

**February 16, 2011**  
**Regular Meeting Pension Plan B**

The Board of Trustees, Pension Plan B, met on the above date.

President Rosenberg called the meeting to order at 8:48 p.m.

Present: President Rosenberg, Vice President Ana L. Garcia, Treasurer Morley, Trustees Buck, Klein, Lee, Meszoros, Rodriguez and Fire Chief Rooney

Absent: Trustees Doris G. Garcia and Herlihy

Trustee Buck motioned to dispense with reading the minutes of the previous meeting; Trustee Ana Garcia seconded and the Board passed it unanimously.

**Treasurer Report:**

Trustee Ana Garcia motioned to accept the Treasurer's Financial Report for January 2011; Trustee Meszoros seconded and the Board passed it unanimously.

Treasurer Morley reported that the IRS package went in by the end of January 31, 2011. The Mayor and Bob Whitbread signed off on it and it was filed.

There is now a change to the pension plan and neither the City nor the Union had any input. The new State Law that was passed has been incorporated into the trust agreement and has to do with the fact that if your spouse dies in the line of duty, you will receive your pension and your pension will stay the same even if you remarry.

**Old Business:**

1. None.

**New Business:**

1. David Reiser, Smith Barney, Calendar Year Performance Review.

Commissioner Klein told Dave Reiser that his book was fantastic and it should be required reading in every high school in the State/Country. It is fantastic.

Dave Reiser reported that for the calendar year once again they have another exceptionally good report. The S&P for the full year was up 15%. They were up over 16. The fully invested portfolio outperformed by a full point. The breakdown below, the equity portions of the portfolio is up 20.1% vs. 15 for the Index and fixed income side was up 11.09% vs. 5.89 for the Index. The Portfolio ended the year at 69 change, it is currently at 72 change which it continues to do very well, but significant out performance as usual on the portfolio.

Dave Reiser said that he was very excited at where they were and also excited about where they were going because a number of reports and their own analysis on the markets around the world show that they are going to continue to grow, in fact, they are looking for a 15% up year on the market this year. So if they out perform this year as they have in the past, do the math on 70 million and if the market goes up 15% and they beat that, there's another 10 million dollars without even contributions. They are moving very well.

This was just in the U.S. market watch report this week and it talks about is this a full fledged bull market now. Are we really moving. There are a number of experts in there that have looked at the market for a number of years, they are looking for the run to continue into September of 2013 and he's looking not for his best case, but by 2013, his moderate case is 2,100 on the S&P by 2013. What does that mean to us? That means that without contributions if they just get his market return, they will be over 110 million on the plan.

The bottom line is they could try and make projections. The good news is it looks bright. Earnings continue to do very well. Different parts of the portfolio will shine at different times. They started the year off very well.

Treasurer Morley stated that he was very pleased with the performance of the portfolio and what he was about to say should not detract from his pleasure in that.

Treasurer Morley drew everyone's attention to the Manager Peer Review Section and that he was going to be discussing PIA International. He was looking at Manager Peer Universe Quartiles that were not pleasing him and he asked that they be replaced. He doesn't think they are getting good performance.

Dave Reiser agreed with him. Despite their underperformance, you'll see that since they've had them they performed 20.07% vs. the Index of 20.04, so they have had an under performance here and PIA has outperformed over the long run, yet they've only given them 2% more per year, so the performance is not as good as it could be, and he would like to mention that they recently put a new outstanding international manager in the last few months into the platform which has been around, they are called Wentworth, Hauser & Violich of San Francisco. They are one of the top rated ones. He feels that would be a wonderful switch from PIA.

Treasurer Morley next wanted to discuss Madison Intermed. Gov/Corp bond. Why should they stay in the portfolio.

Dave Reiser responded they are an intermediate government corporate bond manager and they are very good at that space. His case to keep them is that the corporate bond yields over the spread on the corporates are much safer than going into pure governments right now. One thing that might be nice to consider is to add an additional manager to that space that does a little bit more in the preferred market place, he thinks they could get a better return by doing so. There is a wonderful manager in Stamford called Globals Preferred Spectrum Manager and they do trust level preferred bonds. He wants to have corporate and governments in there and as a manager they are one of the good ones. Madison is very conservative.

Treasurer Morley stated that Madison is in the bottom 50% for five years.

Treasurer Morley suggested that during the course of the month he would speak with Dave Reiser and look at the managers a little closer.

Treasurer Morley brought everyone's attention to the Style Asset Allocation section on the Target Asset Allocation and the Account Asset Allocation, do they need some rebalancing.

Dave Reiser responded that him and Chris did that about two weeks ago. They lowered their International Equity Exposure.

Trustee Klein asked if they had much exposure in terms of investments in countries that are in turmoil now and Dave Reiser's response was no. They own good stocks in countries that are developing, not just emerging, that pay nice dividends.

Trustee Morley stated again that he was pleased with the performance of the portfolio and the aggregate.

President Rosenberg motioned to cancel PIA and move the money to Wentworth, Hauser & Violich; Trustee Buck seconded and the Board passed it unanimously.

2. There being nothing further to come before the Board, Trustee Buck motioned to adjourn the meeting; Trustee Ana Garcia seconded and the Board passed it unanimously.

The meeting ended at 9:10 p.m.