CITY HALL

Chairman Schinder called the meeting to order at 8:40 AM.

1. Roll Call
   - Barry Schinder - present
   - Bruce Loucks – present
   - Brad Sicari - present
   - George Garba – present
   - Bob King - present

   Guests
   - Horacio Montes de Oca
   - Richelle Hayes – American Realty
   - Stephen Palmquist – Gabriel, Roeder, Smith & Co.

5. Presentations
   A. Richelle Hayes – American Realty Advisors
      Ms. Hayes gave an introductory presentation, with an overview of the firm, as well as the current economic and real estate market overview. American Realty is one of the largest privately held real estate advisors in the U.S. with $3.4 billion in assets under management. They focus on properties in the $20-100 million range, which are rated as grade "A" income producing with 90% occupancy. Properties are typically held for 5-7 years and the sold before improvements are required. They have a very disciplined use of leverage at only 18%, while other companies within this asset class may have as much as 60% leverage.
      In reviewing the current market environment, Ms. Hayes reported that increasing sales transactions and the start of price recovery is evident. Transactions have quadrupled since the first quarter of 2009. Core real estate has seen the largest increase in pricing. They were surprised by an 11% return last year, but they do expect it to slow down a bit. The real estate sector tends to be more stable, like fixed income but with better returns.
   B. Stephen Palmquist – Gabriel, Roeder, Smith & Company
      Mr. Palmquist presented the Actuarial Valuation Report as of 10/01/10. Mr. Palmquist reported that the City’s required contribution for FYE 9/30/12 will be $1,432,148 or 22.78% of payroll. $183,593 of this amount will be contributed by the Bower Sheriff’s Office (on behalf of members of the GE Plan who are now employed by BSO). There was a net actuarial loss of $319,581 for the year, which means that actual experience was less favorable than expected. This loss is due to recognized investment return below the assumed rate of 7.5% and was offset by a gain due to lower than expected salary increases. The investment return was 7.4% based on market value of assets and 5.2% based on actuarial value of assets. The funded ratio this year is 72% compared to 70% last year.
In response to Mr. Schinder’s inquiry, Mr. Palquist anticipates the City’s cost will increase by 3.6% of payroll in the next year’s report. He also advised that most plans have a funded ratio around 75%. He stated that FRS is currently 87% funded. The GE Plan would require approximately $25.6 million to be 100% funded. Overall, Mr. Palmquist felt that this was a “pretty good” report, compared to many others that he has given.

2. Approval of Minutes Summaries for Meetings of October 27, 2010 and January 26, 2011. The minutes were unanimously approved as submitted by the Recording Secretary.

   Horacio Montes de Oca
   Mr. Montes de Oca reported on the performance for the month, noting that American Realty (Real Estate) has been added to the report.

   Portfolio Composition
   - Cash and equivalents: 6.29%
   - Equities: 57.44%
   - Fixed income: 34.67%
   - Real Estate: 1.60%
   - Carrying value: $17.44 million
   - Market value: $19.01 million
   - Unrealized GAIN/(LOSS): $370,163.00
   - Total Income: $14,924.00
     - Realized GAIN/(LOSS): $(9,174.00)
     - Investment Income: $24,098.00
   - Contributions: $48,133.00
     - Employer contributions: $6,102.00
     - Employee contributions: $42,031.00

4. Bills and Warrants
   A. Klausner & Kaufman – Legal Services through 1/31/11 - $435.00.
   C. King, Robert – Reimburse expenses, FPPTA Trustee School, Jacksonville (February 2 – 5, 2011) - $313.80.

   Mr. Sicari made the motion to approve items A-C. The motion was seconded by Mr. Garba and passed unanimously by voice vote.

6. Old Business
   A. Investment Policy Statement – Amended October 2010
   B. Klausner & Kaufman – Discussion of miscellaneous correspondence, relative to pension reform legislation, which was provided by the office of the Plan Attorney.
7. New Business
   A. None

8. Board Members Concerns
   A. NCPERS – Membership & National Conference – Bob King
      a. Discussion of this item was tabled until the next meeting of the Board. In the meantime, Mr. King will be attending the Klausner & Kaufman Client Conference.

9. Adjournment

   There being no further business before the Board, motion was made and seconded, and the meeting was adjourned at 10:00 AM.