

Chris McCullion, Treasurer, called the Special Business Meeting of the City of Orlando Pension Advisory Committee, Police and Firefighters' Pension Boards to order at 9:25 a.m. on February 10, 2010, in the overlook conference room, 9<sup>th</sup> floor, City Hall, Orlando, Florida. There was a quorum for the Pension Advisory Committee, and Police Pension Board.

**PAC Members Present**

Cheryl Cummings, Families Parks & Recreation (2/1)  
Les Conley, L.I.U.N.A. Representative (2/2)  
Todd Berube, S.E.I.U. Representative (2/1)  
Paulette Edwards, Housing, Community Development (2/2)  
Susan Geller, S.E.I.U. Representative.(absent 2/1)  
Rick Howard, Public Works (absent 2/1)  
David Rafanowicz, Executive Offices (absent 2/1)  
R.icky Suggs, L.I.U.N.A. Representative (2/2)  
Jay Carr, Police Department (2/2)  
Jon Dorman, Orlando Venues (2/1)  
Rebecca W. Sutton, Chair (absent 2/2)  
Liza Floyd Jacobs, Fire Department (absent 2/2)  
Michael Rhodes, Economic Development (absent 2/2)  
Ben Gray, Transportation (absent 2/1)

**Police Pension Board Trustees**

Jay Smith, Chairman  
Vince Montgomery, Secretary  
Rebecca W. Sutton, Vice-Chair (absent)  
Randolph T. Thames, Trustee (absent)  
Tony Blanca, Trustee

**Firefighters' Pension Board Trustees**

Ronald Glass, Chairman (absent)  
John Miller, Vice-Chair (absent)  
Mike Droege, Secretary  
Rebecca W. Sutton, Trustee (absent)  
Mario A. Garcia, Trustee

**Others Present**

Christopher P. McCullion, Treasurer and Executive Director  
Fire & Police Pension Boards  
Katrina Laudeman, Treasury Manager  
Kevin Leonard, NEPC  
Claire Woolston, NEPC

**1 TCW ASSET MANAGEMENT**

Kevin Leonard, our Investment Consultant from NEPC reviewed the situation with TCW Asset Management (TCW) since being acquired by Metropolitan West Asset Management LLC (Metwest) on December 4, 2009. At the meeting in January, he recommended a wait and see approach since Jeffrey Gundlach, the CIO of TCW was terminated and fifteen key professionals in the securitized bond portfolio management group, particularly relating to mortgage credit, who worked with J. Gundlach, resigned. At this time J. Gunlach has formed a new firm (DoubleLine) but there is litigation involved, and it remains to be seen how this will impact TCW or DoubleLine.

**PENSION ADVISORY COMMITTEE:**

**A MOTION TO RECOMMEND TO CITY COUNCIL TO TERMINATE TCW AND TRANSITION THE ASSETS BETWEEN JENNISON AND PAYDEN & RYGEL OUR OTHER FIXED INCOME MANAGERS AND PROCEED WITH A CORE PLUS FIXED INCOME MANAGER SEARCH** was made by J. Dorman and seconded by P. Edwards;  
**MOTION CARRIED UNANIMOUSLY.**

**POLICE PENSION BOARD:**

**A MOTION TO TERMINATE TCW AND TRANSITION THE ASSETS BETWEEN JENNISON AND PAYDEN & RYGEL OUR OTHER FIXED INCOME MANAGERS AND PROCEED WITH A CORE PLUS FIXED INCOME MANAGER SEARCH** was made by J. Dorman and seconded by P. Edwards; **MOTION CARRIED UNANIMOUSLY.**

**2      CORE PLUS FIXED INCOME MANAGER SEARCH**

Claire Woolston, NEPC (Consultant, Private Markets), reviewed the material on the managers they are recommending.

**PENSION ADVISORY COMMITTEE:**

**A MOTION TO INTERVIEW THE FOLLOWING MANAGERS: BLACKROCK; LOOMIS, SAYLES & COMPANY; PACIFIC INVESTMENT MANAGEMENT COMPANY AND WELLINGTON MANAGEMENT** was made by L. Conley and seconded by C. Cummings; **MOTION CARRIED UNANIMOUSLY.**

**POLICE PENSION FUND:**

**A MOTION TO INTERVIEW THE FOLLOWING MANAGERS: BLACKROCK; LOOMIS, SAYLES & COMPANY; PACIFIC INVESTMENT MANAGEMENT COMPANY AND WELLINGTON MANAGEMENT** was made by J. Smith and seconded by V. Montgomery; **MOTION CARRIED UNANIMOUSLY.**

**3      CORE REAL ESTATE MANAGER SEARCH**

Claire Woolston reviewed the material presented and the managers recommended.

**POLICE PENSION FUND:**

**A MOTION TO INTERVIEW INTERCONTINENTAL U.S. REAL ESTATE FUND; JP MORGAN STRATEGIC PROPERTY FUND AND UBS TRUMBULL PROPERTY FUND** was made by J. Smith and seconded by V. Montgomery; **MOTION CARRIED UNANIMOUSLY.**

**PENSION ADVISORY COMMITTEE:**

**A MOTION TO INTERVIEW INTERCONTINENTAL U.S. REAL ESTATE FUND; JP MORGAN STRATEGIC PROPERTY FUND AND UBS TRUMBULL PROPERTY FUND** was made by L. Conley and seconded by J. Dorman; **MOTION CARRIED UNANIMOUSLY.**

4. **SMID CAP GROWTH AND VALUE EQUITY MANAGER SEARCH**

C. McCullion recommended that we hold off on the discussion and review on these manager searches until the March meeting.

5. **PENSION CAFRS**

C. McCullion advised all three boards that due to staff reductions in the Office of Business & Financial Services, the costs, time involved, auditing, etc. to prepare three pension Comprehensive Annual Financial Reports (CAFRs) not required by the State, that the Chief Financial Officer is recommending that we no longer prepare these individual reports. All pertinent information on the pension funds is covered in the City's CAFR and Annual Pension Actuarial Evaluations. There were no objections.

6. **ASSIGNMENT OF ADVISORY RESEARCH INVESTMENT ADVISORY AGREEMENT TO PIPER JAFFRAY**

C. McCullion advised that Advisory Research, our mid-cap value manager, has been acquired by Piper Jaffray, a leading international middle market investment and institutional securities firm. No changes in their investment philosophy, process or team will take place.

**PENSION ADVISORY COMMITTEE:**

**A MOTION TO RECOMMEND TO CITY COUNCIL TO AUTHORIZE CHRIS MCCULLION, TREASURER TO SIGN THE AGREEMENT WITH PIPER JAFFREY AFTER THE CITY ATTORNEY'S REVIEW** was made by J. Dorman and seconded by C. Cummings; **MOTION CARRIED UNANIMOUSLY.**

**POLICE PENSION FUND:**

**A MOTION TO AUTHORIZE CHRIS MCCULLION TO SIGN THE AGREEMENT WITH PIPER JAFFREY** was made by J. Smith and seconded by T. Blanca; **MOTION CARRIED UNANIMOUSLY.**

7. **AUTHORIZATION FOR FIVE YEAR ACTUARIAL EXPERIENCE REVIEW**

C. McCullion asked for authorization to have the three actuaries prepare five year actuarial experience studies.

**PENSION ADVISORY COMMITTEE:**

**A MOTION TO RECOMMEND TO CITY COUNCIL TO HAVE GABRIEL, ROEDER SMITH & CO. PREPARE A FIVE YEAR ACTUARIAL EXPERIENCE REVIEW** was made by J. Dorman and seconded by C. Cummings; **MOTION CARRIED UNANIMOUSLY.**

**POLICE PENSION FUND:**

**A MOTION TO HAVE THE SEGAL COMPANY PREPARE A FIVE YEAR ACTUARIAL EXPERIENCE REVIEW** was made by J. Smith and T. Blanca; **MOTION CARRIED UNANIMOUSLY.**

Meeting adjourned for Police and Fire Pension Boards.

**8. SECURITIES MONITORING**

C. McCullion advised PAC that the Police and Fire Pension Boards are hiring two firms that handle securities monitoring services. These services are without cost or obligation and include identifying and informing the fund of potential securities claims and counseling the pension board on whether to seek a lead plaintiff position. They represent investors in both individual and representative actions throughout the United States involving claims of corporate fraud, mismanagement, insider trading and breaches of fiduciary duties.

**PENSION ADVISORY COMMITTEE**

**A MOTION TO RECOMMEND TO CITY COUNCIL TO HIRE BOTH ABRAHAM FRUCHTER & TWERSKY AND BERNSTEIN LITOWITZ, BERGER & GROSSMAN AT NO COST OR OBLIGATION TO MONITOR THE GENERAL EMPLOYEES' PENSION SECURITIES PORTFOLIO** was made by J. Dorman and seconded by R. Suggs; **MOTION CARRIED UNANIMOUSLY.**

**9. BNY MELLON SECURITIES LENDING SUPPORT AGREEMENT (LEHMAN BROTHERS)**

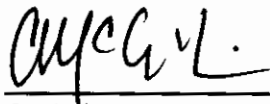
C. McCullion reviewed the securities lending loss that the boards incurred due to the Lehman Brothers situation and how BNY Mellon has proposed to make up the difference in losses if we stay with the program for an additional three years. **A MOTION TO RECOMMEND TO CITY COUNCIL TO STAY WITH THE SECURITIES LENDING PROGRAM, HAVE THE CITY ATTORNEY REVIEW THE AGREEMENT AND AUTHORIZE THE CHIEF FINANCIAL OFFICER TO SIGN THE AGREEMENT WITH BNY MELLON**, was made by P. Edwards and seconded by C. Cummings; **MOTION CARRIED UNANIMOUSLY.**

10. **MINUTES**

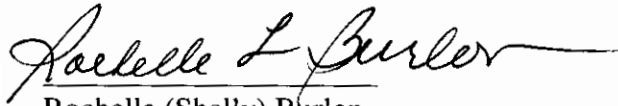
**A MOTION TO APPROVE THE MINUTES OF DECEMBER 3 AND 17, 2009** was made by C. Cummings and seconded by J. Carr; **MOTION CARRIED UNANIMOUSLY.**

Meeting adjourned at 11:30 a.m.

Respectfully submitted,



Christopher P. McCullion  
Treasurer



Rochelle (Shelly) Burlon  
Pension Coordinator