

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 8:25 a.m. on March 3, 2009, 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

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 (arrived at 9:00 am)
Susan Geller, S.E.I.U. Representative
Ben Gray, Transportation
Paulette Edwards, Housing, Community Development (left at 11:00am)
David Rafanowicz, Executive Offices
Michael Rhodes, Economic Development

PAC Members Absent

Rebecca W. Sutton, Chair
Rick Howard, Public Works
Liza Floyd Jacobs, Fire Department
R.icky Suggs, L.I.U.N.A. Representative

Police Pension Board Trustees Present

Jay Smith, Chairman
Vince Montgomery, Secretary
Rebecca W. Sutton, Vice-Chair, **Absent**
Leon Singletary, Trustee (left at 10:15 am)
Tony Blanca, Trustee

Firefighters' Pension Board Trustees Present

Ronald Glass, Chairman
John Miller, Vice-Chair
Mike Droege, Secretary (arrived at 10:00 am)
Rebecca W. Sutton, Trustee, **Absent**
Mario A. Garcia, Trustee

Others Present

Christopher P. McCullion, Treasurer and Executive Director
Fire & Police Pension Boards
Rigo Rodriguez, Portfolio Accountant
Kevin Leonard, NEPC
Rochelle Burlon, Pension Coordinator
Kevin Kondry, NEPC

OVERVIEW OF QUARTER

Kevin Leonard and Kevin Kondry, from NEPC, our Investment Consultant reviewed the quarter. Unfortunately, the highlights were real estate down -40%; equities down over -20%; collapse of the real estate bubble, sub-prime market meltdown and subsequent contagion, job losses mount, economy continues to weaken and credit markets remain illiquid. Looking ahead...price declines create attractive return potential, as economy stabilizes and credit flows again, fixed income and equity markets should benefit; credit markets, likely followed by equity markets return to more normal markets will likely take several years; and patient capital and liquidity will be rewarded.

They are generally recommending to all their clients to examine portfolio performance under different economic scenarios and tilt allocation to better protect capital in unfavorable environments. Where appropriate, allocate to interest rate and/or inflation sensitive securities to better match liabilities or spending needs. In preparing for continued market volatility rebalance towards targets, but consider the tradeoffs of high transaction costs; dollar-cost average to mitigate market timing risk and consider strategies with broad diversification that can stabilize returns in uncertain environments-risk parity and global asset allocation. Balance long term investment opportunities with near-term spending needs and focus on the long-term. Rebalance toward target allocations and diversify by adding strategies that perform well in different markets.

MANAGER PERFORMANCE REVIEW

While most of the managers underperformed during the last quarter, some of our managers significantly underperformed their benchmarks.

- Northpointe, our small cap growth manager was down -32.9% compared to their benchmark-27.4%. NEPC plans to meet with them this month to review their situation.
- AllianceBernstein -28.0% and Wellington -26.7%, our International Equity Managers also underperformed their benchmarks which was -20.0% in the last quarter.
- Wells Capital, our large cap growth manager, underperformed by -26.2% and the benchmark was -22.8%.

Fixed Income had returns of 8.9% (Jennison) and 7% (Payden & Rygel), with mortgage backed securities returning 3.1%.

Discussion ensued regarding asset allocation possibilities including private real estate; cutting back on equity; adding TIPS (Treasury Inflation-Protected Securities), and alternatives such as hedge funds.

NEPC will be meeting separately with each board to review the investment policy, asset allocation for each plan and make recommendations for termination of some managers within the next month.

FIREFIGHTERS' PENSION BOARD

C. McCullion, Executive Director, requested approval be given for two trustees to attend the NCPERS Conference in May. **A MOTION TO AUTHORIZE TRAVEL FOR TWO TRUSTEES TO ATTEND THE NCPERS CONFERENCE IN MAY, 2009** was made by Mario Garcia and seconded by Mike Droege; **MOTION CARRIED UNANIMOUSLY.**

The meeting adjourned for the Police and Fire Pension Board Trustees at 11:10 a.m.

APPROVAL OF MINUTES OF DECEMBER 11, 2008

A MOTION TO APPROVE THE MINUTES OF DECEMBER 11, 2008 was made by David Rafanowicz and seconded by Susan Geller; **MOTION CARRIED UNANIMOUSLY.**

ANNUAL ACTUARIAL VALUATION REPORT AS OF SEPTEMBER 30, 2008

Brad Armstrong, of Gabriel, Roeder, Smith & Company, Actuary for the General Employees' Pension Fund reviewed the actuarial report, funding and contributions of the fund. He advised the PAC members that the City is now making their contribution earlier in the year and obtaining future contributions for budgeting purposes at the end of the fiscal year.

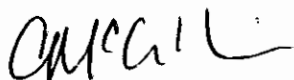
A MOTION TO ACCEPT THE VALUATION REPORT AS PRESENTED was made by Susan Geller and seconded by Ben Gray; **MOTION CARRIED UNANIMOUSLY.**

ACTUARIAL RFP

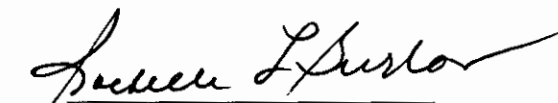
C. McCullion advised the members that the Actuarial contract with Gabriel, Roeder, Smith & Company will expire on June 30, 2009. While we have been very happy with the services they provide, it has been five years since our last RFP. He recommended an RFP be done and Gabriel Roeder, Smith will of course be encouraged to participate. **A MOTION TO RECOMMEND TO CITY COUNCIL TO HAVE THE PURCHASING DIVISION PREPARE AN RFP FOR AN ACTUARY FOR THE GENERAL EMPLOYEES' PENSION FUND** was made by Les Conley and seconded by Cheryl Cummings; **MOTION CARRIED UNANIMOUSLY.** Members requested that everyone in PAC be invited to attend the presentations when scheduled.

Meeting adjourned at 12:20 p.m.

Respectfully submitted,



Christopher P. McCullion
Treasurer



Rochelle (Shelly) L. Burlon
Pension Coordinator