

REGULAR MEETING OF THE BOARD OF TRUSTEES
GENERAL EMPLOYEES RETIREMENT SYSTEM
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, August 6, 2009
9:00 A.M.

**Board's Communication to the City Commission
As of September 3, 2009**

Items Requiring City Commission Action

- None at this time

Items That May Be Of Interest To The City Commission

- None at this time

Items Submitted For City Commission Consideration

- None at this time

Chairman Bucci struck the gavel to call the meeting to order at 9:03 A.M. Roll call was taken.

Present: John "Le" Bucci, Chairman
Mark Darmanin, Vice Chairman
Sean Jones, Secretary
Ron Cameron
Darlene Pfeiffer
Dr. Bob Helmholdt
Julius Delisio
Michael Kinneer, Ex-Officio

Also Present: James O'Leary, Navellier
David Lee, Dahab Associates
David Desmond, Pension Administrator
Robert Dunckel, Assistant City Attorney
Jane Dyar, Pension & Recording Secretary
Jackie Thomas, Pension Receptionist

Chairman Bucci asked that the Board review the July minutes. Mr. Darmanin made a motion to approve the minutes. Dr. Helmholdt seconded the motion. A short discussion ensued regarding some suggested corrections. Chairman Bucci noted that the minutes represent the discussions and actions of the Board and every effort possible must be made to present them in an accurate and professional manner. Mr. Darmanin amended his motion to accept the minutes with the suggested corrections. Dr. Helmholdt seconded the motion. The amended minutes were accepted unanimously.

QUARTERLY REPORT
James O'Leary, Navellier

Chairman Bucci welcomed Mr. O'Leary of Navellier expressing the Board's interest in hearing specifics about their performance in the Large Cap Growth Market and the Mechel investment. Mr. O'Leary then passed out three leaflets of information. He reviewed the first booklet regarding the stock selection process, risk analysis, fundamental factor analysis, and portfolio construction. He then referred to the Mechel OAO pamphlet, which sparked the Board's interest, in particular, the data sheet showing the relation to the Russell 1000 Growth market. He alluded to the timeline that the stock was ranked in the top 1 percentile of their fundamental model. Mr. O'Leary pointed out that there was a little volatility in the market and then it fell. He took a moment to explain some background and the Russian political system versus industrialism. He then reviewed the press release published by Mechel OAO stating that they started forming long-term commercial relationships with key partners domestically and internationally and signed a number of agreements for delivery of its product through the end of the year. He explained that the Russian government ordered coal market participants to immediately lower domestic prices of coal 15% by September 2008. Mechel was then open to lawsuits by US shareholders citing that financial statements were materially false and misleading. Additionally, Mechel had failed to disclose information about its business practices after a Russian Federal Anti-Monopoly service found them guilty of price fixing. Mr. O'Leary explained that the stock was purchased because it looked good on their risk reward ratios and had good fundamentals that were cited in previous reports. He further stated that the moment that it failed on fundamentals and risk reward ratios, it was sold. Mr. O'Leary clarified Navellier's policy to stick to their investment strategy and that is why the stock was bought, and in turn, later sold. A short discussion ensued. Mr. Jones asked that future disclosure on significant issues such as that be disclosed to the Fund prior to general press release. Mr. O'Leary agreed and stated that he would be happy to comply if they were given specific parameters. Chairman Bucci suggested that Mr. O'Leary set a parameter for a percentage with Mr. Desmond's assistance.

Mr. O'Leary continued detailing that everything they do is geared towards keeping high quality stocks that would make the Fund money. He announced that ending in June 2009, their performance trailed year to date, but in July 2009 they out-performed and are out-performing in August. The Board expressed their gratitude for Mr. O'Leary's presentation and thanked him for coming.

QUARTERLY REPORT
David Lee, Dahab Associates

Chairman Bucci introduced Mr. Lee from Dahab Associates. Mr. Lee began by briefing the Board that the Fund's value was up for the quarter. He stated that right after March 9, 2009, the market started climbing intensely. He described how different theories of the market recovery were explained. Some theories were V shaped, W shaped, U shaped, and even an L shaped recovery. He revealed that what was happening was actually a V

shaped recovery. There was a short debate. Mr. Lee added that markets have gone up 50% from the low. Additionally, he was very pleased to declare to the Board that during the second quarter, the Plan returned 12.8% and was ranked in the 26th percentile nationally. He suggested that if that quarter were to be annualized, and then the Fund's return would exceed 50%. He said the mix of asset allocation that the Fund employs is what put the Fund in a good position and placed it near the top quartile, which meant it had beaten almost three quarters of all Public Funds in returns. He elaborated that real estate was down and will probably remain down. Timber was off slightly versus a flat return and that fixed income was up. He verified that the portfolio was well diversified and handily outperformed for the quarter. He then reviewed the managers that performed well and the ones that had more challenging periods for each of the Fund's asset classes. A short discussion ensued.

Mr. Darmanin asked if Emerald had finally taken over Global, and if so, where did that leave the investment strategy according to what the Fund originally was attracted to with Global. Mr. Lee reviewed what he understood was going on with the company and surmised it would be wise to invite the company to come and speak with the Board regarding ongoing changes. He added that he had been in contact with the company and would continue to follow their progress. Another short discussion ensued regarding Global's impending changes. Chairman Bucci then asked Mr. Desmond to follow up with Mr. Lee and also request a representative from Global to attend the next Board Meeting in September. Mr. Lee ended his presentation by proclaiming that although his report only covered the quarter ending June 30, 2009, the equity markets were up again in July.

DISABILITY: D. Weintraub

Mr. Desmond briefed the Board on the service incurred disability application before them. Mr. Darmanin raised a question regarding the criteria, with regard to a settlement negotiation possibly usurping the authority of the Board in regards to the disability applicant already having been discharged by the City thus eliminating the possibility of light duty work. A thorough and lengthy discussion ensued lead by Mr. Dunkel. Dr. Helmholdt made the motion to accept the disability as presented. Mr. Darmanin seconded the motion. Another discussion followed. Dr. Helmholdt amended the motion to defer the disability as presented until confirmed that there is no light duty position available through the City. Mr. Jones seconded the motion. Mr. Darmanin noted that he felt the decision at this time was not equitable for the employee because the City negotiated the settlement that included termination of the employee. When the last disability case was reviewed, a motion was made to approve the disability contingent on whether or not there was a light duty position available, and the Board did not withhold or delay the approval. The vote on the motion was taken to defer the disability: 4 – ayes; Mr. Bucci, Mr. Cameron, Mr. Jones, Dr. Helmholdt, Ms. Pfeiffer and 2 – nays; Mr. Darmanin, Mr. Delisio.

REAL ESTATE SUB COMMITTEE REPORT

Dr. Helmholtz commended the Real Estate Sub-Committee on their concise report, their hardnosed decisions, and effort in putting forth a sharp pencil to the numbers for the benefit of the Plan. Mr. Darmanin thanked Dr. Helmholtz and reviewed the report briefly stating that the Sub-Committee was able to reduce the architect's pricing to \$750.00. The contracts have been reviewed, approved, and signed. He added that the demolition would be proceeding once permits are issued. Mr. Darmanin then made the Board aware of a code violation on the 4800 Building that was incurred because the contractor failed to have the work finalized and the permit closed. He assured the Board that Mr. Vordermeier stated to him that the contractor would have the proper inspection performed by Tuesday and will have the permit closed. Ms. Pfeiffer asked who was responsible for the additional cost associated with the issue. Mr. Darmanin said he would reiterate to the property manager that the contractor must absorb the additional cost. Mr. Delisio reminded the Board that Mr. Vordermeier should always bring at least 3 quotes before them for consideration. He added, by doing so, it would decrease the pressure on the Sub-Committee.

ATTORNEY'S REPORT

Mr. Dunckel passed out pamphlets regarding the order and stipulations from the court with respect to MECHEL OAO for the Board's review. There was a brief review and conversation. Mr. Dunckel informed the Board that everything was in order for the class action lawsuit to proceed.

Mr. Dunckel then passed out a memo that addressed the questions previously posed regarding the telecommunications, electric franchise fees, and public utility tax. He stated that GERS is not a municipality. Although it is an exempt entity, it does not fall under the umbrella of a municipality. He reviewed the electric franchise fee of 6%, which is charged against residential, commercial, and industrial customers. He does not believe GERS is exempt from this tax. He reviewed some examples and said that GERS should continue to pay the tax.

Mr. Dunckel then addressed a Workers' Compensation offset issue. He stated that GERS is allowed to enforce an offset by virtue of the way some settlement agreements are structured. If it is specifically labeled compensation, it is different from indemnity. He explained that compensation is wage loss and in a specific case under consideration, \$30 thousand of a \$50 thousand settlement was attributed to compensation. He explained that under the Barrigan decision, a Workers' Compensation offset couldn't be used against disability payments until the two, when combined together exceed the average monthly wage. He further discussed weekly wage against monthly earnings. He digressed by stating he will not issue a memo until he has further investigated and completed a thorough analysis.

Mr. Dunckel then addressed the 4800 Building citation, he was confident the Sub-Committee addressed the matter efficiently and the matter will be closed quickly.

Mr. Dunckel then refreshed the Board's memory with regards to RMK Timber's international investments. He elaborated on the history of European greening and the advantage that environment has over domestic opportunities. He noted that he is not licensed to offer an educated opinion in the area of LLC Luxemburg and International Law. He mentioned he would be happy to try and find a lawyer that specializes in International Law and had some expertise in Luxemburg law. He reminded the Board that hiring outside counsel would entail gaining City Commission approval. Mr. Darmanin asked Mr. Lee of Dahab Associates if any of their other clients have had the same circumstances and if so, would they possibly be willing to avail themselves to counsel and share their findings. Mr. Dahab stated he could forward several well-informed attorneys in that area if the Board would like. There was a short discussion. Chairman Bucci polled the Board to see if anyone considered this matter worthy of City Commission consideration. There was a negative consensus. Mr. Darmanin asked if the Board was still going to explore future investments in timber as originally decided by the Board. The consensus was to explore additional investment opportunities in South America.

ADMINISTRATOR'S REPORT

Mr. Desmond reviewed the current procedures for annually contacting disabled members and verifying their status. He added that the current disability form was undergoing revision. He explained that the form is a claimant statement regarding employment and contains a physician statement, which describes the person's current condition. He explained that the forms are sent out once a year. He said that Ms. Dyar has contacted the local Social Security office to try and find out if they may be able to assist with tracking employment information for those receiving GERS disability payments.

Mr. Desmond presented the Board with a scope of duties that Vordermeier Management Company (VMC) provides for the Plan. He then reviewed some of the specific property management and leasing services the company provides. A short discussion ensued. Ms. Pfeiffer asked if VMC had submitted an Annual Budget that was requested by the Board for each building. Mr. Desmond said he would contact Mr. Vordermeier again regarding a budget. Mr. Dunckel stated in the management agreement there is a requirement for an Annual Budget.

Mr. Desmond then presented the Board with a proposal from Gabriel Roeder Smith to revisit the actuarial assumptions used to produce the Annual Actuarial Report. He reviewed the proposal for the Board, which would cost \$6,000. The Board discussed the proposal and reviewed some options. Mr. Darmanin proposed that a Request for Proposal (RFP) for actuarial services be done for 2010. He felt that it would not be feasible to have a new firm on board by fiscal year end September 30, 2009. The tasks of having a firm come in, evaluate and review the assumptions, run a report comparing the

old and new assumptions, and then clarify the differences and similarities would not be feasible given the amount of time available. Ms. Pfeiffer made a motion that a draft RFP be prepared that would encompass fiscal year end September 30, 2009 and include updating the assumptions every year, prepare a transition report and that the RFP would be reviewed by the Audit Committee before release. Mr. Jones seconded the motion. Discussion ensued and the motion passed unanimously.

Mr. Desmond then presented the Board with a proposal for the purchase and installation of mailboxes for the 316 Building. A hearty debate ensued. Mr. Desmond explained the US Postal requirements to the Board. Mr. Darmanin made a motion to have the Audit Committee handle the final decision and expenditure for the mailbox installation. Mr. Jones seconded the motion. The vote was taken and accepted: ayes; Mr. Bucci, Ron Cameron, Mark Darmanin, Dr. Helmholdt, Julius Delisio, Sean Jones, nays; Darlene Pfeiffer.

Mr. Desmond then reviewed a list of employees who are eligible to purchase pension credits under the Uniformed Services Employment and Redeployment Rights Act (USERRA). This Act gives employees who were on active military duty an opportunity to purchase pension credits for the time they served, when they return to the workforce. It is not a required buy-back, but it is a limited time frame option for the employee. He informed the Board of three such employees that meet the criteria. One has already purchased his time, and the other two have not yet exercised this option. One would have to pay \$5,010.21 and the other would have to pay \$4,106.87 according to the City's payroll system. He explained some other applicable government regulations.

Mr. Desmond then made information available to the Trustees on the performance of timber investments for the second quarter if anyone wished to review this information.

Mr. Desmond also announced he had copies of the Cohen Milstein portfolio monitoring report for August of 2009 should anyone want to review it.

Mr. Darmanin interjected, as an aside from the agenda that he just received a text message stating that the permit for the 4800 Building was renewed yesterday, the inspection was done today, and the work has passed all City inspections. The permit is now a closed code case.

MONTHLY FUND ASSET MIX

Mr. Desmond said the numbers were within the parameters of the Investment Policy. Chairman Bucci reminded Mr. Desmond to please invite Global to attend the next Board meeting in September.

**BENEFIT REVIEW
AUGUST 2009**

RETIREMENTS

Name	Date	Service Time	Type
Charles Wilson Parks & Recreation	8/22/09	30y, 6m, 18d	Normal

DROP RETIREMENT

Name	Date	Department
Cliff Bruening	8/1/09	Public Works
Marie Rock	8/1/09	Parks & Recreation

POST RETIREMENT DEATH

Name	Date
Dora Mae Robbins	6/6/09
Queen Cunningham	6/19/09
Marcella Vogelsang	6/29/09
Esther Busse	7/5/09

BENEFIT REVIEW

Mr. Darmanin made a motion to accept the Benefit Review as presented. Mr. Jones seconded the motion. The motion was accepted unanimously.

EDUCATIONAL CALENDAR

Ms. Pfeiffer asked for the Board's indulgence to entertain a proposal on limitations for educational training travel for a period of one year. She did not want to propose an amendment to the Educational Policy, but suggested a temporary self-imposed ban because of the losses the Fund has suffered. She then reviewed statistical notations for the Board's consideration on travel expenses for the fiscal year. She asked that Board members and staff only attend Certified Florida Public Pension Trustee Association and NCPERS educational conferences for the coming year. She explained that she felt it was important for everyone to self-limit themselves on expenses while the fund was struggling to turn around. A healthy discussion ensued. Chairman Bucci stated that self-regulation was a part of being a fiduciary of the Plan, whether elected or appointed. He stated that all Trustees share an obligation to this Plan and its members to stay abreast and informed of developments, threats, challenges, and opportunities that arise in this ever-changing arena. Additionally, he reviewed the value of educational programs to Board members individually and collectively, especially during these turbulent times. Mr. Lee, of Dahab Associates, wanted it noted that the educational programs go well beyond the limitation of education or re-certification. They keep the active attendee informed of what goes on in the field and current markets as well as what might affect a pension fund or its constituents at the end of the day.

Mr. Darmanin made a motion to approve the educational calendar as presented and to allow Board members and Staff who wish to attend, to do so, in accordance with the Education Travel Policy. Mr. Cameron seconded the motion. The motion was accepted with 6 ayes and Ms. Pfeiffer voting nay.

BILLS

Mr. Jones made the motion to accept the bills as submitted. Mr. Darmanin seconded the motion. The bills were accepted unanimously.

PLEASURE OF THE BOARD

Ms. Dyar informed the Board that the City Commission has made a request to be added to each agenda and wanted communications from the Board to them listed on the first page of the minutes as bulleted notations. Chairman Bucci quoted the e-mail forwarded to him from the City Clerk's office. A discussion ensued and the Board enthusiastically endorsed the request. Chairman Bucci also noted that the Commission requested a draft copy of the minutes so that they will have a quicker heads-up on subject matter. He explained that the draft minutes are public information before the Board formally

approves them and embraced the interest of the City Commission. The Board agreed that this was a beneficial request.

Mr. Desmond informed the Board that City's Police and Fire Pension is organizing a retirement seminar for the fall again this year and the City's General Employees' Retirement System will also be participating.

Ms. Pfeiffer made a motion to adjourn. Mr. Darmanin seconded the motion. The meeting was adjourned at 1:53 P.M.