

Minutes of the City of Plano Retirement Security Plan Committee

October 18, 2007

The City of Plano Retirement Security Plan Committee met in regular session on October 18, 2007 at 3:00 pm in the Building Inspections Training Room of the Plano Municipal Center. Committee members present were Steve Doud, Kien Liew, Ron Timmons and Denise Tacke. City staff present were Tom Muehlenbeck, City Manager, and Darlene McAndrew, Retirement Specialist. Guests present were Leon Andrus and John Tindall from U.S. Trust and Cliff Langwith from Comerica Bank.

1. The meeting was called to order by Chairman Ron Timmons at 3:00 p.m.

2. General Discussion

No one asked to speak before the Committee.

3. Approval of minutes from the July 19, 2007 meeting

Upon a motion by Member Liew, seconded by Member Doud, as amended: page 2 the last line of paragraph 2 "*the words acquired were changed to sold*", the July 19, 2007 minutes were unanimously approved.

4. Update from Cliff Langwith of Comerica Bank

Cliff Langwith reported that there was no opening balance as of July 1, 2007 as funds were not transferred to Comerica until July 2, 2007. The ending balance as of October 18, 2007 is \$71,259,854.08. Total employer contributions were \$876,724.41, and total income earned was \$766,465.44. Pension payments for the period totaled \$336,516.20, and lump sum distributions totaled \$152,549.87. Fees and expenses incurred by the plan during this time period were \$88,282.30. Darlene McAndrew stated that the fees were higher than normal due to the audit. Tom Muehlenbeck requested that the fees and expenses be itemized in future reports.

5. Quarterly appraisal report by U.S. Trust

Leon Andrus provided a RSP Summary regarding the investment performance for the third quarter of 2007. The current asset allocation as of September 30, 2007 has 3% in cash, 25% in fixed income, 56% in domestic equities, 13% in international equities, and 3% in real estate.

Fixed income is down a little because the value of the equities keep going up and so the percentage that is in fixed income continues to be at the lower end.

Stocks for the third quarter were up 5.5% while the S&P was up 2%; YTD the equities are up 14.5% compared to the S&P up 9.1%. The REITS are tied into what is happening in the real estate area and are down 2% for the year. The bonds for the quarter are up 2.6% and 4.2% for the year. It's a little below the Lehman Intermediate Index, the primary reason being we don't have as much in government as the Lehman Intermediate Government Corporate Index does, and governments have rallied a lot more than corporates have. If you look at the longer term numbers for the fixed income, they're well above the index. The total plan for the quarter was up 4.5% and YTD is up 10.5%.

Small Cap Stocks in the portfolio continue to do very well. They are up 11.4% for the quarter and up 36.4% YTD. We added two new holdings to the Small Cap area this quarter: Triumph Group tied primarily to aircraft manufacturing and ABM which is a janitorial business.

International area continues to be very strong. International stocks were up 16.6% for the quarter and 37.3% for the year - well above the indexes. We added about \$540,000 to the international area for the quarter.

We added to Freeport-McMoran during the quarter; we also added two other new names to the portfolio: Texas Instruments and Abbott Laboratories – a high quality drug provider. We sold a small holding of Discover Financial Services, we sold Plum Creek Timber, and a small holding in Centex, and our holding in Amgen.

We're still overweight in the Large Cap area, 66.9% compared to the guidelines of 40%-60%. Total Small Cap stocks are toward the low end, 8.2%, of the guidelines of 5%-20%. Total Medium Cap stocks are also at the low end, 24.9%, of the guidelines of 25%-40%.

With respect to industry diversification, we're overweight in energy and materials and slightly overweight in technology. These are areas that have done very well in the market. Financials is the area that has been the poorest performer in the market, particularly the banks. Overall, the portfolio has done very well.

John Tindall reviewed the bond portfolio summary. The maturity distribution for the third quarter is roughly equally weighted with 28% in 0-3 years, 35% in 3-5 years, and 37% in 5-10 years. We continue to keep a very high quality portfolio, with 43% in AAA, 26% in AA, and 31% in A.

With respect to bond diversification by maturity, we have a bulge in the portfolio in terms of extra investment activity in the years 2009 through

2012. We're not going to make any drastic changes, but with maturities and possibly swaps, we may continue to flatten this out a little. All of the yields from 10 years shorter have come down dramatically since the beginning of the year, because growth is slow, and the Feds have cut interest rates. As assets on the shorter end of the portfolio appreciate in value, we can swap out some of them and buy assets that are further out on the yield curve and increase the returns to the portfolio.

6. Audit report overview by Grant Thornton

7. Ratification of payment to US Trust for period March 31, 2007 – June 30, 2007

Upon a motion by Member Liew, seconded by Member Tacke, the Committee unanimously ratified payments to US Trust.

8. Ratification of payment to Gabriel, Roeder, Smith & Company for professional services rendered July - September, 2007

Upon a motion by Member Doud, seconded by Member Liew, the Committee unanimously ratified payments to Gabriel, Roeder, Smith and Company.

9. Ratification of payments to Grant Thornton for professional services Rendered in connection with the audit of the City of Plano Retirement Security Plan.

Upon a motion by Member Tacke, seconded by Member Liew, the Committee unanimously ratified payments to Grant Thornton.

10. Ratification of payments to participants:

Upon a motion by Member Tacke, seconded by Member Liew, the Committee unanimously ratified payments to the following participants:

| PARTICIPANT PAYMENTS | | |
|-----------------------------|---------------|-----------------------|
| October 18, 2007 | | |
| Name | Amount | Payment Method |
| Adams, Gregory | \$512.44 | Correction |
| Allen, Larry | \$358.40 | Monthly |
| Almassi, Michael | \$601.97 | Correction-rollover |
| Alvarez, Joseph | \$470.61 | Correction |
| Applebaum, Karen | \$759.41 | Correction |
| Ball, Rebecca | \$415.57 | Correction |
| Beaver, Ramarie | \$301.96 | Correction |

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|----------------------|------------|---------------------|
| Bell, Ronnie | \$107.90 | Monthly |
| Berghauser, Kenneth | \$819.06 | Correction-rollover |
| Bigham, Jeremy | \$683.93 | Correction |
| Bigham, Kelly | \$798.25 | Correction-rollover |
| Black, David | \$184.73 | Correction |
| Boehmke, Rocky | \$710.49 | Correction |
| Bonds, William | \$1,226.97 | Correction |
| Bowman, Paul | \$659.69 | Correction |
| Bryant, Kathleen | \$1,247.50 | Correction-rollover |
| Burdett, Antonette | \$190.76 | Correction |
| Burns, Michael | \$1,431.30 | Correction |
| Burton, Brian | \$386.45 | Correction |
| Burtz, Robbie | \$7,924.29 | Rollover |
| Busby, Robyn | \$532.70 | Correction-rollover |
| Butterfield, Beverly | \$1,037.90 | Correction |
| Byers, John | \$1,145.28 | Correction |
| Cardwell, Monique | \$791.70 | Correction-rollover |
| Carper, Vicki | \$593.69 | Correction |
| Chapa, Jr., Arturo | \$180.43 | Correction-rollover |
| Chapa, Faustino | \$735.96 | Correction |
| Cheatham, Frederick | \$187.00 | Correction |
| Christensen, Jade | \$4,028.33 | Correction |
| Chuah, Sonny | \$1,345.67 | Correction |
| Cisney, Scott | \$543.42 | Correction-rollover |
| Clay, Joshua | \$316.00 | Correction |
| Cook, Joe | \$280.99 | Correction |
| Cooper, Laurie | \$5,108.73 | Lump Sum |
| Daniel, Kristina | \$1,559.90 | Lump Sum |
| DeMara Lacey | \$316.75 | Correction |
| Denton-Olson, Susan | \$204.42 | Correction |
| Dodd, Ingrid | \$239.83 | Correction-rollover |
| Douglas, Veronica | \$194.92 | Correction |
| Dunham, Bradford | \$633.74 | Correction |

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| Durham, Stacie | \$1,319.81 | Correction |
| Durkin, William | \$2,184.08 | Correction-rollover |
| Escamilla, Joseph | \$863.48 | Correction |
| Farmer, Timothy | \$1,011.06 | Correction |
| Flores, Juan | \$405.14 | Correction |
| Flores, Maria | \$270.74 | Correction-rollover |
| Forster, Elizabeth | \$1,101.89 | Correction-rollover |
| Fowler, Joseph | \$660.42 | Correction |
| Free, Mamie | \$10,346.44 | Rollover |
| Garcia, Frank | \$1,763.68 | Correction |
| Garza, John | \$1,129.18 | Lump Sum |
| Geer, Linda | \$326.71 | Correction |
| Gorfida, Joseph | \$518.71 | Correction |
| Grant, Keri | \$454.06 | Correction |
| Griffin, Tamira | \$460.92 | Correction |
| Groves, David | \$270.44 | Correction |
| Haas, Susan | \$1,487.60 | Correction |
| Hall, Billy | \$917.96 | Correction |
| Hambright, Nora | \$205.30 | Correction-rollover |
| Hamilton, Sabrina | \$867.16 | Correction |
| Hansen, Michael | \$474.98 | Correction |
| Harbour, Cathy | \$1,291.44 | Correction |
| Harris, DeJuanna | \$1,360.60 | Lump Sum |
| Hartman, Catherine | \$1,884.05 | Lump Sum |
| Heaton, Joel | \$2,254.64 | Correction |
| Henderson, Valerie | \$1,005.80 | Correction-rollover |
| Hendricks, Billy | \$786.28 | Correction |
| Jason, Hockett | \$582.20 | Correction |
| Holzmeister, Ed | \$1,095.49 | Correction |
| Hooten, Joseph | \$673.34 | Correction |
| Howell, Bobby | \$449.92 | Correction |
| Hughes, Glenn | \$556.30 | Correction |
| Hunt-Currin, Kerry | \$280.95 | Correction |

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|---------------------|------------|---------------------|
| Hunter, Judy | \$311.70 | Correction |
| Hysell, William | \$705.32 | Correction-rollover |
| Jefferson, Michael | \$769.23 | Correction |
| Jennings, Brandon | \$367.12 | Correction |
| Johnston, Julie | \$721.77 | Correction-rollover |
| Karhu, Chris | \$315.28 | Correction |
| Keith, Lisa | \$1,075.54 | Correction |
| Kirkconnell, Andrea | \$1,355.77 | Correction |
| Laney, Jr., Warren | \$324.16 | Monthly |
| Larsen, Kenneth | \$817.36 | Correction |
| Lee, Charles | \$611.22 | Correction-rollover |
| Lester, Curtis | \$254.24 | Correction |
| Lester, Mike | \$379.04 | Correction |
| Levingston, Randal | \$609.85 | Correction-rollover |
| Lewis, Rebecca | \$481.05 | Correction |
| Lohr, Pamela | \$531.15 | Correction |
| Lorenz, Janet | \$517.89 | Correction-rollover |
| Lovell, Carolyn | \$226.46 | Correction |
| Ludwig, Lydia | \$448.87 | Correction |
| Luna, Roxanne | \$515.17 | Correction |
| Madrigal, Hugh | \$175.57 | Correction |
| Manning, Winston | \$187.67 | Correction |
| Manthei, Chris | \$1,631.81 | Correction |
| Marquez, Felix | \$1,560.68 | Correction |
| Marvel, Jr., Robert | \$1,793.22 | Correction |
| McClour, Patricia | \$518.67 | Correction |
| McCullough, Andrea | \$275.79 | Correction |
| Miller, Leah | \$381.17 | Correction |
| Minter, Karen | \$174.78 | Correction-rollover |
| Montgomery, Cynthia | \$485.76 | Correction-rollover |
| Moore, Harriet | \$265.90 | Correction-rollover |
| Morse, Robert | \$1,116.13 | Correction |
| Morvan, Cole | \$1,101.57 | Correction |

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| Munoz, Art | \$414.19 | Correction |
| Nickasio, Betsy | \$170.29 | Correction |
| Nickelson, M. Elaine | \$356.57 | Monthly |
| Nobles, Edward | \$567.88 | Correction |
| Odom, William | \$859.78 | Correction |
| Okay, David | \$536.59 | Correction |
| Olivo, Alphonso | \$387.02 | Correction |
| Orr, Vanessa | \$363.66 | Correction |
| Palmer, Vincent | \$138.73 | Correction |
| Paul, Susan | \$1,099.68 | Correction |
| Perry, Pamela | \$675.33 | Correction-rollover |
| Pitcock, Gary | \$859.44 | Correction-rollover |
| Powell, Pamela | \$457.58 | Correction |
| Price, Gwendolyn | \$511.47 | Correction |
| Privett, Jody | \$5,450.82 | Lump Sum |
| Privett, Sonny | \$696.02 | Correction |
| Ramos, Antero | \$236.22 | Correction |
| Rednour, Jeremy | \$190.91 | Correction |
| Richardson, Elvenn | \$1,533.89 | Correction-rollover |
| Richter, Laurence | \$1,707.69 | Correction |
| Rodriguez, Robert | \$619.86 | Correction |
| Rogers, David | \$204.92 | Correction |
| Ross, Pamela | \$305.57 | Correction |
| Schaefer, Jean | \$762.77 | Correction-rollover |
| Schaferling, James | \$421.93 | Correction |
| Shawn, Ronda | \$319.52 | Correction |
| Slotan, Florence | \$4,119.78 | Lump Sum |
| Smith, Rickie | \$1,317.78 | Correction |
| Solow, Robert | \$10,638.17 | Lump Sum |
| Sprabary, Vernon | \$291.29 | Correction |
| Stephens, David | \$1,927.84 | Correction |
| Stevens, Kandy | \$95.66 | Correction |
| Strickland, Guthry | \$1,174.63 | Correction |

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| Stults, Kenda | \$1,632.23 | Correction |
| Tamez, Ramon | \$915.98 | Correction |
| Tawwater, Sherrie | \$829.03 | Correction |
| Thomas, Johnny | \$310.48 | Correction |
| Thomas, Robert | \$487.77 | Correction |
| Thompson, Ann | \$1,260.46 | Correction |
| Tinsley, Terry | \$847.06 | Correction |
| Tran, Van | \$687.03 | Correction |
| Tyler, Daniel | \$335.71 | Correction |
| Underbrink, Charlene | \$301.12 | Correction |
| Victory, Rick | \$529.10 | Correction |
| Walvoord, Chantal | \$556.80 | Correction-rollover |
| Waples, Sherry | \$314.91 | Correction |
| Ware, Sr., Anthony | \$447.94 | Correction-rollover |
| Watson, Jeanie | \$2,400.05 | Correction-rollover |
| Wesson-Grimes, Bettie | \$1,323.16 | Correction |
| Westbrooks, Michael | \$398.69 | Correction-rollover |
| Wilson, Kellie | \$1,276.78 | Correction |
| Wood, Bryan | \$128.00 | Monthly |
| Wright, Dennis | \$415.64 | Correction-rollover |
| Yarbrough, Debra | \$401.30 | Correction-rollover |
| Young, David | \$1,047.35 | Correction |

11. Election of Vice Chair

12. Items for future discussion/action on future agendas

13. Adjournment

Upon a motion made by Member Doud, seconded by Member Liew, the Committee adjourned at 4:00 p.m.

Respectfully Submitted,

Darcy Collins
Plan Secretary