

REGULAR MEETING OF THE BOARD OF TRUSTEES
GENERAL EMPLOYEES RETIREMENT SYSTEM
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, September 3, 2009
9:00 A.M.

Board's Communication to the City Commission

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 pounded the gavel, which called the meeting to order at 9:00 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: Anthony Soslow & David Volpe, Global Capital Management
 Scott Blumenthal, Emerald Advisors
 David Desmond, Pension Administrator
 Robert Dunckel, Assistant City Attorney
 Jane Dyar, Pension & Recording Secretary
 Jackie Thomas, Pension Receptionist

Chairman Bucci asked the Board to review the August 6, 2009 meeting minutes. Dr. Helmholdt made a motion to approve the minutes. Mr. Darmanin seconded the motion. Minor corrections were discussed and Mr. Darmanin asked how communications to the City Commission were being addressed. Chairman Bucci suggested that "Communications to the City Commission" be placed on the agenda for each Board meeting and that the Board decided by consensus what information should be presented in this section of the minutes. He then reviewed the draft minutes of the July 9, 2009

meeting. In the top section of the first page of these minutes he described how he inserted a box specifically for this purpose. He classified it as the “Chairman’s Communication to the City Commission” as the Board had not sanctioned the remarks. This section contained three (3) categories; “Items Requiring City Commission Action”, “Items That May Be Of Interest To The City Commission”, and “Items Submitted For City Commission Consideration”.

Mr. Darmanin expressed his concern that the actual request by the City Commission was to express only items that would require action by the City Commission, such as an assumption change, valuation concern, or something along that line. Chairman Bucci said his interpretation from the City Clerk’s email was that this section was to facilitate a quick overview of something that might require Commission action or information that the Commission would find useful. The Board decided by consensus that they would agenda the item at the end of each Board meeting and would decide then what would be included in the City Commission Communication section of the minutes. Dr. Helmholdt made a motion to approve the amended minutes with the proposed clarification of the three (3) Commission communication titles. Mr. Darmanin seconded the motion. The motion was approved unanimously.

Chairman Bucci then asked the Board to review the special Audit Committee minutes. Mr. Darmanin made the motion to accept the minutes as presented. Dr. Helmholdt seconded the motion. Mr. Dunkel asked that further detail be included in the areas of “discussion ensued”. Mr. Delisio stated after eight (8) months of deliberating the United States Postal Service boxes, he felt elaboration was unnecessary. Mr. Darmanin liked the condensed version and offered the suggestion of “a discussion ensued over the US Postal requirements”. Dr. Helmholdt made the motion to accept the minutes as amended. Mr. Darmanin seconded the motion. The minutes were approved unanimously.

QUARTERLY REPORT

Anthony Soslow & David Volpe, Global Capital
Scott Blumenthal, Emerald Advisors

Chairman Bucci welcomed the representatives from Global Capital Management and Emerald Advisors. Mr. Soslow stated that Global is a small-mid cap US equity manager and they have managed money for the City of Fort Lauderdale’s General Employees’ Retirement System for four (4) years. Their focus is to purchase high quality undervalued companies with improving business prospects. As of June 30, 2009 he said Global had \$400 million in equity assets under management. There is an agreement in place that would merge Global with Emerald Advisors that is scheduled to close September 30, 2009. Mr. Soslow said there are three (3) primary benefits that can be derived from the proposed merger:

1. Diversified channels of distribution. Global has relationships in the institutional channel, the high net worth channel, and the broker dealer network. Emerald has very strong relationships in the institutional channel with over thirty (30) such relationships.

2. Rounded product offering. Global manages primarily core strategies. Emerald primarily manages growth and fixed income strategies.
3. Enhancement of the investment process. Global purchases high quality undervalued companies with improving business prospects in a very quantitative way. After the merger, those companies will receive a higher degree of analysis by experts with specific expertise in each sector.

Mr. Cameron asked how much in investments were being managed by each company. Mr. Soslow stated that Global manages \$400 million in equity. Mr. Blumenthal stated that Emerald has \$2 billion in small-mid cap equities. Mr. Cameron asked if the basic methodology would remain the same. Mr. Blumenthal and Mr. Soslow confirmed that the investment philosophy would remain the same. Chairman Bucci then asked if there would be any additional costs incurred by the GERS Plan as a result of their decision to merge. Mr. Soslow stated that there would not be any additional cost to the Plan as a result of this proposed merger. Ms. Pfeiffer asked if Emerald was in consideration when the Board originally searched for a new equity manager and if so, where did they rank. Additionally, she wanted to know Mr. Dahab's thoughts on the merger and how that might affect the management, methodology, and investment strategy. Ms. Pfeiffer stated she was not comfortable with the merger without the input of Dahab & Associates. Mr. Soslow stated that he has a meeting scheduled with Dahab & Associates within the next two (2) weeks. He reiterated that there are some differences in their approaches; however, he felt there were many advantages to the merger.

Mr. Soslow explained that the Board would be required to execute a consent form in order for the new company to continue to manage money for the Plan. Ms. Pfeiffer expressed her concern that the consultant should be conferred with before committing to a legal document. Mr. Delisio expressed his understanding that there will not be any change in investment style because of the merger. Mr. Dunckel agreed that the merger should require some due diligence of the Board. Mr. Desmond was instructed to follow up with Mr. Dahab on this proposed merger.

Mr. Soslow began the performance part of the presentation by stating that through June 30, 2009, Global was 1% ahead of the index. The portfolio contained companies that had low debt to equity, low earnings variability, and high profit margins. In the first quarter, they dramatically out performed the market as it went down. In the second quarter, as it ran up hard, they dramatically under performed their benchmark. When you combine the first and second quarters, they obtained a 1% edge. He added that because of their focus on quality, they were doing very good on the downside for the year; however, as the market soars higher they are definitely trailing the benchmark.

Chairman Bucci stated that their results relative to the indices were disconcerting, and stressed that the Board's main concern was return in excess of the benchmark. When their numbers are compared to the Russell 2000, they do not look that good. He added that amongst their peers, they didn't rank well and stressed that the Board's primary driver when selecting and retaining a manager is alpha.

Mr. Soslow thanked the Board for their time and left a consent form with Mr. Desmond.

DISABILITY APPLICATION

D. Weintraub

Mr. Dunckel reviewed the status of D. Weintraub's disability application, which was previously considered by the Board. He gave an update and stated that the City has confirmed that there are no light duty positions available for Mr. Weintraub. Chairman Bucci thanked him for his diligence. Mr. Darmanin made the motion to approve the disability. Dr. Helmholdt seconded the motion. The disability was approved unanimously.

ATTORNEY'S REPORT

Mr. Dunckel began by giving the Board an overview of a law that allows for the offset of certain pension disability payments where a Workers' Compensation settlement is involved. He passed out Memorandum No. 09-0954 that explained cases involving offsets. If the settlement contains dollars that are attributable to compensation, that amount can be used in a calculation to determine a maximum monthly pension disability benefit amount. When the settlement dollars are calculated and combined with the pension disability amount, the total cannot exceed the employee's average monthly wage and if it does, an offset can be taken. Mr. Dunckel stated that the disability just approved by the Board did contain such a provision in the settlement and an offset should be administered.

Mr. Dunckel then stated that he was asked to review the RMK Timberland Latin American Fund and found it to be a Delaware LLC. He said that because it was a company governed by the laws of Delaware, he felt comfortable having the Board execute that contract if that was the intent of the Board. Mr. Darmanin questioned the amount of dollars the Board had approved to allocate to RMK pending counsel's review. Mr. Desmond was asked to review the minutes for that answer so the Board could specify the amount to be allocated.

Mr. Dunckel then shared with the Board information he researched related to suspensions, dismissals, and terminations. He stated that in the case of suspensions with a subsequent termination date, service runs through the day of termination.

ADMINISTRATOR'S REPORT

Mr. Desmond stated that he contacted Mr. Vordermeier about providing real estate budget information for the Board. Mr. Vordermeier said he would have that information with him at the October Board meeting along with an update on the construction project at the 4800 Building.

Mr. Desmond stated the 316 building mailbox was on order and should be installed by the beginning of October.

Mr. Desmond prepared a draft Request For Proposals (RFP) for actuaries, which he presented to the Board for input, review, and approval.

Mr. Desmond then presented the Board with an outline of the Retirement Seminar that will be given to City employees on October 29 & 30, 2009 in conjunction with the City's Police and Fire Pension Plan.

Chairman Bucci asked if Mr. Desmond had made contact with Mr. Dahab or Mr. Lee regarding establishing parameters under which money managers are to report individual stock losses to the Board. Mr. Desmond indicated that he would be working on that and would report back to the Board.

AUDIT SUB-COMMITTEE REPORT

Mr. Delisio discussed the draft of the (RFP) for a Plan Actuary. He stated he felt the only thing he would like to see changed would be to make it a 5-year contract versus a 3-year as was stated in the RFP. Mr. Darmanin made the motion to empower the Audit Sub-committee to prepare and finalize the RFP, present it to Mr. Desmond to submit, subject to the attorney's review. Dr. Helmholdt seconded the motion. The motion was approved unanimously. The Board suggested Bid Sync to advertise the RFP and Mr. Desmond was asked to follow up.

MONTHLY FUND ASSET MIX

Mr. Desmond briefly reviewed the asset mix and assured the Board that the numbers were within parameters.

**BENEFIT REVIEW
SEPTEMBER 2009**

RETIREMENTS

Name	Date	Service Time	Type
Susan Holmes Building Services	7/01/14	8y, 17d	Vested
Gregory Kisela City Manager's office	7/01/09	12y, 6m, 14d	Vested
Michael Schoppert Building Services	9/05/09	16y, 4m, 10d	Normal
Wayne Strawn Building Services	9/12/09	19y, 9m, 1d	Normal
Carol Cleary City Attorney's Office	9/29/09	13y, 1m, 10	Normal

POST RETIREMENT DEATH

Name	Date
Mattie Brown Beneficiary	7/23/09
Russell Bianchi	7/26/09
Barbara Dominick Beneficiary	8/20/09

BENEFIT REVIEW

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

EDUCATIONAL CALENDAR

Mr. Desmond stated that there were no new educational opportunities added to the calendar this month.

Mr. Desmond informed the Board that he was asked to speak at the Public Funds Forum and Workshop being held in December. Mr. Desmond explained that the travel cost, hotel, and registration fees were offered as reimbursement for speaking. The Board sanctioned Mr. Desmond's participation in this event with the understanding that the cost of the hotel, airfare and registration would not be born by the plan.

BILLS

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

ADMINISTRATOR'S REVIEW & CONTRACT

Chairman Bucci opened the Administrator's performance review by stating that an employee's review is normally done in private; however, since this Board is a public entity and the Administrator serves the Board, the Administrator's evaluation is done in an open forum. Chairman Bucci stated that Mr. Desmond was hired as the Pension Administrator on September 18, 2000 and his current two-year contract expires September 30, 2009.

Chairman Bucci stated he has had many positive interactions with the Plan Administrator over the last year and has had some disappointments as well. He complimented Mr. Desmond on his accessibility to the members of the Plan and the assistance he provided during the Audit and Actuarial Valuation. He said that although the Plan Administrator has excelled in some areas, he has some shortcomings in others. Chairman Bucci said that he had increasingly become more and more involved in operational matters that should have been handled by a manager at this level. He informed the Board that he spoke to the Plan Administrator about a year ago and asked that he increase his managerial and administrative oversight of the office, get more involved in the day-to-day operations, and monitor the work products of the office. He felt that tasks assigned or delegated to staff in some cases exceeded their capabilities. He said that he felt these shortcomings were not adequately addressed over the last year nor did the results meet expectations.

Chairman Bucci asked Mr. Desmond if he would like to respond to any of the issues brought forth. Mr. Desmond responded to some individual situations mentioned and said he believes his performance was satisfactory over the last year. He said he is constantly in a multi-task mode and been able to provide timely service whether it is to a diverse group of Trustees, employees, retirees, managers, or other entities. He added that the office is always open for assistance without appointment and he does the best he can with the resources he has. He assured the Board he was there for them and welcomed suggestions and input.

Mr. Cameron said that he felt there were things the Plan Administrator did efficiently, properly, and correctly over the last year. He suggested that poor performance might have only been 2% of the total picture.

Dr. Helmholdt suggested that any issue would be better resolved if notated for the benefit of the employee and reviewed at a future date to assure correction.

Mr. Delisio said his interpretation of the Administrator position involved follow-up, especially on issues where the Board has expressed concern.

Ms. Pfeiffer said she felt some responsibilities delegated to staff should have been performed by the Administrator and wondered if he was spending enough time in the office.

Mr. Jones inquired about the evaluation process used in the past and the criteria used for rating the Administrator. Chairman Bucci passed out a document listing twelve (12) categories that he drafted based on the City's evaluation system.

Mr. Darmanin suggested that the evaluation format be used in the coming year and that Mr. Desmond take the opportunity to develop policies and procedures for him and the office. He asked that the Administrator take it upon himself to follow-up on matters. Mr. Darmanin asked that the contractual talks be deferred until the October meeting.

Chairman Bucci noted the inherent difficulties of working with seven (7) Trustees of varying personalities. He also pointed out that his style, approach and expectations are quite different than Chairmen of the past.

Mr. Delisio asked Mr. Desmond if he was looking for anything different contractually beyond what is in his present contract. Mr. Desmond reviewed some salaries and benefits of other Plan Administrators and said that he was looking at a 5% increase similar to what other union employees were receiving. He also requested the Board's support in doing whatever is necessary for him and others like him that are considered Non-Classified employees of Affiliated Agencies of the City to be able to buy back some of their service credits for pension purposes. Mr. Dunckel stated that request would require an ordinance change and the Board would not have the authority to do that. Mr. Desmond said that he would be happy, with a recommendation by the Board to the

Commission, to have the ordinance changed.

Mr. Darmanin made a motion to defer Mr. Desmond's contractual talks until the October 1, 2009 meeting. Ms. Pfeiffer seconded the motion. The motion passed unanimously.

PLEASURE OF THE BOARD

Mr. Cameron questioned why he received information from the Pension Office about alternative investments when the Board has stated that they have no interest in alternative investments. Mr. Desmond explained that they only forwarded the information as a courtesy and to let each Trustee decide on their own if the information warranted further consideration.

Chairman Bucci informed the Board that the tenants in Suite #1 of the 316 Building had signed a short-term lease extension and subsequently decided to move. The property is now vacant and Mr. Vordermeier is confident that the property will be leased again quickly.

Chairman Bucci informed the Board that he received an email from the securities fraud litigation firm of Abraham Fruchter and Twersky wishing to discuss another possible securities fraud litigation case involving MGM Mirage.

BOARD COMMUNICATION TO THE CITY COMMISSION

Chairman Bucci asked the Board for input on information they wanted to see in the "Board Communications To The City Commission" section of the minutes.

Mr. Cameron asked if the Board wanted to list the suggestion of allowing non-classified people, meaning the affiliated agencies, General Pension, Police and Fire Pension, and CRA employees to buy back their pension time to the first day of employment. The board agreed.

Mr. Darmanin made the motion to include under "Items Submitted For City Commission Consideration" that the Board respectfully requests that the Commission consider eliminating or extending term limits for Commission appointed trustees, as there is a significant learning curve for new Trustees. Mr. Jones seconded the motion. A discussion ensued about the GERS Ordinance and the City Charter. Mr. Darmanin then asked Mr. Dunckel if he would review the ordinance for term limitations and any pertinent referendums before the next Board meeting. Mr. Darmanin then amended his motion to be that all three (3) categories of the Board's Communication to the City Commission would all have the phrase "none at this time". Ms. Pfeiffer seconded the motion. The motion passed unanimously.

Mr. Darmanin made a motion to adjourn. Mr. Delisio seconded the motion. The meeting was adjourned unanimously at 12:37 P.M