

Chris McCullion, Treasurer, called the Special Business Meeting of the City of Orlando Pension Advisory Committee, Police and Firefighters' Pension Boards to order at 8:25 a.m. on December 17, 2009, in the agenda conference room, 2nd floor, City Hall, Orlando, Florida. There was a quorum for the Pension Advisory Committee, Police and Firefighters' Pension Board.

**PAC Members Present**

Jay Carr, Police Department  
Les Conley, L.I.U.N.A. Representative (2)  
Ben Gray, Transportation  
Paulette Edwards, Housing, Community Development  
Susan Geller, S.E.I.U. Representative (2)  
Rick Howard, Public Works  
David Rafanowicz, Executive Offices  
R.icky Suggs, L.I.U.N.A. Representative (2)

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

**PAC Members absent**

Rebecca W. Sutton, Chair  
Jon Dorman, Orlando Venues  
Liza Floyd Jacobs, Fire Department  
Michael Rhodes, Economic Development  
Cheryl Cummings, Families Parks & Recreation  
Todd Berube, S.E.I.U. Representative (2)

**Others Present**

Christopher P. McCullion, Treasurer and Executive Director  
Fire & Police Pension Boards  
Katrina Laudeman, Treasury Manager  
Kevin Leonard, NEPC (via telephone)  
Rochelle (Shelly) Burlon, Pension Coordinator  
Amanda Green, Fire Department Advocate  
Katie Zuccarini, Employee Benefits

## 1 TCW ASSET MANAGEMENT

Kevin Leonard, our Investment Consultant from NEPC advised the PAC and Pension Board Trustees of the situation that TCW Asset Management (TCW) acquired Metropolitan West Asset Management LLC (Metwest) on December 4, 2009. At the same time, Jeffrey Gundlach, the CIO of TCW was terminated effective immediately. J. Gundlach was the lead portfolio manager of high-grade fixed income and mortgage-backed securities who handled the City's Operating and Pension Boards portfolios for many years. Upon his dismissal, key professionals in the securitized bond portfolio management group, particularly relating to mortgage credit, who worked with J. Gundlach, resigned. An additional fifteen employees resigned over the last week.

NEPC has pursued further due diligence including on-site meetings with TCW's leveraged finance team, the MetWest/TCW fixed income team and with Mr. Gundlach. They have learned that Mr. Gundlach has formed a new firm, to be named DoubleLine and that he has partnered with Oaktree Capital Management, a Los Angeles based investment manager known for distressed investments, credit investments and real estate.

C. McCullion advised that on December 11, 2009, he gave direction to TCW to manage the City of Orlando's Operating Portfolio and Pension accounts in a defensive manner until further notice. They were instructed not to make additional purchases and only to sell existing holdings in order to prevent a material loss. Additionally, they were advised not to reinvest interest earnings or proceeds received from the sale of existing assets.

K. Leonard recommended that we hold off on making any further decision until we meet again on February 3, 2010, at which time he would bring search books for a mortgage-only manager as well as a Core Plus bond manager, and the boards will be discussing whether they want to continue to have a dedicated mortgage-only manager or whether to transition to a Core Plus manager and not have any dedicated exposure to mortgages.

**PENSION ADVISORY COMMITTEE:**

A MOTION TO PERMIT TCW TO MANAGE OUR ACCOUNT IN A DEFENSIVE MANNER UNTIL FURTHER NOTICE AND WE WILL DISCUSS THIS WITH NEPC ON FEBRUARY 3, 2010 was made by D. Rafanowicz and seconded by S. Geller, MOTION CARRIED UNANIMOUSLY.

**POLICE PENSION BOARD**

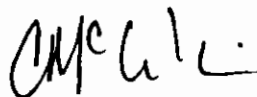
A MOTION TO PERMIT TCW TO MANAGE OUR ACCOUNT IN A DEFENSIVE MANNER UNTIL FURTHER NOTICE AND WE WILL DISCUSS THIS WITH NEPC ON FEBRUARY 3, 2010 was made by J. Smith and seconded by T. Blanca; MOTION CARRIED UNANIMOUSLY.

**FIREFIGHTERS' PENSION BOARD**

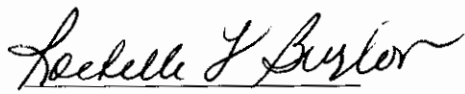
A MOTION TO PERMIT TCW TO MANAGE OUR ACCOUNT IN A DEFENSIVE MANNER UNTIL FURTHER NOTICE AND WE WILL DISCUSS THIS WITH NEPC ON FEBRUARY 3, 2010 was made by M. Droege and seconded by M. Garcia; MOTION CARRIED UNANIMOUSLY.

Meeting adjourned at 8:50 a.m.

Respectfully submitted,



Christopher P. McCullion  
Treasurer



Rochelle (Shelly) Burlon  
Pension Coordinator