

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 8:30 a.m. on September 3, 2008, in the Agenda Conference Room, 2<sup>nd</sup> floor, City Hall, Orlando, Florida. There was a quorum for the Pension Advisory Committee, Firefighters' and Police Pension Boards.

**PAC Members Present**

Rebecca W. Sutton, Chair  
Ben Gray, Transportation  
Les Conley, L.I.U.N.A. Representative  
Cheryl Cummings, Families, Parks & Recreation  
Paulette Edwards, Housing, Community Development  
Lauri Brooks, Executive Offices  
Liza Floyd Jacobs, Fire Department  
Pete Dempsey, SEIU Representative  
Susan Geller, S.E.I.U. Representative  
Jay Carr, Police Department  
R.icky Suggs, L.I.U.N.A. Representative  
Michael.Rhodes, Economic Development

**PAC Members Absent**

Jon Dorman, Centroplex  
David Sloan, Wastewater  
David Rafanowicz, General Administration

**Police Pension Board Trustees Present**

Jay Smith, Chairman  
Vince Montgomery, Secretary  
Rebecca W. Sutton, Vice-Chair

**Members Absent**

Kevin. Edmonds, Trustee  
Leon Singletary, Trustee

**Firefighters' Pension Board Trustees Present**

John Miller, Vice- Chair  
Rebecca W. Sutton, Trustee

Mario Garcia, Trustee

**Members Absent**

Ronald Glass, Chair  
Mike Droege, Secretary

**Others Present**

Donnie .R. Jones, Treasurer and Executive Director  
Fire & Police Pension Boards  
Katrina Laudeman, Deputy Executive Director  
Police & Fire Pension Boards  
Chris McCullion, Assistant Treasurer  
Grant. Kalson, Kalson & Associates via conf.phone  
Rochelle Burlon, Pension Coordinator  
Jim Nevola, Bank of New York Mellon

**PENSION CONSULTANT**

Chairperson Sutton had C. McCullion review the RFP process that occurred and the selection of NEPC, LLC as the Police, Firefighters' and General Employees' Pension Funds Investment Consultant effective October 1, 2008.

**OVERVIEW OF QUARTER-CUSTODIAN**

J. Nevola of Bank of New York Mellon, reported that the stock market started the second quarter strong, but ended the quarter thoroughly battered. Oil prices moved relentlessly higher, reports indicated that the housing market remained depressed and many companies showed increasing financial stress. As a result, the equity markets reversed course and approached bear market territory. The Federal Reserve did not cut the federal funds rate after April 30, as the possibility of rising inflationary expectations became a key source of concern.

The total return of the S&P 500 was 4.87% in April, followed by 1.30% in May, -8.43% in June, ending the quarter down -2.73%. Year to date the S&P 500 is down -11.91% and -13.12% during the last 12 months.

Bond yields rose steadily during the quarter. The yield on the 10-year Treasury note rose from 3.4% on March 31 to 3.97% on June 30. The total return of the Lehman Brothers Aggregate Bond Index was -1.02% for the quarter and 7.12% during the last 12 months. As of July 1, the S&P has gone up.

### **MANAGER PERFORMANCE REVIEW PENSION CONSULTANT**

G. Kalson of Kalson & Associates, reported that the General Employees' Plan returned +0.2% in the second quarter, the Police Pension Fund returned -0.7% and the Firefighters' Pension Fund returned +0.6%; and all funds outperformed the TUCS Public Fund Median return of -0.9%.

Among active U.S. equity managers, Wellington, Wells Capital, Barrow Hanley and Advisory Research outperformed their benchmarks.

On the international equity front, AllianceBernstein fell 2.0% while the Index dropped 4.0%. Duff & Phelps, the Real Estate Investment Trust (REIT) manager beat the NAREIT index in the second quarter. The manager lost 3.8% while the index fell 4.9%.

Fixed income returns were not great. ICC Capital did lose 0.16% but the loss was tiny compared to the 1 ¾% loss sustained by the Government/Credit A-or Better benchmark. The pension funds will be transitioning out of ICC to Jennison who were hired in April 2008.

Chairperson Sutton thanked Kalson & Associates for the service they provided the pension funds over the last thirteen years.

### **APPROVAL OF MINUTES**

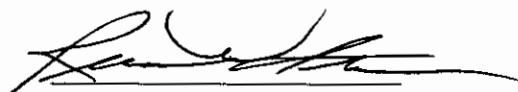
A MOTION TO APPROVE THE MINUTES OF MAY 28, 2008 was made by M. Rhodes and seconded by C. Cummings; MOTION CARRIED UNANIMOUSLY.

### **PENDING/NEW BUSINESS**

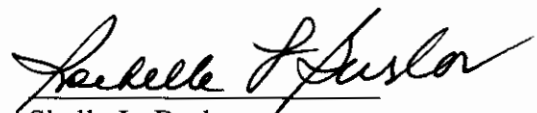
D. Jones advised that Jennison's contract is awaiting signatures and will be finalized shortly.

Meeting adjourned at 9:45 a.m.

Respectfully submitted,



Rebecca W. Sutton  
Chairperson



Shelly L. Burlon  
Pension Coordinator