

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, August 5, 2010
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 called the meeting to order at 9:00 am. Roll call was taken.

Present: John LeRoy "Le" Bucci, Chairman
Mark Darmanin, Vice Chairman
Dr. Bob Helmholdt
Julie Cameron
Julius Delisio
Darlene Pfeiffer
Sean Jones, Secretary
Gloria LeClaire, Acting Ex-Officio

Also Present: Alan Vordermeier, VMC Realty
Richard Dahab, Dahab Associates, Inc
Keiran McGlynn & Maree Mitchell, Aberdeen Asset Mgmt.
Bob Dunckel, Assistant City Attorney
David Desmond, Pension Administrator
Jane Dyar, Pension & Recording Secretary

Chairman Bucci suggested the Board review the minutes of the July 8, 2010 Board meeting. Dr. Helmholdt made the motion to accept the minutes as presented. Mr. Jones seconded the motion. Mr. Darmanin suggested two changes. Dr. Helmholdt made a motion to approve the minutes as amended. Mr. Jones seconded the motion. The motion passed unanimously.

DISABILITY: J. Parrish

Mr. Desmond reviewed the latest information submitted by the employee from his most recent physician visit. Mr. Darmanin asked that in the future all the information from the previous submission also be submitted for review by the Board for clarity when being considered. A discussion ensued regarding several considerations amongst the Trustees. Chairman Bucci asked if counsel felt that the disability met the criteria outlined in the Ordinance for a service incurred. Mr. Dunckel stated in his opinion. Mr. Darmanin made the motion to accept the application for an on-the-job disability. Mr. Jones seconded the motion. The Board agreed unanimously.

QUARTERLY PERFORMANCE REPORT

Richard Dahab, Dahab Associates, Inc.

Mr. Dahab began by explaining to the Board that the portfolio looked good during the down quarter. He stated that even after such a bad second quarter, the fund was already up 10% since July 1st and he wouldn't be surprised if it were up another 10-15% by the end of the year due to the improvement of corporate profit. Mr. Dahab explained that price to earning ratios are down, but he felt that would induce a doubling of the profit margin in the stock market. A lengthy discussion regarding macroeconomics ensued.

Mr. Dahab reviewed the portfolio performance reiterating that, in the last five weeks, the fund has totally recouped the losses of last quarter. He pointed out that at the quarter's end, the portfolio was at -6.5% and year to date shows the plan was up 7%; almost the actuarial assumption. He then delved into what he foresaw as the coming stock market performance as well as the gross domestic product growth rate and explained his thoughts.

Mr. Dahab then reviewed the individual performance of the money managers. He said the equity managers did a very good job, however the worst bond investments were better than the best stock investments, which meant the fund took a hit. He added that the portfolio did better than 87% of other public funds. He described the current asset allocation as a bit light in stocks and recommended moving some bond money into the stock market. Mr. Dahab said that DePrince, Race and Zollo last 12-month return exceeded the benchmark by 12.8%. He reviewed the Davis Hamilton bond folio and expressed his concern regarding the fixed income market going forward. While they did a good job, the interest rate risk in the bond market exceeds the potential return. He then suggested asking them to shorten the duration of the bonds. He explained the differences in the makeup of the bond portfolio and the Barclay's Aggregate Index. There was a concerned discussion amongst the Trustees. Ms. Cameron suggested, due to the urgency, that Davis Hamilton Jackson come to the next meeting in September. The Board consensus agreed. Mr. Desmond would follow up with Gilbert Garcia and have him come to the September Board meeting.

ATTORNEY'S REPORT

Mr. Dunckel began his report covering the adjacent property and communication from counselors representing the property. He asked Alan Vordermeier to update the Board with any new information on the property. Mr. Vordermeier stated Mr. Ladd contacted him regarding the Board's interest, negotiations would be continuing, and he was waiting to hear back from Mr.

Ladd. Further discussion about the property ensued. The Board agreed that Mr. Ladd would need to close the gap regarding the proposed price verses the Board's offer. Chairman Bucci asked that the Real Estate Sub-Committee act in the best interest of the Board regarding following up on the matter. Mr. Darmanin asked the Pension Office to coordinate a Sub-Committee meeting.

Mr. Vordermeier handed out floor plans for the 2nd floor for Suite 200; the lease is under consideration by a Gastroenterologist. Terms for the lease were discussed. He then pointed out that Suite 203 is under consideration by a Chiropractor. He announced that within a week he is hoping to have both signed contracts in his hands. A short discussion regarding the lease agreement ensued. Mr. Dunckel asked several questions regarding the lease wording and asked that paragraph 4 and 9 be revisited with the Real Estate Sub-Committee, and future parameters should be discussed with the Sub-Committee.

Ms. Pfeiffer asked Mr. Vordermeier if late fees added to monthly bills were because of not paid on time. Other questions regarding the VMC monthly report arose and she felt the Board should consider setting parameters and limits for expenditures for the management company. Chairman Bucci asked the Audit Sub-Committee take charge of reviewing the monthly statement provided by Vordermeier Management Company for audit and clarity and report back to the GERS Board.

Mr. Dunckel next reminded the Board of the contract cancellation regarding the GTS contract since the firm did not want to cancel their exclusivity clause. After receiving the obligatory 30-day notice from Mr. Desmond, as instructed by the Board, GTS contacted the Administrator and Counsel with an addendum agreeing to waive the clause. Dr. Helmholdt made the motion to go forward with the modification of the GTS contract and rescind the exclusivity clause. Ms. Pfeiffer seconded the motion. The Board accepted the motion unanimously.

Mr. Dunckel stated that Gabriel Roeder Smith contract was still a pending item and awaits their response to the changes he had suggested. Additionally, he had not had any response from Lord Abbett regarding the changes to their Small Cap Growth contract.

Mr. Dunckel then explained a resolution adopted by the City Commission regarding an absent Board member participating telephonically in a meeting. It was his opinion that the resolution was not binding on the Board of Trustees since they are not an Advisory Board or City Committee Members, however he felt it should be followed as good advice. The resolution was passed out and reviewed by the Trustees. A brief discussion was held regarding the merits of the resolution. Mr. Jones made a motion to adopt the resolution for the Board. Dr. Helmholdt seconded the motion. The Board agreed unanimously.

ADMINISTRATOR'S REPORT

Mr. Desmond presented the Board with a before and after reallocation snapshot of the fund asset mix for June showing the changes to each manager and the amounts of money moved.

He briefly reviewed the GTS contract since Counsel already explained it to the Board.

Mr. Desmond offered the latest second quarter report from American Realty Advisors to Board members who were interested in perusing it.

Mr. Desmond explained a Cohen Milstein report regarding a class action lawsuit with Pfizer and BP. They recommend that the Fund take no action in seeking lead plaintiff status.

Mr. Desmond announced that he received a call notice from RMK Timber for the Latin American Fund I, for the amount of \$1,675,393.87 to be wired by August 16, 2010. He will make the arrangements to have the funds wired to them. A short discussion ensued regarding transitioning of funds.

MONTHLY FUND ASSET MIX

Mr. Desmond noted that the market was down for the months of May and June and the portfolio has been rebalanced. The spreadsheet now accurately shows the fund is within the parameters of the Investment Policy.

BENEFIT REVIEW

August 2010

RETIREMENTS

Name	Date	Service Time	Type
Bryan Hall Parking Services	8/1/24	7y, 9m, 24d	Vested

POST RETIREMENT DEATH

Name	Date
Donald Bahr Spouse Carol	6/16/10
Hazel Bumstead	6/29/10
Kenneth Jones Spouse Jane	7/3/10
Earl Ross	7/5/10
Esther Horning	7/6/10
Anna McCarthy	7/8/10
Linda Lynch Spouse William	7/10/10

BENEFIT REVIEW

Dr. Helmholdt made a motion to approve the benefit review as presented. Mr. Jones seconded the motion. The motion passed unanimously.

EDUCATIONAL CALENDAR

Mr. Darmanin made a motion to approve the new conferences on the educational calendar as presented and to allow Board members and staff, who wish to attend, to do so in accordance with the Educational Travel Policy. Ms. Cameron seconded and the motion passed unanimously.

BILLS

Dr. Helmholdt made a motion to approve the bills as presented. Mr. Darmanin seconded the motion. The motion passed unanimously.

QUARTERLY PERFORMANCE REPORT

Kieran McGlynn & Maree Mitchell, Aberdeen Asset Mgmt.

Mr. McGlynn thanked the Board for inviting them to come and introduced Ms. Mitchell, a senior equity specialist. He said she would speak briefly and update the Board on the portfolio. After Mr. McGlynn passed out their report, he reviewed the expansion of Aberdeen; new investment office in San Paulo, agreement with the Royal Bank of Scotland, Bank of Hawaii reorganization into Aberdeen, and the addition of Stewart Methven in the Global Equity team. He closed by stating they were ranked 20th in the broader universe, but compared to mutual funds, they were ranked number 4.

Ms. Mitchell described a tough start to the year stating the market was down. Through the end of the second quarter, the benchmark was down 10.8% and while the portfolio was down 9%. However, the July numbers were up 8.65%, so most of the loss was made back in the one month. She explained why the market was down so far and how volatile it had been. She reviewed the stocks that have been added to the portfolio and the ones sold. Ms. Mitchell said recent volatility in the equity markets had heightened level of uncertainty affecting the markets. She said going forward, they remain cautious in general about equity markets as earnings expectations remain elevated. Ms. Pfeiffer asked that they add a listing of the stocks in the portfolio for their next compilation. A short discussion of the global markets ensued and the Board thanked them for coming.

PLEASURE OF THE BOARD

Chairman Bucci stated he had attended several meetings with employee relations and the bargaining units regarding a separation of service incentive option. He reviewed the options being considered. Chairman Bucci noted the added responsibility for Mr. Desmond and staff must be considered and everyone remain on top of the situation for the employees. A lively discussion resulted.

Ms. Pfeiffer presented the Board with a hand out of a recent press release in response to the outcry of accusing public pensions of being such a huge deficit. Mr. Darmanin suggested contacting the FPPTA to address the public concerns.

BOARD COMMUNICATIONS TO THE CITY COMMISSION

There was nothing to report to the Commission at this time. Mr. Darmanin made the motion to adjourn the meeting. Ms. Cameron seconded the motion. The meeting adjourned at 12:10 P.M.