



2009 Annual Investment Update
to the
Audit and Finance Committee

February 25, 2010

Ruth Ryerson, Executive Director

Topics to be Covered

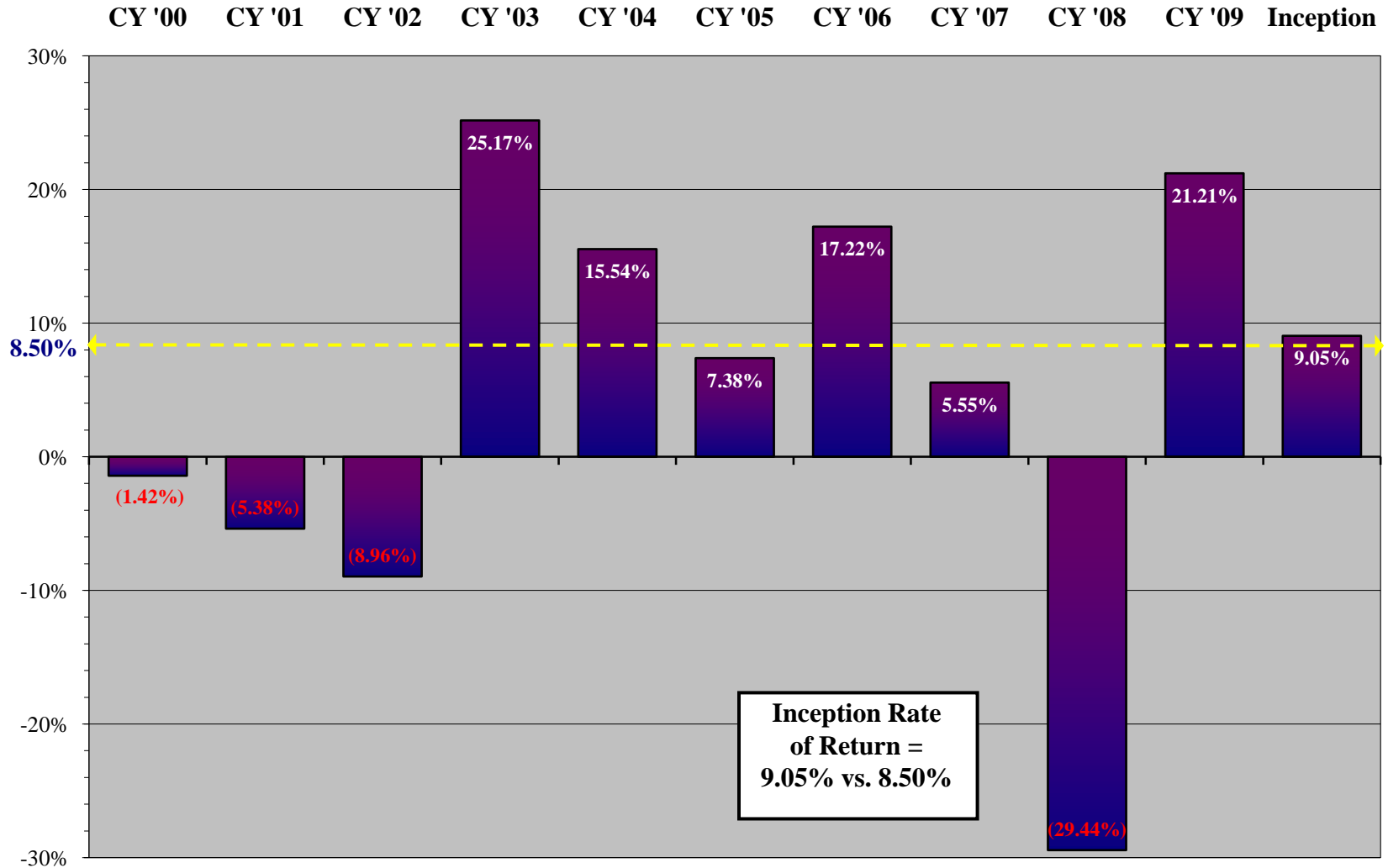
- 2009 Market Environment
- Historical Calendar and Fiscal Year Investment Returns
- 1/31/2010 Actual and Target Asset Allocation
- Actuarial Work to be Completed in Early 2010

2009 Market Environment

	2009	2008	Trailing 3 Years	Trailing 5 Years	Trailing 10 Years
S&P 500	26.46%	-37.0%	-5.63%	0.42%	-0.95%
Russell 3000	28.43%	-37.3%	-5.42%	0.76%	-0.20%
Russell 2000	27.18%	-33.8%	-6.06%	0.51%	3.51%
MSCI ACWI ex US	42.14%	-43.1%	-3.04%	6.30%	3.12%
Barclay's Agg.	5.93%	5.2%	6.04%	4.97%	6.33%
Barclay's Global	6.93%	7.4%	7.05%	4.56%	6.49%
HFR Fund-of-Funds	10.02%	-18.4%	-1.72%	1.74%	3.57%
NAREIT Global	38.26%	-48.8%	-12.39%	2.00%	9.21%
FORT WORTH ERF	21.21%	-29.4%	-3.35%	2.59%	3.30%
	(Rank: 38 th % ile) For 2009				(9.05% since 1983)

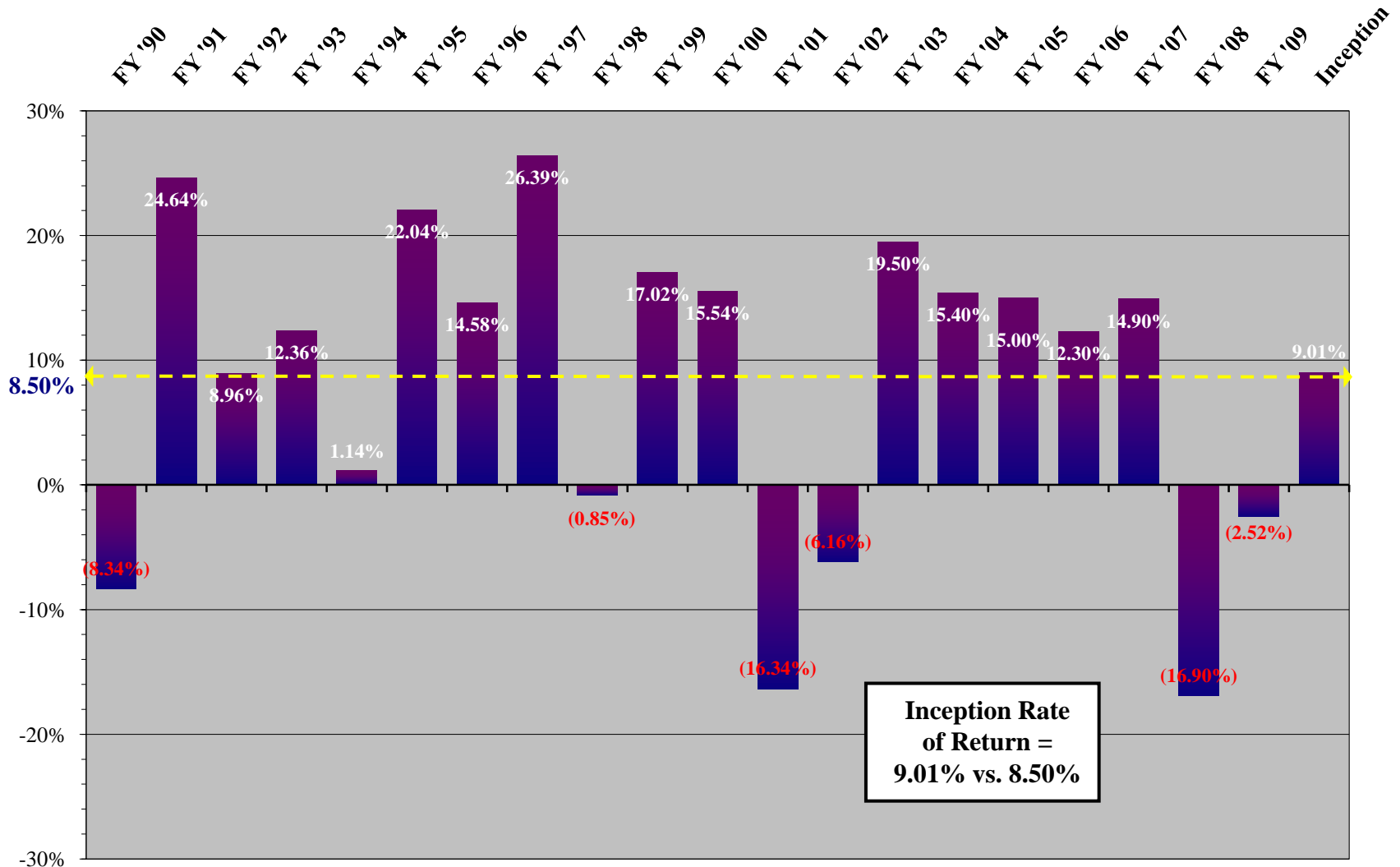
Annual Investment Returns

Calendar Year Ending December 31

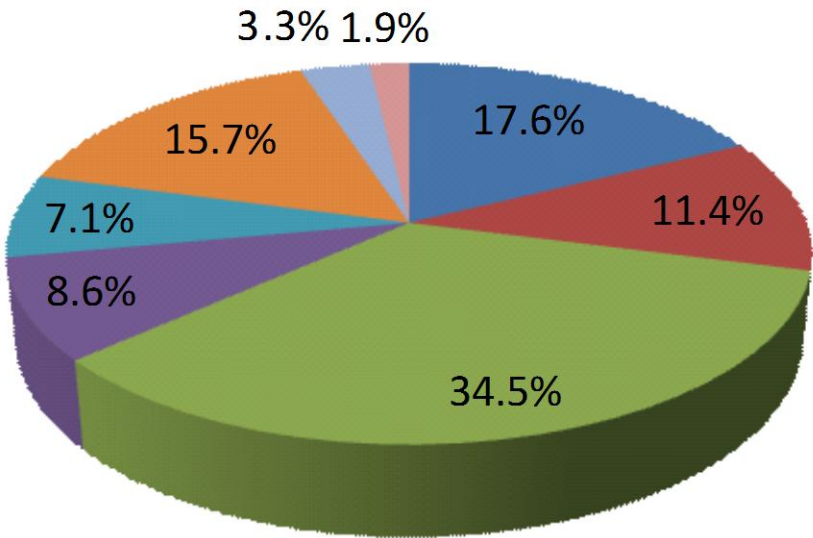


Annual Investment Returns

Fiscal Year Ending September 30



1/31/10 Asset Allocation



- Domestic Equity (17%)
- Intl/Global Equity (15%)
- Fixed Income (27%)
- Real Return (10%)
- Real Estate (8%)
- Absolute Return (18%)
- Private Equity (4%)
- Cash (1%)

1-1-2010 Actuarial Reports

- 5-Year Experience Study as of 1-1-2010 will be presented to the Retirement Fund's Board on March 31st (will cover 2005-2009 data)
- 1-1-2010 Actuarial Valuation will be presented to the Retirement Fund's Board on April 28, 2010
- Funded percentage using actuarial (smoothed) values will likely increase due to improved returns in 2009 and "funding corridor" provision not being triggered this year
- 1-1-2010 ad hoc / conditional COLA was 0%.

Key Take-Aways

- When Proposition 15 passed through the State Legislature, it guaranteed that all benefits accrued by a public employee will be paid
“The Benefits Employees Have Earned are Safe”
- The City Council and Retirement Board will continue to keep in close contact in monitoring the health of the Fund
- The Retirement Board is working with the City in its Joint Committee meetings to evaluate the long-term health of the Retirement Fund
- Actions taken by Council over two years ago with increased contributions have contributed to the health of the Fund, but the 2008 investment markets severely impacted our long-term funding.
- The Retirement Fund is invested with a long-term horizon, and the assumptions used by its actuaries are re-evaluated every 3-5 years, with a new experience study to be completed next month.