

REGULAR MEETING OF THE BOARD OF TRUSTEES
GENERAL EMPLOYEES RETIREMENT SYSTEM
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, March 5, 2009
9:00 A.M.

Chairman Bucci used the gavel with the precision of a drum roll to call the meeting to order at 9:00 A.M. Roll call was taken.

Present: John “Le” Bucci, Chairman
 Dr. Bob Helmholdt
 Julius Delisio
 Sean Jones
 Darlene Pfeiffer, Secretary
 Michael Kinneer, Ex-Officio

Absent: Ron Cameron
 Mark Darmanin, Vice Chairman

Also Present: Gilbert Garcia & Janna Woods, DHJ & Associates
 David Bunzell, Aletheia Research & Management, Inc.
 Robert Dunckel, Assistant City Attorney
 David Desmond, Pension Administrator
 Jane Dyar, Pension & Recording Secretary
 Jackie Thomas, Receptionist

Chairman Bucci asked the Board to review the minutes of February 12, 2009. The Board reviewed the minutes with expediency and with pragmatic corrections. Mr. Dunckel opened an envelope presented to him on behalf of Mr. Darmanin, to be read in lieu of his presence, which included some grammatical correction to the minutes. Additionally, Mr. Dunckel said he would make references when pertinent. Dr. Helmholdt made the motion to accept the minutes as amended. Mr. Jones seconded the motion. The minutes passed unanimously as amended.

Chairman Bucci thanked the Trustees for their fervor and continued with the agenda. Mr. Dunckel interposed that Mr. Darmanin wished to remind the Board that Mr. Garcia’s presence had been requested to determine if a separate product existed that could take advantage of the Corporate Bond Market. He also wished it be discussed whether the Board should consider easing the Policy regarding BBB bonds, since DHJ’s Robert Davis had originally suggested that it was not a good idea.

Chairman Bucci thanked Mr. Dunckel and introduced Ms. Woods and Mr. Garcia from Davis, Hamilton, Jackson and Associates to discuss the Fixed Income Portfolio.

FIXED INCOME PORTFOLIO DISCUSSION

Janna Woods & Gilbert Garcia, Davis Hamilton Jackson & Associates

Ms. Woods thanked the Board for inviting them to speak during this turbulent financial time and introduced herself and Mr. Garcia to any new Board members.

Mr. Garcia reviewed the volatile market including a fascinating chart of corporate bond spreads. He stated that the last time spreads were this wide was during the Great Depression and elucidated that since then, stabilizers had been initiated to prevent such a calamity from re-occurring ever again. He added there have been so many programs created since then to assist with preventing a depression that the government, at this point, cannot keep up with them. There was a short reflection.

Mr. Garcia then presented the Board with another chart that assessed excess returns in the corporate bond sector and examined the potential opportunities over a 10-year Treasury bond. He gave a brief review of the Fixed Income portfolio with its characteristics and analyzed the current market factors for the Board playing the devil's advocate for negative, positive, and neutral positions. He stated that adding corporate bonds gave greater exposure while increasing bonds with callable features gave greater yield. He answered Mr. Darmanin's question regarding triple BBB names but he did not think it warranted the higher return due to risk. Mr. Garcia stated that they will be increasing the portfolio to 30% in corporate bonds and the investment will be coming out of agency issues. There was a short discussion.

Ms. Woods hoped that Mr. Garcia's explanation regarding the risk profile for the portfolio referencing the corporate bonds was clear, reminding the Board that security for the entire portfolio against loss was an ultimate consideration. She added that the intermediate strategy was the best at this time for the portfolio. Ms. Woods concluded the presentation by reviewing the Large Cap Growth and performance pages for 1, 2, and 3-year returns relative to the market. She added that as of a week ago, they were 1% ahead of the market. Growth returns were at a less negative number than Value. Mr. Desmond asked if there was anything different in this downturn compared to 2000-02 that might propel growth stocks out of the current situation. Ms. Woods said she thought that quality growth stocks would be a stronger area however, she wouldn't be surprised if the value arena took a bounce upward; but long-term she would stand fast on growth. The Chairman thanked them for coming on such short notice and for their diligence.

QUARTERLY PERFORMANCE REPORT

David Bunzell, Aletheia Research & Management, Inc.

Mr. Bunzell thanked the Board for inviting him and gave a brief history of his position with the company. He stated they have over \$7 Billion in managed funds, down from \$8 Billion. He added that they have outperformed the benchmark every year since inception. Remorsefully, he explained that October 2008 was a brutal time for the company. There was an underestimate of the need for cash and people couldn't sell

anything other than the most liquid companies. One of the strengths of the portfolio is having a position in companies that have little or no difficulties for the purchase of their product; they are less impacted by the vagaries of the economy. Additionally, he described their gold investment as a stable center of the portfolio believing that gold, and the companies that produce it, could move much higher. Mr. Bunzell continued that they are well positioned even if the economy is slowed in responding to the recovery. He reviewed the portfolio composite and characteristics, the current holdings, and spelled out their investment process. He reminded the Board that they are a completely bottom-up investor and do not pay attention to sector weightings. Mr. Bunzell stated that the more money the government throws into the pot, the less the money is actually worth; however, gold will hold true and, in fact, increase. He feels higher inflation is around the corner, not stagflation.

Mr. Bunzell also wanted to clarify the departure of Joseph Boskovich, Sr., who was fired for cause, as well as the departure of his son Joe Boskovich, Jr. adding that they had nothing to do with the investment process, so he felt GERS would see no difference in service. Both Mr. Boskovich and his son have begun their own company. In lieu, he described that he has been brought on board full-time to the Aletheia team and that he has been “behind the scenes” as an investor since the company’s inception. A short discussion ensued. The Board thanked him for the enlightening discussion.

ATTORNEY’S REPORT

Mr. Dunckel began by discussing the forfeiture of benefit follow-up with regards to a former City employee. He stated the particular case was still being reviewed with noted Florida pension attorney, Steven Cypen. He felt the applicant had the burden of proof by the preponderance of the evidence to prove the case. He reflected on the former Broward County Sheriff Ken Jenne case, which is in the courts now and still under study. He added from Mr. Darmanin’s letter that Mr. Desmond should seek an opinion from an outside attorney with regard to pension forfeiture. Mr. Dunckel responded that was his area of responsibility and that he hoped he would come up with a generic set of guidelines that could be reviewed and used by the Board.

Ms. Pfeiffer asked if Mr. Dunckel would also consider looking into forfeiture of another former employer who was also fired for theft. The particular case was discussed and determined that the former employee took a refund and will not be applying for a pension benefit. Mr. Dunckel stated that any future cases would be subject to a certiorari review, and reiterated his concern is that due process is afforded.

Mr. Dunckel then expounded on the issue of the escrow fund. He passed out copies of the contract explaining it has been signed and shipped to First American Title. However he has not heard from them as of this date. The Fund should be receiving \$46,155.74, and the accrued interest flow back to the seller. He will keep the Board abreast.

Lastly, Mr. Dunckel would like to bring up an action relative to the Travel Policy. He did

some Sunshine Law legislation, at first blush thinking there might be a violation, however, there was not. Apparently various e-mails began to circulate throughout the City regarding the Travel Policy review. He reminded the Trustees that to respond to another Board member or to use a non-board employee as a conduit to a Board member is where Sunshine Law violation begins. Luckily this was not the case; however, he wanted to caution Trustees in light of the aforementioned dissemination of information.

TRAVEL POLICY REVIEW

Chairman Bucci began by saying he had asked Mr. Desmond to make a “track changes” version of recommendations to update the Travel Policy for review. Dr. Helmholdt made the motion to approve the amended Travel Policy. Mr. Jones seconded the motion. The Travel Policy was then opened for discussion. Mr. Dunckel suggested a review on a “topic by topic” basis would be easiest to follow since there may be other suggestions or revisions for proposal. Ms. Pfeiffer interjected that she would like to have the Board understand exactly what she had done. She explained that she had several Plan members who have communicated with her and who wish to be more involved but cannot make it to the Board meetings. She took it upon herself to e-mail those particular Plan members and let them know of the Travel Policy proposals for change and asked them for feedback or to contact Mr. Desmond so that their wishes as Plan members could be acknowledged. She stated she only sent it out originally to 10 - 12 people, they forwarded it on to others, and she is not sure exactly how many people actually received the proposed information. She believed some employees contacted the Pension Administrator and Mr. Desmond affirmed. She next asked if he would be so kind and share their thoughts. Chairman Bucci interposed and said he would prefer to not begin discussing comments but to continue with discussing the Policy. He added that Ms. Pfeiffer solicited the comments and they are hers to use to formulate into ideas that apply to the Policy change.

Chairman Bucci turned to Mr. Desmond and asked if there were any further revisions he had for amending the Policy. Mr. Desmond answered no; however, there were some employee comments regarding the Policy. Chairman Bucci acknowledged and said to share those with Ms. Pfeiffer. Ms. Pfeiffer retorted with verve that what the Chairman was saying is that the comments being offered by the Plan members regarding the Travel Policy were not relevant to the discussion. Chairman Bucci disagreed; he then asked for any further Travel Policy amendment proposals.

Ms. Pfeiffer made the motion to amend the motion on the floor, to add the words “and the Plan Administrator” in the section Directed Travel. Mr. Delisio seconded the motion. Mr. Dunckel stated that previously, the Administrator and staff were authorized to travel as part of each motion to approve the Education Calendar. Mr. Jones questioned the substance of such a motion leading to a short discussion. The motion was called; the vote was taken, and was approved unanimously.

Ms. Pfeiffer next motioned to amend the motion on the floor, under Directed Travel, to read, “ Complimentary seminars will not count toward the annual attendance limit if there

are additional costs to the GERS Plan”. She then offered her reasoning for the motion. Chairman Bucci asked for a second on the motion. The motion died for lack of a second.

Ms. Pfeiffer next made the motion to amend the motion on the floor, under Directed Travel, to read, “Board members who are within six months of being ‘termed-out’ will not be reimbursed for GERS travel because the residual benefit to the Plan is not cost-effective. Trustees may attend such educational seminars at their own expense if they wish to maintain their CPPT status during the remaining term on the Board.” She again offered her reasoning for the motion and Mr. Dunckel concurred that the concept expressed was sound reminding the Board this Plan is a trust and fiduciary policies should be considered. Chairman Bucci asked for a second on the motion. The motion died for lack of a second.

Ms. Pfeiffer then made the motion to amend the motion on the floor, under Lodging, to read “... except if the conference, meeting, or other program is located in Miami-Dade, Broward, or Palm Beach Counties and the cost of lodging and meals would exceed the cost of mileage reimbursement for travel to and from the event.”, add the word “hotel” and the sentence “Valet Parking will be reimbursed only up to the amount that would have been charged for self-service parking, if any.” Chairman Bucci asked for a second to the motion. The motion died for lack of a second.

Ms. Pfeiffer called for a motion to amend the motion on the floor, under Rental Car, to read “... and the total cost of a rental car is less than the cost of the least expensive taxi, bus, or similar ground transportation between the airport and travel destination and back.” Chairman Bucci asked for a second to the motion. The motion died for a lack of a second.

Ms. Pfeiffer embarked on a colloquy that she was very disappointed in the lack of the support from the Board members, especially with regard to limiting the travel of the Trustees during these tenuous times. She asked that the minutes reflect the numbers she requested from Finance regarding the money spent for travel by the Board. In 2003, \$35,000 was spent for travel; 2004, \$29,000 was spent; 2005, \$34,000 was spent; 2006, \$44,000 was spent; 2007, \$38,000 was spent; 2008, \$44,000 was spent. Over the course of 4-5 years, that is a passel of money, and the same Trustees continue to travel.

Chairman Bucci riposted that part of his election campaign was his belief in the education of the GERS Trustees and he encourages Trustees to attend conferences and seminars to improve their knowledge as well as their credentials. He added that he has attended programs and has not requested any remuneration. He takes his fiduciary responsibility very seriously and feels that a free-flowing policy is more prudent than a restrictive one.

With no further discussions about the motion on the table, the Chairman called for a vote on the amended Travel Policy. A 4 to 1 vote; Mr. Jones, Mr. Delisio, Dr. Helmholdt, and Mr. Bucci affirmed with Ms. Pfeiffer opposed and the Policy changes were espoused.

ADMINISTRATOR'S REPORT

Mr. Desmond explained that the Auditor, Rachlin, was not ready to come and do an update on their Audit Report. The firm has not received the information from the City's Finance Department so they have been unable to begin the Audit. He explained that they had a target date of mid-March but, without the trial balance, they cannot meet the target. Mr. Desmond said as of March 4th, the same issue has been resolved for the P&F Plan. E-mail from Finance stated that the General Employees trial balance information would be available by Friday March 6, 2009.

Mr. Desmond announced that VMC's monthly statement was available for anyone who would like a copy to peruse. Ms. Pfeiffer and Mr. Delisio asked to receive a copy every month.

Mr. Desmond avouched that the 2009 Member Account Statements, known as blue forms, have been sent out to the employees. People are responding actively regarding beneficiary changes and those changes are being processed immediately.

Mr. Desmond queried if the Board would consider purchasing a new board table. The current table is over 15 years old and he has come across some very good prices recently. After a brief conversation, the Board did not express any interest at this time.

MONTHLY FUND ASSET MIX

Mr. Desmond reported that at the end of January, the Fund was lower in equities and higher in fixed income than normal, but as David Lee of Dahab Associates suggested, he is not making any moves at the moment. He reminded them that selling low at this time is not a good idea, so the Portfolio is in a holding pattern.

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. Delisio seconded the motion. The motion was accepted unanimously.

EDUCATIONAL CALENDAR

Dr. Helmholdt 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

Dr. Helmholdt made the motion to accept the bills as presented. Mr. Jones seconded the motion. The bills were accepted unanimously.

PLEASURE OF THE BOARD

Ms. Pfeiffer announced that, after much thought, she has decided she would like to resign her position as Secretary of the GERS Board. Chairman Bucci asked if she had any nomination for someone to succeed her. Ms. Pfeiffer did not. Chairman Bucci then requested that she submit her resignation in writing, effective as of the April 2nd meeting, and that a nomination for Secretary and election for the position would be held at that meeting.

Chairman Bucci sadly apprised everyone that former Board Chairman Bruce Larkin's father passed away. He thought the Trustees would appreciate being made aware and, if anyone wished to send a condolence, please inform Ms. Dyar.

Chairman Bucci encouraged the Board to tour Suite 3 & 4 to see the finished bathrooms after the meeting is adjourned.

Dr. Helmholdt made the motion to adjourn the meeting. Mr. Delisio seconded the motion. The meeting was adjourned at 11:43 A.M.