.8%; while its benchmark lost 7.5%. The Fire Pension Plan fell 10.0%, while the Police Pension Plan fell 9.0%. By comparison, the benchmark returned -6.7% for the quarter.

The Real Estate Investment Trust manager beat the NAREIT index in the third quarter. The manager, Duff & Phelps, gained 6.1% and the index added 5.6%. The General Employees' global allocation manager, GMO Global, significantly outperformed its benchmark, returning -5.3% vs. -11.1%.

**NEPC – WORK PLAN**

NEPC just started working with the Pension Plans on October 1, 2008. K. Leonard, K. Kondry and C. Levell, advised us that we must maintain discipline in this market by focusing on the long-term, rebalance towards policy targets and stage rebalancing moves in light of market volatility and liquidity. We need to diversify by adding strategies that perform in different markets and be prepared to provide liquidity to seek excess returns. They will be preparing an asset allocation study in the next few months with recommendations for the Police and Fire to move some money into private real estate. They also will be reviewing all investment policies and be preparing new recommendations.

NEPC then reviewed the reports they furnished including their monthly flash reports which comes out by the middle of each month. They asked that we review their reports which they did for this meeting to see if there is anything we would like to have included or deleted. They also distributed handouts reviewing general asset allocation and real estate investing (REITs vs. private equity).

R. Sutton, R. Howard and L. Singletary left the meeting at 11:00 a.m.

**APPROVAL OF MINUTES OF SEPTEMBER 3, 2008**

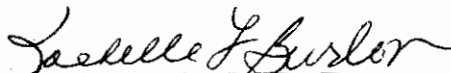
**A MOTION TO APPROVE THE MINUTES OF SEPTEMBER 3, 2008** was made by M. Rhodes and seconded by S. Geller; **MOTION CARRIED UNANIMOUSLY.**

The meeting adjourned at 11:20 a.m.

Respectfully submitted,



Rebecca W. Sutton  
Chief Financial Officer



Rochelle (Shelly) L. Burlon  
Pension Coordinator