

Chris McCullion, Treasurer, 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 June 4, 2009, in the Overlook Conference Room, 9th floor, City Hall, Orlando, Florida. There was a quorum for the Pension Advisory Committee, Firefighters' and Police Pension Boards.

**PAC Members Present**

Lauri Brooks, CAO designee  
Jay Carr, Police Department  
Les Conley, L.I.U.N.A. Representative  
Cheryl Cummings, Families, Parks & Recreation  
Pete Dempsey, SEIU Representative  
Jon Dorman, Orlando Venues (arrived at 9:00 am)  
Susan Geller, S.E.I.U. Representative  
Ben Gray, Transportation  
Paulette Edwards, Housing, Community Development (left at 11:00am)  
David Rafanowicz, Executive Offices  
Michael Rhodes, Economic Development  
Rebecca W. Sutton, Chair  
Rick Howard, Public Works  
Liza Floyd Jacobs, Fire Department  
R.icky Suggs, L.I.U.N.A. Representative

**PAC Members Absent**

Ben Gray, Transportation

**Police Pension Board Trustees Present**

Jay Smith, Chairman  
Vince Montgomery, Secretary  
Rebecca W. Sutton, Vice-Chair,  
Leon Singletary, Trustee  
Tony Blanca, Trustee (left at 10:00 am)

**Firefighters' Pension Board Trustees Present**

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

**Others Present**

Christopher P. McCullion, Treasurer and Executive Director  
Fire & Police Pension Boards  
Katrina Laudeman, Deputy Executive Director  
Fire & Police Pension Boards  
Rochelle Burlon, Pension Coordinator  
Kevin Kondry, NEPC  
Kevin Leonard, NEPC

## **1 OVERVIEW OF QUARTER**

Jim Nevola, from BNY MELLON, Custodian, reviewed the quarter. The declines in the market early this year seemed relentless, as the S&P 500 registered total returns of -8.4% in January and -10.6 in February. In March, when Secretary Geithner announced additional details regarding the government's program to buy troubled assets from banks, the market soared. The S&P 500 for domestic equities had a total return in March of 8.8%. For the quarter the return was -11.0%. During the first quarter, information technology was the only sector to register a positive return. During the past year, health care had a total return of -19.7% compared to -63% for financials, the worst performing sector.

With regard to fixed income, the yield on the 10-year note reached 3.0% on March 17, compared to 2.2% on December 31<sup>st</sup>.

The General Employees' Plan returned -5.4% in the first quarter, outperforming the TUCS Public Fund Median return of -5.9%. The Police and Fire Plans returned -6.3% and -5.7% respectively, vs. -5.9% for the TUCS Public Fund Median.

## **2 MANAGER PERFORMANCE REVIEW**

Kevin Leonard and Kevin Kondry of NEPC reviewed the performance of our managers. They advised that our international equity managers, Alliance Bernstein (value) and Wellington (growth) are both struggling. They made recommendations to the Boards that we replace these managers in the near future with one manager that has a core mandate that can invest in both growth and value stocks and in emerging markets.

### **PENSION ADVISORY COMMITTEE**

A MOTION TO AUTHORIZE NEPC TO CONDUCT A SEARCH FOR A CORE INTERNATIONAL EQUITY MANAGER THAT CAN INVEST IN BOTH GROWTH/VALUE STOCKS AND IN EMERGING MARKETS AND NOT TERMINATE ANY MANAGERS AT THIS TIME, was made by R. Sutton and seconded by D. Rafanowicz, MOTION CARRIED UNANIMOUSLY.

### **POLICE PENSION BOARD**

A MOTION TO AUTHORIZE NEPC TO CONDUCT A SEARCH FOR A CORE INTERNATIONAL EQUITY MANAGER THAT CAN INVEST IN BOTH GROWTH/VALUE STOCKS AND IN EMERGING MARKETS AND NOT TERMINATE ANY MANAGERS AT THIS TIME, was made by T. Blanca and seconded by L. Singletary; MOTION CARRIED UNANIMOUSLY.

### **FIREFIGHTERS' PENSION BOARD**

A MOTION TO AUTHORIZE NEPC TO CONDUCT A SEARCH FOR A CORE INTERNATIONAL EQUITY MANAGER THAT CAN INVEST IN BOTH GROWTH/VALUE STOCKS AND IN EMERGING MARKETS AND NOT TERMINATE ANY MANAGERS AT THIS TIME, was made by M. Droege and seconded by R. Sutton; MOTION CARRIED UNANIMOUSLY.

## **3 HEDGE FUND EDUCATION**

Jill Zelenko, Managing Director CFO, CRO; Jeffrey Chan, Vice President, Sr. Analyst; and Mark Guariglia, Managing Director, from ENTRUST CAPITAL, Fund of Fund Asset Managers, presented an educational basic review of hedge funds and hedge fund of funds. Entrust is registered with the SEC, has been in business for sixteen years and their average manager allocation is 2.86%.

While liquidity is not a common factor with hedge funds; they usually can obtain fifty percent of holdings by the end of a quarter or one hundred percent within a year. The trustees and members of the PAC asked questions and had extensive discussion about the hedge fund of funds concept, securities lending, common hedge fund strategies, etc.

#### **4 SECURITIES AND FRAUD LITIGATION**

Jerry Silk, an Attorney and Partner with BERNSTEIN LITOWITZ BERGER & GROSSMAN ("BLB&G"), gave a presentation on securities and fraud litigation. At no cost to the pension funds, they would look over our holdings through our custodian to make sure there are no class action lawsuits that need to be filed on our behalf. If the paperwork has not been filed they would handle that and follow-up on the settlement. If we decide to go in with other public funds to be a lead plaintiff, the case will be handled by BLB&G on a contingency basis and if the case is favorably settled, the fees would be mandated by the judge and taken out of the settlement we would receive. If the case is dismissed there are no fees due from the pension funds.

#### **5 APPROVAL OF MINUTES OF APRIL 9, 2009**

##### **PENSION ADVISORY COMMITTEE**

A MOTION TO APPROVE THE MINUTES OF APRIL 9, 2009, was made by C. Cummings and seconded by R. Skaggs; MOTION CARRIED UNANIMOUSLY.

A MOTION TO APPROVE THE GENERAL EMPLOYEES PENSION CAFR FOR THE YEARS ENDED 2008 AND 2007, was made by M. Rhodes and seconded by C. Cummings; MOTION CARRIED UNANIMOUSLY.

#### **6 UPDATE ON PRIVATE REAL ESTATE MANAGER SEARCH**

K. Leonard and K. Kondry recommended that the Boards go into a diversified 4% allocation to real estate, \$5.3 million for the General Employees. Presently we are under target at 3-4%. They are recommending a Core Real Estate Fund and a Value added Real Estate Fund of Funds.

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**POLICE PENSION FUND**

A MOTION TO DO A SEARCH FOR A CORE PRIVATE REAL ESTATE MANAGER AND A VALUE ADDED FUND OF FUNDS MANAGER, WITH EDUCATION GIVEN ON VALUE ADDED REAL ESTATE FUND OF FUNDS was made by J. Smith and seconded by V. Montgomery; MOTION CARRIED UNANIMOUSLY.

**FIRE PENSION FUND**

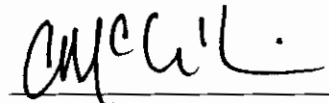
A MOTION TO DO A SEARCH FOR A CORE PRIVATE REAL ESTATE MANAGER AND A VALUE ADDED FUND OF FUNDS MANAGER, WITH EDUCATION GIVEN ON VALUE ADDED REAL ESTATE FUND OF FUNDS was made by M. Droege and seconded by M. Garcia; MOTION CARRIED UNANIMOUSLY.

**PENSION ADVISORY COMMITTEE**

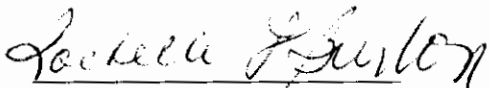
A MOTION TO DO A SEARCH FOR A CORE PRIVATE REAL ESTATE MANAGER AND A VALUE ADDED FUND OF FUNDS MANAGER, WITH EDUCATION GIVEN ON VALUE ADDED REAL ESTATE FUND OF FUNDS was made by L. Conley and seconded by M. Rhodes; MOTION CARRIED UNANIMOUSLY.

Meeting adjourned at 12:05 p.m.

Respectfully submitted,



Christopher P. McCullion  
Treasurer



Rochelle (Shelly) L. Burlon  
Pension Coordinator