

Chris McCullion, Treasurer, called the Special Business Meeting of the City of Orlando Pension Advisory Committee, Police and Firefighters' Pension Boards to order at 8:40 a.m. on September 10, 2010, in the Harvard conference room, 9<sup>th</sup> floor, City Hall, Orlando, Florida. There was a quorum for the Pension Advisory Committee, Firefighters and Police Pension Boards.

PAC Members Present:

Cheryl Cummings, Families Parks & Recreation (7/2)  
Gus Castro, Transportation (7/0)  
Todd Berube, S.E.I.U. Representative (absent 7/3)  
Paulette Edwards, Housing Department (absent 7/2)  
Jay Carr, Police Department (7/0)  
Rick Howard, Public Works (7/4)  
David Rafanowicz, Executive Offices (7/2)  
R.icky Suggs, L.I.U.N.A. Representative (absent 7/3)  
Liza Floyd Jacobs, Fire Department (7/1)  
Jon Dorman, Orlando Venues (7/3)  
Rebecca W. Sutton, Chair (7/5)  
Michael Rhodes, Economic Development (7/3)  
Steve Brown, L.I.U.N.A Representative (2/0)

Police Pension Board Trustees:

Jay Smith, Chairman  
William Long, new Trustee, eff. 10/1/10  
Rebecca W. Sutton, Vice-Chair  
Randolph T. Thames, Trustee  
Tony Blanca, Trustee

Firefighters' Pension Board Trustees

Ronald Glass, Chairman  
Shannon Raybon, Trustee (arrived at 10:30 a.m.)  
Mike Droege, Secretary (arrived at 10:00 a.m.)  
Rebecca W. Sutton, Trustee  
Mario A. Garcia, Trustee

Others Present

Christopher P. McCullion, Treasurer  
Katrina Laudeman, Treasury Manager  
Kevin Leonard, NEPC  
Kevin Kondry, NEPC  
Earl Sanborn, Police Dept. Retiree  
Mark Medlar, Budget Analyst III  
Rochelle (Shelly) Burlon, Pension Coordinator

## **NEPC-Overview**

Kevin Leonard reviewed the four presenters this morning for Hedge Fund of Funds managers. From all three plans approximately \$36,000,000 will be allocated. They recommend hiring two managers in order to complement each other and provide diversification.

This afternoon we will be interviewing two Non-Core Real Estate firms with a total allocation of \$11,000,000 to complete our real estate allocation.

## **CRESTLINE INVESTORS, INC.**

Caroline Cooley, Managing Director and Bruce Pflug, Managing Director presented their firm's philosophies as an active manager. Their strategy is manager selection, due diligence, portfolio construction and portfolio monitoring. They have forty-five to fifty-five funds in their portfolio with a core position of two to four percent per fund.

## **ENTRUST CAPITAL INC.**

Gregg Hymowitz, Managing Partner, Jill Zelenko, CFO and Mark Guariglia presented their firm's qualifications. In the third quarter their funds outperformed U. S. equities. They issue a monthly flash report on their website. They do not invest in commodity currencies or macros. Due to their risk management, they did not have any portfolio blow-ups due to the credit crisis.

They have terminated eighteen managers due to poor performance, strategy allocation, personnel changes and lack of communication. As to risk management, they have independent auditors visit their managers often and this is also displayed on their website for review by all clients. They have a fifty percent quarterly liquidity.

## **GAM USA**

Joe Geiger, Managing Director, Jennifer Drake, Investment Manager, and Kristin Hovencamp, Director reviewed their firm and philosophies. Every week they issue a "Breach Report" that advises their staff what they expect and what has been done. Their fees are 1.00% per annum plus administrative costs. Minimum investment of \$1,000,000.

## **GROSVENOR CAPITAL MANAGEMENT**

Mike Travagani, Managing Director, Julie Lohrmann, Vice President Investments and Patrick McGarvey, Managing Director reviewed their firm. Their firm has been registered with the Security and Exchange Commission since 1997. They have forty one managers, their largest allocation is 4.51%; average 2.20% and the median manager has a 1.92% allocation. They have quarterly liquidity. There is a \$1,000,000 minimum investment.

After all the managers left, discussion ensued.

## **FIREFIGHTERS' PENSION FUND**

**A MOTION TO HIRE ENTRUST CAPITAL AND GROSVENOR CAPITAL MANAGEMENT AS THEIR HEDGE FUND OF FUNDS MANAGERS** was made by R. Glass and seconded by R. Sutton; **MOTION CARRIED UNANIMOUSLY.**

## **POLICE PENSION FUND**

**A MOTION TO HIRE ENTRUST CAPITAL AND GROSVENOR CAPITAL MANAGEMENT AS THEIR HEDGE FUND OF FUNDS MANAGERS** was made by J. Smith and seconded by R. Thames; **MOTION CARRIED UNANIMOUSLY.**

## **PENSION ADVISORY COMMITTEE**

**A MOTION TO RECOMMEND TO CITY COUNCIL TO HIRE ENTRUST CAPITAL MANAGEMENT AND GROSVENOR CAPITAL MANAGEMENT AS THE HEDGE FUND OF FUNDS MANAGERS** was made by C. Cummings and seconded by G. Castro; **MOTION CARRIED UNANIMOUSLY.**

The Board took a lunch break and reconvened at 1:00 p.m.

### **FLAG CAPITAL MANAGEMENT, LLC**

Jim Gasperoni, Partner and Geoff LeMieux, Vice President reviewed their presentation on their non-core private real estate firm. They have three hundred sixty properties and twelve managers. They would need a commitment of two to three years if we should choose them. They are diversified with twelve managers, their largest is in offices, second is retail; third is in hospitality; fourth is in multi-family residential; and fifth is in industrial and service hotels. They charge sixty basis points and an additional three percent after distributions are equal to contributed capital plus the preferred return. They do not use any leverage at the portfolio level.

### **METROPOLITAN REAL ESTATE EQUITY MANAGEMENT, LLC**

Beth-Anne Flynn, Senior Vice President and Andrew Jacobs, Senior Vice President presented information on their firm. They have sixty percent in U.S. Domestic Real Estate and forty percent in global real estate. They have no more than twenty percent in any single investment and less than twenty-five percent in any Country. Their fee is one per cent for \$25,000,000 and .09% over \$25,000,000. Administrative fees will be waived due to their relationship with NEPC.

Discussion ensued.

### **POLICE PENSION FUND**

**A MOTION TO HIRE METROPOLITAN REAL ESTATE AS THEIR NON-CORE REAL ESTATE MANAGER AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO PROCEED WITH CONTRACT NEGOTIATIONS WITH THE BOARD'S ATTORNEY,** was made by J. Smith and seconded by R. Thames; **MOTION CARRIED UNANIMOUSLY.**

### **FIREFIGHTERS' PENSION FUND**

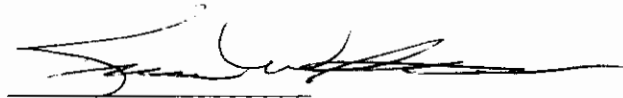
**A MOTION TO HIRE METROPOLITAN REAL ESTATE AS THEIR NON-CORE REAL ESTATE MANAGER AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO PROCEED WITH CONTRACT NEGOTIATIONS WITH THE BOARD'S ATTORNEY,** was made by M. Garcia and seconded by R. Sutton; **MOTION CARRIED UNANIMOUSLY**

**PENSION ADVISORY COMMITTEE**

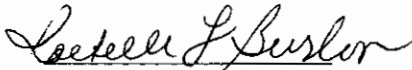
**A MOTION TO RECOMMEND TO CITY COUNCIL TO HIRE METROPOLITAN REAL ESTATE AS THE NON-CORE REAL ESTATE MANAGER FOR THE GENERAL EMPLOYEES PENSION FUND AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO PROCEED ON CONTRACT NEGOTIATIONS WITH THE CITY ATTORNEY, was made by R. Howard and seconded by S. Brown; MOTION CARRIED UNANIMOUSLY**

R. Sutton adjourned the meeting at 3:00 p.m.

Respectfully submitted,



Rebecca W. Sutton  
Chairman



Rochelle L. Burlon  
Pension Coordinator