

REGULAR MEETING OF THE BOARD OF TRUSTEES
GENERAL EMPLOYEES RETIREMENT SYSTEM
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, February 12, 2009
9:00 A.M.

Sturdily thumping the gavel, Chairman Bucci called the Board meeting to order at 9:02 A.M. Roll call was taken.

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

Absent: Michael Kinneer, Ex-Officio

Also Present: David Lee, Dahab Associates
 Robert Dunckel, Assistant City Attorney
 David Desmond, Pension Administrator
 Jane Dyar, Pension & Recording Secretary

Chairman Bucci enticed the Board to keep to the agenda, so that the meeting would be clear and concise. He asked that the minutes of the January 15, 2009 Board meeting be reviewed. Dr. Helmholdt made the motion to accept the minutes as presented. Mr. Delisio seconded the motion. The minutes were open for discussion. Ms. Pfeiffer, Mr. Darmanin and Chairman Bucci made some grammatical corrections. Dr. Helmholdt made the motion to accept the minutes as amended. Mr. Cameron seconded the motion. The minutes were accepted as amended.

Chairman Bucci announced that it was time for Board Elections and opened the floor for nominations. Mr. Jones nominated Mr. Bucci for Chairperson. Dr. Helmholdt seconded the nomination. Ms. Pfeiffer nominated Mr. Darmanin for Vice Chairperson. Mr. Delisio seconded the nomination. Mr. Bucci nominated Ms. Pfeiffer for Secretary. Mr. Delisio seconded the nomination. There were no further nominations. Mr. Bucci avowed that, by acclamation, the same officers that have served the Board so well over the past year would continue to serve the Board for the upcoming term.

QUARTERLY PERFORMANCE REPORT

David Lee, Dahab & Associates

Mr. Lee stated that the fourth quarter of the S&P 500 was the worst since its inception. He alluded that he believed most of the Trustees were aware of the market situation because of its forefront in the popular press. He explained that last quarter's loss was dramatic due to the environment of loose credit. The impact of mortgage loans and the additional burden of hedge fund's leveraging compounded the situation. Bonds and Timber were the only asset classes that actually made money; 2-8%. Everything else was negative and referred to page 32 of the report; he showed the Board that this was across the market and that there was no place to hide.

He then reviewed how the Plan was affected with the downturn of the market. The Plan dropped to the 88th percentile. A large part of that drop was because Large Cap equity was down -25.6%, Small Cap equity did relatively well at -23.4%, International equity was close to the benchmark at -19.3%, Emerging Markets were ahead of the benchmark at -38%, Real Estate was down -7.5% also ahead of the benchmark, Fixed Income was at 4.1% with a benchmark of 4.6%, and finally Timber up 5.9% with a benchmark of 2.7%. It was a very challenging period.

Mr. Lee then reviewed page 9 and the asset allocation of the portfolio. For the quarter, the fund was down to \$240 million, with a loss of \$45.8 million. He added that more than half the loss in 2008 was in the 4th quarter. He then directed the Board to review the equity managers. Mr. Lee pointed out that DePrince, Race and Zollo, have had a particularly challenging time trying to outperform their benchmark of the Russell 1000 Value. He expounded that the manager should warrant future consideration since they should be doing better in this particular market environment since they are a high quality manager. He suggested that the Board put them on a watch for 2 more quarters to see if they can turn things around. A short discussion ensued. Mr. Lee added that growth managers Navalier and Aletheia both are under performing. Navalier however has a style that is volatile, but they can hit a home run. He continued that Aletheia had a change in administration, Joe Boskovich, Sr. and his son both left approximately 5 months ago. For quantitative managers, it is a bit early to tell whether their departure has actually affected the portfolio's performance. Mr. Lee stated that Aletheia should be put on a watch for the next 2 quarters. Another discussion ensued.

Mr. Lee elucidated that the Board may want to consider advising the bond manager that they would be comfortable if he took a slightly greater risk relative to the index. Investment grade corporate bonds are currently yielding a superior return above Treasuries and now would be a good time to increase them in the portfolio. He also suggested the Board could allow for a 5% inclusion of the Fixed Income strategy in high yield bonds. He felt that there was still enough low hanging fruit to give a nice boost. There was a short debate. Mr. Darmanin asked the Administrator to see if Gilbert Garcia from Davis Hamilton Jackson could come and discuss possible changes to the fixed income portfolio at the next meeting.

ATTORNEY'S REPORT

Mr. Dunckel stated that the forfeiture of benefit discussed at the previous meeting is still under review and he had no further information at the time. He then reviewed the reinstatement of Ms. Wetmore at 9% to bridge her time and stated that her decision would be forthcoming within the time frame of 30 days. Mr. Dunckel continued that he is being patient regarding the Escrow Fund; he would follow up and try to get clarity for the Board.

Mr. Dunckel then asked if the Suite 3 premises have been occupied yet. Mr. Desmond responded negatively. He added that it was due to the restrooms not being completed. Mr. Dunckel opined that was probably permissible in the lease. He said that they did not have to move in until the improvements were completed to the suite. He reviewed that the lease states occupancy after the landlord's improvements, including ADA compliant restrooms. Initially, it was verbally agreed that the tenant could share the restrooms in Suite 2 until their restrooms were completed. However, Assistant City Manager David Hebert did not agree and was not comfortable with them moving in until the construction was completed. The Board asked how long it would take to complete construction. Mr. Desmond pointed out that the delay was partially due to not receiving the Escrow funds so VMC doesn't have the money to pay for the work. In the meantime, to keep the construction moving, voucher payments had to be submitted to accounts payable by the Pension Office. There have been issues from Finance with the original invoice for payment and then a secondary issue with the W-9 for the company. Chairman Bucci interjected that he felt the Real Estate Committee needed to look into the VMC statements to address the lack of deposits to GERS as well as the reconstruction of the VMC reports for easier reading by the Trustees. In addition, they should look into the payment avenue for Winburn and why it fell on the Pension Office to carry out the funding.

POLICY REVIEW

Chairman Bucci explained that once a year, the Board reviews the policies they have in place and, if necessary, make adjustments to them. He then asked Mr. Desmond to please review them.

Mr. Desmond explained the Audit Policy and that it was formulated originally by prior Board member John Tomlinson, CPA. Chairman Bucci suggested that if any Board member would like to set up a new Audit Committee to review and make changes to the current Audit Policy, please come forward. Ms. Pfeiffer suggested that no committee needed to be formed; after review, she could only spy a scrivener's error that would need to be corrected. She noted under frequency of meetings, it stated "semi-annual" and it should be "semi-annually".

Mr. Desmond then reviewed the Investment Policy; he stated he didn't believe there needed to be a change. Mr. Lee added he thought the policy read fine and the only

suggestion he would have is to change the benchmark name from Lehman's to Barclay's. Mr. Desmond explained the change was due to Barclay purchasing Lehman. Dr. Helmholdt suggested that Mr. Desmond advise the presenters be limited to 10 to 12 minutes instead of a half hour to present something that is full of circumlocution, banal and innate phrases, and extraneous talk.

Mr. Desmond examined the Travel Policy. He offered multiple suggestions to bring the document up to date and the exclusion of FPPTA and NCPERS to the limit of out of state programs. A short discussion was held.

Ms. Pfeiffer then offered her view that out of state conferences should remain limited to 2 per year. Additionally she would like to restrict the certification training to just the Trustees and the Plan Administrator. She continued that she did not feel the added expense of staying at a hotel was warranted if the conference was within the tri-county area; commuting should be encouraged. She asked that everyone support these suggestions, following the PSM of the City Policy as well as being good fiduciaries. Chairman Bucci commented on the restriction of the secretary to attend and be certified through the Certified Public Pension Trustee Program. His feelings were that it could only enhance operations of the office especially while Mr. Desmond was away. Ms. Dyar asked the Board to understand that in the position of Pension and Recording Secretary; it was informative becoming certified, not only to understand and become knowledgeable about the Plan, but also to understand verbiage as well as the operations of the Plan. That knowledge combined with administrative secretarial skills has helped transform the office operations, from file systems to minute compilations into a more accessible format. Mr. Dunckel suggested that with all the corrections that have been discussed and considered, it would be better if Mr. Desmond reduce them to a strike through underscore format on the Travel Policy and bring them back to the Board at the next meeting for review and final motions.

Mr. Jones added that there might be some suggestions that a Trustee may want to enumerate on and Chairman Bucci reiterated that every Board member would receive a current copy of the Travel Policy in addition to the strike-through Policy for review.

ADMINISTRATOR'S REPORT

Mr. Desmond stated that the Internal Affairs office is having an I-Net operating system installed through Comcast. It is a fiber optic system. Staff from the City IT Department stated it would be possible to piggy back with them, which would make our operations much more proficient. The Lieutenant from IA asked if the Pension Office would be willing to split the cost of the installation. Comcast gave us an estimate of \$2,920.97; our cost would be \$1,460.49. Mr. Desmond received an e-mail from IT showing that migrating to the I-Net services would reduce the GERS recurring costs by \$2,342.88 annually. The bandwidth will increase significantly and our computers will run as fast as in City Hall. There was a short discussion and Mr. Darmanin made the motion to table the I-Net discussion and defer further discussion until the May meeting. Mr. Cameron

seconded the motion and the board concurred unanimously.

Mr. Desmond shared a note addressed to the Board from former money manager High Pointe Capital. He read that most of their shortfalls have now been made up; they explained they had learned lessons, and they thanked the Board for the opportunities given to them. The note ended that they wished to have been able to make these returns when they were still with the fund.

MONTHLY FUND ASSET MIX

Mr. Desmond said that December was up from November, and although January doesn't look good all the money at this time is within parameters.

BENEFIT REVIEW
March 2009

RETIREMENTS

Name	Date	Service Time	Type
Marian Gray Public Works	3/3/09	8y, 23d	Normal

DROP RETIREMENT

Name	Date	Department
Richard Smith	4/01/09	Public Services

POST RETIREMENT DEATH

Name	Date
Dorothy Mitchell	2/1/09
Helen Kiley	2/1/09
Helen Schoell	2/11/09
Gerard Rack	2/14/09
Kathleen Sarkin beneficiary	
Louise Clark	2/15/09
James Mackrell	2/22/09

BENEFIT REVIEW

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

EDUCATIONAL CALENDAR

Mr. Desmond reviewed the upcoming educational opportunities stating the only new conference on the list was the annual FPPTA Conference that will be held in Boca Raton this year. Mr. Darmanin made a motion to accept the educational calendar as presented and to allow Board members and Staff who wish to attend, to do so, in accordance with the Travel Policy. Mr. Jones seconded the motion. The motion was accepted unanimously.

BILLS

Mr. Darmanin made the motion to accept the bills as presented. Ms. Pfeiffer seconded the motion. The bills were accepted unanimously.

Ms. Pfeiffer questioned that when GERS pays building improvement costs, it would not reflect on the property manager's books and reports. She really would like this noted and followed up. The Chairman asked if she would want to take on that task but Ms. Pfeiffer declined assisting due to time constraints. However, because of the due diligence and responsibilities of the Board, she felt the Property Manager and his reports should be audited. Mr. Darmanin asked if Mr. Desmond could secure a quote from the current contracted Auditor and, if it comes back below \$1,000.00, to authorize Mr. Desmond to go ahead and contract with them. Further discussion ensued.

PLEASURE OF THE BOARD

Mr. Darmanin stated that an audit was discussed previously but there was no motion. He questioned that since there was no motion, there would be no audit of our property manager. After discussion, Chairman Bucci called for a motion to be made for the Real estate committee. Ms. Pfeiffer made the motion to empower the Real Estate Committee to make decisions and to act on the behalf of the Board for the calendar year. Mr. Cameron seconded the motion. The motion was accepted unanimously.

Mr. Jones made the motion to adjourn the meeting. Ms. Pfeiffer seconded the motion. The meeting was adjourned at 11:30 A.M.