

REGULAR MEETING OF THE BOARD OF TRUSTEES
GENERAL EMPLOYEES RETIREMENT SYSTEM
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, May 14, 2009
9:00 A.M.

Chairman Bucci thumped the gavel and called the meeting to order at 9:00 A.M. Roll call was taken.

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

Absent: Dr. Bob Helmholdt

Also Present: Jim Webb & Greg Williams, RMK Timberland
 Richard Dahab, Dahab & Associates, Inc.
 Alan Vordermeier, Vordermeier Management Co.
 David Bergman, Global Transition Solutions
 Robert Dunckel, Assistant City Attorney
 David Desmond, Pension Administrator
 Jane Dyar, Pension & Recording Secretary

Chairman Bucci asked it be noted for the minutes that Dr. Helmholdt submitted a letter on May 5, informing the Board that he would be unable to attend the meeting. He then asked the Board to review the minutes of the April Board meeting. Mr. Darmanin made the motion to accept the minutes. There was a discussion; Mr. Kinneer noted a correction in the spelling of his name. Chairman Bucci stated that the Secretary had resigned and that it needed to be reflected in the attendance section of the minutes. A small grammatical error was also noted. Mr. Darmanin made the motion to accept the amended minutes. Mr. Jones seconded the motion. The minutes were accepted unanimously.

TRANSITION MANAGEMENT PRESENTATION
David Bergman, Global Transition Solutions

Chairman Bucci welcomed David Bergman to present some ideas on Brokerage Cost advisement opportunities. Mr. Bergman began by explaining to the Board that he teaches a class for FPPTA, should any of the information he gives sound familiar. He reviewed his experience by summarizing that he has been protecting pension funds from Wall

Street for over 20 years. He specified that they protect pension funds from the single largest cost; “brokerage cost”. He expanded his presentation by focusing on the idea that they bring transparency to the function of the brokerages, and that clarity has never been there before because the law does not require it. He stated that 72 cents of every dollar is related to brokerage cost and execution cost. He further stated that volatility in the markets drives the cost, but, regardless of the volatility, there is an expected range. He then reviewed some performance records on page 4 of his presentation packet. He said the brokers were not really performance based, as they should be. Mr. Bergman explained that most of the time, the transition manager used to broker the client’s portfolio is correlated by 1) relationships, 2) research, 3) commission recapture. After a short synopsis of that statement, he added that in researching trading costs, they have found red flags. He stated research shows \$300 million in trades, lower performing brokers were getting 55% of trade costs.

At this time, there are no companies in this industry watching the brokerage firms. He added there was no charge for his service. A short discussion ensued. He explained that they do a complete analysis, at no charge, and if the Board was not satisfied, there would be no strings attached. The company’s process would give the Board complete transparency and clear up the picture to know how, why and who are affecting the fund. He gave a brief overview of what he called a fixed income stress test, explained the lead consultants role, and just how this could positively affect the Board in making decisions. Mr. Jones asked how the brokers were ranked. Mr. Bergmen stated that they ranked them on the amount money they were given and how much they had left in the trade, which was called “execution differential”. Further discussion ensued. Chairman Bucci asked that he leave a contract for counsel to review, that it would be discussed at a future Board meeting, and thanked him for all the information that the Board gleaned from him.

QUARTERLY PERFORMANCE REPORT

Jim Webb & Greg Williams, RMK Timberland

Mr. Webb thanked the Board for having them come and explained that Mr. Williams would review the properties and performance to date for the Board. He then passed out a pamphlet to the Board members. Mr. Williams reviewed the fund’s investments over the past 24 months. He stated the portfolio value has grown \$19 million over the last 2 years; some of the investment was still in cash (escrow) for properties waiting for purchase. He reviewed a map of North America showing the areas they are invested. He explained they have 6 thousand acres in Oregon, 14 thousand acres in upper Wisconsin, 20 thousand acres in the middle of Tennessee, and 54 thousand acres in the middle of Texas. He described that the property is in 4 distinct markets, 3 different major species in the 4 states, and 5 different timber products that are produced. He then showed where the international tracts were distributed and pointed out what they were acquiring or have purchased. A short discussion ensued. Mr. Desmond asked about the uses for the Eucalyptus trees grown. Mr. William said mostly for the carbon industry, pulp, poles, lumber, and of course oils. He explained the growth pattern, planting structure, and plans. He pointed out how highly diversified they were in the investment regions while

reviewing the region target ranges. He then reviewed the age class target within the portfolio and explained how they are categorized from emerging, established to mature trees. He stated he was very happy with the diversity of the fund.

Mr. Webb announced that he wanted to share a new opportunity with the Board of a Global Timber Fund. He explained the expansion plan for not only in South America, but South Africa, Central Europe, Hungary as well as East Germany. With each country, he specified the plans for each, along with the diverse timber offered for each area. He felt investing further in Timber would be a good opportunity. Ms. Pfeiffer asked if there was ever a problem with an environmental group regarding the harvesting of timber. Mr. Williams stated no, he added that RMK is one of the few funds that work with environmental groups. In fact, he explained, they just did a deal with the Environmental Conservancy regarding property in upstate New York on the border of the Adirondack State Park. There was another question on fire prevention. Mr. Webb explained they promote active management and consistent monitoring to curb potential threats. There was a short discussion. Ms. Pfeiffer relayed the value of due diligence site visits and asked about the possibility of physically viewing the forested property. Mr. Webb invited any of the Board members to visit any of the properties to ensure due diligence.

Mr. Williams stated there would be slow growth and possible stagnation through 2010, but also added some of the land portions are balancing out the value. He added, however, cycling the growth helped over the long haul. Timber sales at present have not been at their highest, so until the window opens, they will allow the trees to grow. He reassured the Board that was the light side of the fund, and on an up note all of the properties purchased in 2009 were bought at a highly reduced rate. In summary, he closed by praising the high-diversified fund. He stated the funds would be exceptional in the long run. The Board thanked them again for coming and there was a short question and answer segment regarding further investment.

QUARTERLY PERFORMANCE REPORT

Richard Dahab, Dahab & Associates

Chairman Bucci invited Mr. Dahab to the table and asked him what his opinion was regarding the previous speakers. He summarized each stating that with Global Transition Solutions, he really saw no downside and little risk. He reviewed that having an additional watchdog over the transition managers usually brings forth better behavior. Mr. Dahab said Global Transitions basically would take a third of the cost he would retrieve for the fund. It would be a saving for the fund; in addition, the snapshot presented in the report would be nice for the Board to review. He also added that, as a consultant, the SEC regulates him and he is periodically audited. Mr. Darmanin asked him to give his opinion on RMK. Mr. Dahab said there is the problem with liquidity, but as a long-term solid investment, it is a great investment. Right now the Plan is only invested in Timber to about 2% of the Fund's assets. Chairman Bucci asked Mr. Dahab if he would recommend that they should increase the investment. Mr. Dahab favored the asset class especially since they were already invested with the current manager. Mr.

Dahab then expounded that the Global market that was offered was very interesting over the idea of agribusiness only because it is more economically effected. Timber, if prices are down, can sit, they are a good inflation hedge, and the actual land they sit on also rises in value. Chairman Bucci asked if he would be comfortable with the investment of 5% of the Plan's assets. Mr. Dahab affirmed. Chairman Bucci, in agreement with the Board, asked that Mr. Dahab and Mr. Desmond look into the additional investment further and bring back all the facts for the Board's review.

Mr. Dahab then stated he would give a brief report, although an ugly report, and added that it may be the last ugly report for a long time. He stated that the economy going into the first quarter was horrendous. He said in 8 of the 9 weeks, the markets seemed to be rising. He added the market may go down in June, however, stocks are cheap relative to the earnings power. Bargains are available now. He believed that the worst was in the past. He expounded further on the choice of stocks. His outlook is positive for the next quarter. Over the last 5 years he said the Fund has lost 1.1%. He then reviewed manager's performance individually.

Mr. Desmond asked what Mr. Dahab's thoughts were on Mr. Lee's recommendation to keep DePrince, Race & Zollo on the watch list. Mr. Dahab thought they should be taken off the watch and said their average stock yield was 5% and were selling at an 8.4 ratio. He reviewed their top stocks; JPMorgan, Microsoft, Marathon Oil, etcetera. The only stock he would question was American Eagle Outfitters. Mr. Darmanin then asked if Mr. Dahab would comment on Credit Suisse. Mr. Dahab said the Swiss would like to get completely out of America, specifically because of the stringent banking laws. UBS is up for sale, but he has not heard anything specifically on Credit Suisse. In terms of the market, they have beaten the market 52% of the time and have done a good job for the Plan. He added that the timber and treasuries investments were what held the Fund.

Chairman Bucci asked about the total return comparison chart. Mr. Dahab reviewed the performance charts and said that in 2009, the Fund was actually ahead despite the terrible numbers. A short discussion ensued.

Mr. Dahab recommended keeping an eye on Global Capital. He added that he might trade off the fixed income for the stock market right now. He suggested taking a percentage from Davis Hamilton and investing it in the stock market. After discussion, Mr. Delisio made the motion to move \$10 million from bonds with \$5 million to Navallier and \$5 million split amongst WEDGE and DePrince Race and Zollo per Mr. Dahab's recommendation. Ms. Pfeiffer seconded the motion. Mr. Darmanin expressed some concerns and asked that the money be spread across all 5 equity managers. A short discussion ensued. Mr. Delisio amended his motion to take \$10 million from Davis Hamilton fixed income and move \$2.5 million to Davis Hamilton large cap growth, \$2.5 million to DePrince Race & Zollo large cap value, \$2.5 million to WEDGE large cap value, \$2.5 million to Navallier large cap growth. Mr. Cameron seconded the amended motion. The Board voted unanimously to reallocate \$10 million dollars.

VORDERMEIER MANAGEMENT COMPANY (VMC)
Alan Vordermeier, CPM

Mr. Vordermeier passed out an agenda he brought for short review with the Board. First he reviewed the request for an 8% management fee for the improvements with regard to the new bathrooms in Suite 3 and Suite 4. He explained this was covered under his management contract and is standard practice. A discussion ensued. Mr. Delisio made the motion to pay a 5% fee to VMC. Mr. Jones seconded the motion. Mr. Darmanin asked for a discussion and recommended that an amendment to the contract with VMC read that all future work where a management fee would be imposed would be negotiated prior to the work being done. Ms. Pfeiffer stated for the record the 5% amount paid would be \$2,321.58. Mr. Vordermeier stated that it would be taken out of the operating account as payment. The Board accepted the motion unanimously.

Mr. Darmanin then made the motion that counsel be empowered to amend the contract with Mr. Vordermeier (VMC) to read that all future work where a management fee would be imposed would be negotiated prior to the work commencing. Mr. Cameron seconded the motion. The Board accepted the motion unanimously.

Mr. Vordermeier moved on to section 2 of his agenda. He wanted to apprise the Board that Backus Turner would like consideration regarding lease renewal. He passed out information to the Board. On August 1, 2009, the lease comes due. The tenant has requested a reduction of square footage by removing all kitchen use. He explained they are only charged for half of the kitchen at this time and there wouldn't really be much of a reduction if the option was considered. Chairman Bucci thanked Mr. Vordermeier for the information and the Board declined to consider the reduction.

Mr. Vordermeier then reviewed the proposed industrial property that he brought to the attention of the Board last month located in Oakland Park. He wanted to know if the Board was interested. Deliberation ensued. Mr. Dunkel stated a finance question was posed to the Board previously, however, that is still being queried. Chairman Bucci asked if the seller would be interested in a trade. Mr. Vordermeier said he would check. Ms. Pfeiffer stated she was against writing any letter of intent or consideration of additional buildings at this time due to the situations this Plan is up against and she did not think it was in the best interest of the Fund.

Mr. Vordermeier moved on to the 4th section; the 4800 Medical and Professional Building. He explained the issues he has had regarding various inquiries on the 2nd floor property. He instilled to the Board his feeling that it would be next to impossible to rent the entire 2nd floor to a single group, as they just don't exist anymore. He stated he had a dozen or so inquiries for smaller square footage and felt that by doing a demolition and reconstruction of the second floor into 4 individual suites, they would be at a great advantage in leasing the space. He passed around versions of the suggested suites and how he proposed to begin construction of the suites and the stages of construction. He showed them the cost estimate of \$90 per square foot and the total cost of \$240 thousand.

Mr. Jones asked if the plan was to construct all the suites at the same time. Ms. Pfeiffer stated that it would be ¼ of a million dollars for one suite; she felt that was awfully high. Discussion ensued. Mr. Vordermeier stated he proposed one suite as a showcase that would entice smaller individuals to lease. Mr. Vordermeier stated that he would charge a base rate of \$15 per square foot with a CAM charge of \$9 a square foot for a total of \$24 per square foot. Mr. Cameron asked if the construction would interfere with the actual tenants in the building presently. Mr. Vordermeier responded in the negative. Ms. Pfeiffer asked for a timeline. Mr. Vordermeier stated a minimum of 6 months. Further discussion ensued. Ms. Pfeiffer made the motion to empower the Real Estate Sub-Committee to review the construction and demolition for the 4800 Building 2nd Floor and to discuss the percentage of the administrative fee up to but not to exceed the 5% of the cost to oversee said work. Mr. Delisio seconded the motion. The motion was accepted unanimously. The Real Estate Sub-Committee members are: Mark Darmanin, Sean Jones and Ron Cameron. A date was set May 21, 2009 at 1:30 P.M. for the Sub-Committee to meet at the 4800 Building.

Ms. Pfeiffer asked Mr. Vordermeier to clarify the format of the statements he forwards to the Board. She thanked him and Mr. Darmanin for the clarification of the new format.

ATTORNEY'S REPORT

Mr. Dunckel stated that the escrow money was deposited. He reviewed the perils of the closeout settlement but felt it important to release the information to the Board after all they went through to retrieve the money.

He then reviewed the current contract with Mr. Vordermeier, he noticed the inclusion of the 4800 building and holding an escrow account of not more than \$5 thousand in total for both buildings.

Mr. Dunckel continued by explaining that Atara Hirsch, from one of the portfolio monitoring groups, sent the Board some materials asking that they be lead plaintiff against Sun Trust. After great discussion, the Board declined to be lead plaintiff, they would be happy to be in the classes should an award be settled. Mr. Dunckel stated there was no specific benefit to being lead plaintiff. As for filing an amicus (friend of the court) brief, the City Attorney's office doesn't have the requisite level of expertise in that area. They would have to seek outside counsel and that would not be beneficial. However NCPERS is filing an amicus brief and, as the Plan is a member of NCPERS, it is being filed on behalf of the Plan. He then reviewed Mechel OAO (MTL), which is a Russian Federation Company. Apparently there was a loss and a class action lawsuit has been filed. There are named and lead plaintiffs listed. He will indulge in further due diligence, however there are many political and additional facts alluded to in the information and Ms. Hirsch will be coming down to discuss this in further detail at the next Board meeting.

Mr. Dunckel reviewed the Sheryle Dell case explaining there was no collection ability by

the City due to the Doctrine of Laches since her termination had been over 4 years ago. He clarified the refund of contributions should be made but only for the time she actually worked. The funds that were overpaid and deposited in the pension plan may or may not be returned to the City depending on a financial analysis conducted by the City.

Mr. Dunckel then continued on to the portfolio monitoring agreement with Coughlin, Stoia, Geller, Rudman & Robbins that was approved months ago. The document still needed to be executed. He had made a few changes but would like to present it to the Board for consideration and execution. He reviewed the changes.

Lastly, he reviewed Mircea Pastiu, who was hired in 1997 at 50 years of age and became disabled in 1999. His disability benefit was extended for an additional 5 years, wherein he accumulated additional service time towards his retirement. His disability retirement should have converted to regular retirement on April 1, 2009, however the question has been raised regarding age discrimination regarding that retirement. Mr. Dunckel is researching the justification and will report to the Board regarding his finding. Mr. Desmond mentioned Mr. Pastiu has refused to fill out his paperwork for conversion to retirement. Chairman Bucci stated that we must administer the Plan document and asked the office to ensure he begins his retirement benefit at this time. Mr. Desmond confirmed.

Mr. Dunckel then discussed the Worker's Compensation offsets for Messrs. Goodrum, St. Louis, and Blakely. He will have to review and report back on those.

ADMINISTRATOR'S REPORT

Mr. Desmond announced that the Postal Service will be bringing information in accordance with their Postal standards. They are also going to look at our actual location to consider whether the Suites may have mail delivered separately.

Mr. Desmond then presented the Board with the report from Cohen Millstein, one of our portfolio monitoring companies. Ms. Pfeiffer requested copies for the Board each meeting for review. Mr. Desmond stated there are 4 monitoring firms.

Lastly he reminded the Board members of the FPPTA 25th anniversary in Boca Raton coming up next month. He asked them to contact Ms. Dyar if interested in attending.

MONTHLY FUND ASSET MIX

Mr. Desmond explained that the asset mix should be within parameters after the \$10 million is moved as discussed earlier in this meeting.

BENEFIT REVIEW

May 2009

POST RETIREMENT DEATH

Name	Date
Robert Schulte Frances spouse	3/12/09
Walter Leyva Brenda spouse	3/19/09
Harry Baskerville	3/21/09
Francis Linehan	4/17/09

BENEFIT REVIEW

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

EDUCATIONAL CALENDAR

Mr. Desmond stated there were no new changes to the calendar.

BILLS

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

PLEASURE OF THE BOARD

Mr. Jones explained his thoughts regarding the real estate. He wanted clarity on the guideline set by the Board regarding real estate. Ms. Pfeiffer said she would like to see it agendaed for discussion after the Real Estate Sub Committee has set parameters.

Ms. Pfeiffer reiterated her comment earlier in the meeting stating that she felt the Board should seriously consider visiting money managers as part of their responsibility and due diligence. She explained that visiting Aletheia was wonderful and she would additionally like to see the Board develop a policy regarding that endeavor.

Ms. Pfeiffer examined the procedure of proxy voting. She felt that the Board should not leave it up to the money managers to do proxy voting. Mr. Desmond stated that much of the proxy voting was forwarded to him and he voted on the Board's behalf. A short discussion ensued.

Mr. Jones made the motion to adjourn. Mr. Darmanin seconded the motion. The meeting was adjourned at 2:15 PM.