

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 8:20 a.m. on March 5, 2008, 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 (left at 10:00 am)
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
M. Rhodes, Economic Development (left at 9:00 am)
D. Sloan, Wastewater
B. Gray, Transportation

PAC Members Absent

M. Lasa, Police Department
J. Doman, Orlando Venues

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

J. Miller, Vice-Chair
R. Sutton, Trustee
M. Garcia, Trustee

Members Absent

R. Glass, Chairman
M. Droege, Secretary

Others Present

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

1 APPROVAL OF MINUTES

A MOTION TO APPROVE THE MINUTES OF DECEMBER 18, 2007 AND FEBRUARY 14, 2008; was made by D. Rafanowicz and seconded by M. Rhodes; MOTION CARRIED UNANIMOUSLY.

2. OVERVIEW OF THE QUARTER-CUSTODIAN

Jim Nevola
Bank of New York Mellon

Mr. Nevola reviewed the fourth quarter of 2007 which had concerns about subprime credit exposure, residential housing, and liquidity continued to drive high levels of volatility on Wall Street as they had in the third quarter. Markets recovered somewhat with a rate decrease by the Federal Reserve twice and others in an effort to boost liquidity through a special bank lending program. Foreign investment in the U.S. remained solid, especially as sovereign funds deploy capital into various U.S. industries, particularly U.S. banks and financial service firms.

During the quarter, the Dow fell 3.9% while the S&P 500 posted a (-3.3%) return. The Russell 3000 Growth Index slipped 0.9% and the Russell 3000 value index tumbled 5.9%. Growth stocks outperformed value stocks. Large cap stocks continued to outperform their smaller counterparts. Investment-grade municipal bonds benefited from declining interest rates and steady coupon income to produce positive returns in the fourth quarter and during the year. Financial corporate bonds did not do well.

3. MANAGER PERFORMANCE REVIEW

Grant Kalson
Kalson & Associates,
Pension Consultant

The fourth quarter saw two of the three City of Orlando Pension Plans slightly underperform their respective blended benchmarks. The GE Plan performed in line with its benchmark as each lost 1.5%. and the GE Plan lost 1.6%. The Firefighters' Pension Plan dropped 1.7% and the Police Pension Plan fell 1.8%.

Four of the five active domestic equity managers outperformed in the fourth quarter. Wells Capital (GE & Fire) and Payden & Rygel (Police) both beat the Russell 1000 Growth Index. Wells returned 2.9% and Payden & Rygel added 4.2%. By comparison, the index lost 0.8%. In the large cap value space, Wellington (GE & Fire) and Barrow Hanley (Police) both beat the Russell 1000 Value Index. On the international equity front, the growth manager, Wellington International for Police and Fire beat their index by adding 3.1% vs. a loss of 0.9% for the index Alliance Bernstein (Police, GE and Fire), the value manager, fell 3.7% while the Index dropped 1.9%. In fixed income, Payden & Rygel added 3.9% beating their benchmark at 3.3%.

Although Real Estate Investment Trusts (REITs) are not doing well right now they have returned over 16% annually in the last three years.

4. CORE FIXED INCOME SEARCH

Grant Kalson reviewed the Core Fixed Income Manager Search he conducted, advised on the managers interviewed, and the pros and cons of the five finalists selected. **A MOTION TO INTERVIEW AXIA INVESTMENT MANAGEMENT; JENNISON ASSOCIATES LLC; LORD ABBOTT & CO. LLC; AND REAMS ASSET MANAGEMENT** was made by D. Rafanowicz and seconded by C. Cummings; **MOTION CARRIED UNANIMOUSLY**. Staff will schedule these interviews in April.

5 ADVISORY RESEARCH

Since inception, which amounts to approximately a year and a half, Advisory Research underperformed by 4.5% and ranked in the 95th percentile. The manager gained 2.5% vs. 7.0% for the index. The Boards asked them to present to the Pension Advisory Committee and the Police and Fire Pension Boards to explain their situation. Chis Crawshaw, Eric Miller and Matthew Swain of Advisory Research appeared and made a presentation regarding their firm's philosophy on their selection of funds and their performance. Questions were asked by the members and the Pension Consultant.

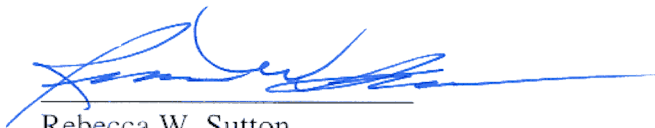
The Meeting adjourned for the Pension Advisory Committee at 11:20 a.m.

6. AMERICUS REAL ESTATE INVESTMENTS

Philip Tardy, of Americus Real Estate Investments, gave an educational presentation on the value of private real estate to the Police and Fire Pension Board s and staff. The highlights are that the properties are located within the United States with a population base in excess of 100,000; individual property values fall within the range of \$3-50 million; properties are newly constructed facilities or existing construction with operating history; each property will be at least 50% leased to public sector tenants and properties will be purchased at a price and with expectations to meet or exceed equity investors' minimum yield. Compared to Real Estate Investment Trusts; in the boom years, REITS can show 30-40% returns, while the down years can show losses of (-15to -20%). Private market returns offer greater consistency, ranging from booms of 15-20% to down years of (-5%).

Meeting adjourned at 12:30 p.m.

Respectfully submitted,



Rebecca W. Sutton
Chairman



Rochelle L. Burlon
Pension Coordinator