

MINUTES

**GENERAL EMPLOYEES'
RETIREMENT COMMITTEE MEETING**

THURSDAY - MAY 22, 2008 - 3:00 PM

PRESENT

Vic Espinal
Larry Gordon
Lori Helton
Councilman Chernoff
Councilman Julien - Chair

ABSENT

ALSO PRESENT

Mike Landsburg – Merrill Lynch Consulting
Larry Wilson–Gabriel, Roeder, Smith & Co.
Peter Strong - Gabriel, Roeder, Smith & Co.
Janna Woods – Davis Hamilton Jackson
Michael Harhai – Buckhead Capital
Miriam Bensinger – Asst. City Attorney
Martin Lebowitz – Pension Assistant

DEPARTMENT REPRESENTATIVES

Janice Coakley – Public Services

Councilman Julien called the meeting to order at 3:03 P.M., followed by a roll call of Trustees.

I. MERRILL LYNCH CONSULTING – Q/E 3/31/2008

Mike Landsburg presented the performance report, indicating a total portfolio market value on 3/31/2008 of \$52,191,530 (including accrued income). This represents a net decrease in value from the previous quarter of \$2,486,450. The total asset allocation was reported to be 58.3% invested in equities – including the international and small/mid cap equity portfolios, 39.6% in bonds and 2.1% in cash and equivalents. The total fund earned –4.6% for the quarter. The target index comprised of 40% S&P 500 + 10% EAFE + 10% Russell 2000 + 40% bond index returned -4.5% for the quarter.

For the quarter ended 3/31/2008: In equities, Davis Hamilton outperformed Russell 1000 Growth Index –8.2% verses –10.2%. Buckhead returned –6.9% vs. –8.7% for the Russell 1000 Value index. Pimco Bond fund returned 2.7% vs. 2.9% for the 1 to 10 year bond index.

Plan year results: Total return for the fund was –5.2%. Domestic equities returned -13.0% vs. –12.8% for the domestic equity target. Fixed income returned 6.5%, and the fund experienced a total return of –8.1% in international equities.

II. DAVIS HAMILTON JACKSON REPORT - Q/E 3/31/2008

Janna Woods reported the total DHJ portfolio was valued at \$11,254,260 (including accrued interest) as of 3/31/2008, with an asset allocation of 97.5% in equities and 2.5% in cash and equivalents.

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For the quarter ended 3/31/2008: Total fund return was -8.2%. Equities returned -8.5% compared to -10.2% for the Russell 1000 Growth.

Plan year results: Total return for their portfolio was -7.9%. Equities returned -8.2% compared to -10.9% for the Russell 1000 Growth, and -12.5% for the S&P 500. Inception-to-date total time-weighted return has been 9.7% on an annualized basis

III. BUCKHEAD CAPITAL – Q/E 3/31/2008

Michael Harhai reported the total Buckhead portfolio was valued at \$8,807,664 (including accrued interest) as of 3/31/2008, with an asset allocation of 90.7% in equities, and 9.3% in cash and equivalents.

For the quarter ended 3/31/2008: Return for the total account was -6.82%. Equities returned -7.38% compared to -9.44% for the S&P 500.

Plan year results: Total return for their portfolio was -14.42%. Equities returned -15.31% vs. -12.46% for the S&P 500. Inception-to-date total time-weighted return has been 2.79% on an annualized basis.

IV. PIMCO – Q/E 3/31/2008

Greg Graybar reported the total PIMCO portfolio was valued at \$20,661,720 (including accrued interest) as of 3/31/2008. He explained his company's philosophy for investing in world market bonds. Lori Helton asked for clarification of the holdings in this bond mutual fund since the Plan's entire bond portfolio (40% of Plan assets) is held with this single mutual fund. According to the recent Morningstar analysis, this bond fund has an average AA credit quality with most bonds rated as AAA & AA, yet has 9% in lower than A quality.

For the quarter ended 3/31/2008: Return for the total account was 2.7% compared to 2.9% for the Merrill Lynch 1-10 Govt/Corp.

Plan year results: Total return for their portfolio was 6.5%, verses 5.8% for the Merrill Lynch 1-10 Govt/Corp Inception-to-date total time-weighted return has been 5.6% on an annualized basis.

V. TERRI GUTTMAN VALDES ATTORNEY

Agenda item cancelled at request of Terri Guttman Valdes.

VI. PENSION FILES

Vic Espinal raised concerns that the pension file cabinets were not secured and locked. Vic Espinal had keys made for all the file cabinets. Also had concerns about loss of records due to fire. This issue had been raised at a prior Police & Fire Plan Meeting where it was determined that the pension files could be scanned from the City's copier room and stored on the City's server. Marty Lebowitz has created pension folders on the network, but has not yet scanned the documents. The pension files will be scanned over the next year. Councilman Julien wanted to ensure that access to their contents on the network would be restricted to Marty.

VII. VALULATION REPORT 10/1/2007

Larry Wilson reviewed the October 1, 2007 Valuation Report. The report shows that the City Contribution for FY 2009 would be \$2,126,565 (16.2% of covered annual payroll). The Plan experienced an actuarial gain of \$1,682,474 which allowed for a reduction in the City's funding requirement of approximately 0.7% of covered pay.

Motion by Larry Gordon, seconded by Councilman Julien, to accept the October 1, 2007 Valuation Report.

VIII. EXPERIENCE STUDY

Larry Wilson and Peter Strong provided the results of an experience study which covers a six-year period from October 1, 2001 through September 30, 2007. The purpose of an experience study is to review the actual results over a period of time to determine if the actuarial assumptions used for the Plan are up-to-date. The Annual Valuation Report uses these assumptions in order to plan for the obligations needed to keep the fund financially sound in order to provide current and future retirement benefits.

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- Update future salary increase assumptions to a service based table to better reflect observed higher salary increased for short service members, accompanied by observed lower salary increase assumption in later years. – Cost -0.19%
- Update assumed rates of future employment termination based on actual experience, including the addition of 4 a years select period. – Cost -0.04%
- Update assumed rates of future retirement to reflect lower observed retirement experience and trend for members to continue in employment beyond normal retirement age. Cost -2.33%
- Update assumed healthy mortality and impaired(disabled) mortality rates to rates from a more recent published healthy mortality table (RP-2000-full generational mortality). Cost +2.76%
- Consider lowering the assumed investment return rate from 8.5% to 8.25%
Cost +1.51%

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- Combined effect of all assumptions changes, not including the above change in assumed investment return. Cost -0.01%
- Combined effect of all assumption changes, including the above change in assumed investment return. Cost +1.61%

The committee discussed the above recommended changes and at this time will defer any changes until all board members were present to provide input, since any changes in actuarial assumptions would only be used when preparing the next Actuarial Valuation for October 1, 2008. Miriam Bensinger advised that the only actuarial assumption change that required action by the board would be to change the Investment Return Rate. Otherwise, all other actuarial assumption changes should be implemented as recommended by the actuary.

IX. APPOINTMENT OF 5TH SEAT ON THE COMMITTEE

Motion by Councilman Julien, seconded by Victor Espinal, to re-appoint Larry Gordon for the fifth seat on the Retirement Committee from 6/1/2008 through 5/31/2012.

Motion carried unanimously

X. APPROVAL OF MINUTES

Lori Helton suggested that the minutes be reviewed and approved before being published to ensure accuracy. She said that the employees expect a timely publication of the minutes and doesn't want to see them wait until the next quarter's meeting before they were available. It was suggested that the minutes be e-mailed to all committee members, to be reviewed and approved. However, the committee believes this would be in breach of the Sunshine Law. She then suggested that after review only, perhaps the Draft Minutes could be published, while noting that they were pending approval by the board. The committee has requested Martin Lebowitz to review same with the city attorney's office.

XI. APPROVAL OF INVOICES

Motion by Councilman Chernoff, seconded by Councilman Julien, to approve payment of the following invoices:

Davis Hamilton Jackson – Quarterly Management Fees	\$12,175.37
Salem Trust – Custodial Fees	5,407.76
Rachlin Cohen & Holtz – Auditor Fees	4,000.00
Gabriel, Roeder, Smith & Co. – Actuaries Fees	29,744.00
Buckhead Capital - Quarterly Management Fees	12,110.54
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	\$63,437.67

Motion carried unanimously.

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Councilman Julien suggested that the committee piggyback the P & F Retirement Committee on selecting a replacement of our investment consultant Merrill Lynch that has terminated their contract with the City as of June 1, 2008. Currently there are 6 Investment Consultants that the P&F Retirement Committee plans to interview in the near future. The General Retirement Committee would like to jointly participate in the interview process.

The next regularly scheduled quarterly Board meeting will be held on Thursday, August 28, 2008 at 3:00 p.m. Meeting was adjourned at 5:10 p.m.


Martin Lebowitz, Assistant