

REGULAR MEETING OF THE BOARD OF TRUSTEES  
GENERAL EMPLOYEES RETIREMENT SYSTEM  
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL  
Thursday, June 3, 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 brought the meeting to order at 9:00 A.M. Roll call was taken.

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

Absent: Sean Jones, Secretary  
Lynda Flynn, Acting Ex-Officio

Also Present: Alan Vordermeier, VMC Realty  
Bob Dunckel, Assistant City Attorney  
DJ Williams-Persaud, Assistant City Attorney  
David Desmond, Pension Administrator  
Jane Dyar, Pension & Recording Secretary

Chairman Bucci requested the Board review the minutes of May 13, 2010. Mr. Darmanin made the motion to accept the minutes as presented. Dr. Helmholdt seconded the motion. Mr. Dunckel suggested referring to model 1, and adding it to the last page of the minutes, to help clarify the motion and the proposed reallocation suggestions of Mr. Desmond under the Monthly Fund Asset Mix discussion. The motioners agreed to add the proposed model 1 and the Board unanimously accepted the minutes as amended.

**REAL ESTATE SUB-COMMITTEE REPORT**

Chairman Bucci thanked the Trustees who have tirelessly served on the Sub-Committee. Mr. Darmanin acknowledged him on behalf of the Sub-Committee and he also thanked Mr. Desmond, and staff, for putting together a record binder complete with photos. It was passed around for everyone to review. Mr. Darmanin then updated the Board on the progress of the construction at the 4800 Building.

Mr. Darmanin reviewed the minutes of the May 24, 2010 Sub-Committee meeting. Ms. Pfeiffer made a motion to accept the minutes as presented. Ms. Cameron seconded the motion. The Board unanimously accepted the minutes.

Mr. Darmanin questioned Mr. Vordermeier about payment of the 2009 property taxes for the 4800 Building. A discussion ensued regarding the taxes. VMC Management was waiting for direction from the Attorney regarding a possible adjustment on the payment. Mr. Dunckel clarified that the 316 Building has a partial tax exemption because GERS also leases the location, however that is not the case with the 4800 Building. He further stated that whether or not there were any alterations on the taxes, they should be paid right away as adjustments could be made at a later date. Mr. Darmanin made a motion to have VMC pay the taxes on the 4800 Building. Mr. Delisio seconded the motion. The Board unanimously accepted the motion.

Mr. Darmanin then announced good news that the newly renovated Suite 1 of the 4800 Building had been rented and asked Mr. Vordermeier to discuss the proposed lease. He announced the lease was exactly what they wanted with no changes to Mr. Dunckel's standard lease language other than the personal guarantee being reduced to 3 months. A discussion ensued. Dr. Helmholdt made the motion to approve the lease subject to the Attorney's review. Mr. Darmanin seconded the motion. The Board accepted the motion unanimously.

Mr. Darmanin stated that during the Suite 1 and common area construction and completion, there have been no misunderstandings with the contractor; in addition, all work has been completed in a timely manner as well as on budget. He suggested, since they have done such a good job, that the Board consider that aspect when reviewing the RFP for the next suite(s) construction. He noted they are familiar with the entire job.

Mr. Darmanin then discussed the interest and the issues in the adjacent property. He reviewed the property tour that was taken and the issues possibly facing the property financially as well as physically. He said there are significant improvements needed if the building was to be leased. However, if the building was just upgraded superficially and held for appreciation, he felt it is worth consideration. Mr. Darmanin also noted that the bank holding the mortgage was unwilling to entertain discussion with the Sub-Committee regarding purchasing the property. Mr. Dunckel interjected the thought that perhaps instead of buying the building, the Board consider buying the paper on the building. That way, no improvements on the building would be necessary. There would be a possibility to liquidate the mortgage and have a quick profit margin on the property. He added that in the worst-case scenario, the property would convert to GERS ownership. Mr. Dunckel stated that would require due diligence to acquire the banks files, determine the interest rate, see if the owner is making payments or paying interest or if the property is in a default mode. Further discussion ensued and the Real Estate Sub-Committee agreed to contact the bank to find out further information, give the bank a letter of intent, and keep in mind the thought of buying the paper on the property.

## **ATTORNEY'S REPORT**

Mr. Dunckel stated since the real estate portion of his report was covered already, he reviewed the continuation contract with Marcum Rachlin. He asked the Board to grant him the opportunity to work with Mr. Futterman to alter some text that he feels is unnecessary and, once those sections are corrected, he would then recommend executing the contract. He then reviewed each of the areas of concern with the Board. Dr. Helmholdt made the motion to approve the contract pending the negotiations with Marcum Rachlin and approval by the Board Attorney. Ms. Cameron seconded the motion. The Board accepted the motion unanimously.

Mr. Dunckel then explained the exclusivity of the contract with Global Transition Service (GTS) contract, since there was consideration at the last meeting regarding the presentation from an additional transition manager Bank of New York (BNY) Convergenx. He cautioned against considering BNY Convergenx because of the contract with GTS. In addition, he explained there was no commission rate listed in the contract. An in-depth discussion ensued amongst the Trustees. Mr. Dunckel noted that he was in discussions with GTS regarding the removal of the exclusivity clause. Mr. Darmanin made the motion to cancel the contract with GTS after the next financial event, unless they make considerations to their contract. Dr. Helmholdt seconded the motion. Mr. Delisio suggested during the first sale of securities, that GTS be notified in writing of intent to amend the contract or cancellation of contract, then consideration can be made toward enlisting BNY Convergenx after 30 days. Chairman Bucci agreed and suggested the larger of the two transitions should be done through GTS and, after the transition is completed, send them the 30-day letter of cancellation should Mr. Dunckel not be successful in removing the exclusivity. Ms. Pfeiffer agreed that a consideration of the exclusivity amendment should be the approached before canceling the contract. Mr. Desmond suggested moving the money according to the Investment Policy and use GTS to complete the transitions. Mr. Darmanin amended his motion to give GTS the multiple transactions, other than funding Lord Abbett. Dr. Helmholdt seconded the motion. The Board accepted the motion unanimously. Mr. Darmanin then made the motion to allow the Board Attorney to effectively negotiate the exclusivity clause in the contract with GTS and, if negotiations fail, send a letter to cancel the contract. Dr. Helmholdt seconded the motion. The motion was passed unanimously.

Mr. Dunckel asked the Board for the status of the Gabriel Roeder Smith contract. Mr. Desmond stated he spoke to Mr. Palmquist and he would be sending the contract along. Dr. Helmholdt made the motion to accept the contract subject to the Board Attorney's review. Mr. Darmanin seconded the motion. Mr. Delisio stated there was a standard contract submitted with the RFP. After a short discussion, the Board accepted the motion unanimously.

## **AUDIT SUB-COMMITTEE REPORT**

Mr. Delisio read the minutes of their meeting of May 25, 2010 and stated that there was a 30% reduction in Actuarial costs because of the due diligence of the Sub-Committee in

issuing an RFP. He said the RFP makes companies be competitive in the market place. He felt that should be kept in mind for all the contracts when they come up for review. Discussion ensued regarding future proposals for contract. Mr. Dunckel stated he would meet with the Audit Sub-Committee to review the numbers. Chairman Bucci thanked the Sub-Committee for all their hard work. Mr. Darmanin made the motion to approve the Audit Sub-Committee minutes. Dr. Helmholdt seconded the motion. The minutes passed unanimously.

### **ADMINISTRATOR'S REPORT**

Mr. Desmond stated that Lord Abbett was delighted to have won the bid and they are looking to secure a more reasonable price break. He lauded their consideration and detailed the fee options as why we have not received the final contract as yet.

Mr. Desmond explained the current Cohen Milstein report showed an investment loss of \$1,300.00 with St. Jude Medical along with the recommendation to take no lead plaintiff action. Mr. Dunckel asked that when a warning memo from one of the monitoring firms requesting lead plaintiff status, he would like to have each of the monitoring firms addressed to get their opinions. Chairman Bucci then took a moment to address some of the issues he was concerned with over the class actions coming forward. There was a brief discussion regarding future methodology of class action cases.

### **ADMINISTRATOR'S CONTRACT**

Ms. Pfeiffer handed out an Excel spreadsheet she compiled with Mr. Desmond's performance scores as turned in to her by each of the Trustees. She detailed her collection of the scores and averaged them. The final score of 2.6 (on a scale of 1-5) relates to just above the satisfactory performance level. After discussion of the various category numbers, Chairman Bucci noted that Mr. Desmond is a warm-hearted, kind person. He felt the Administrator was average in supervision and below average in delegation. He would like to see any City Hall, Director, and Department Head communications go through Mr. Desmond and not through Ms. Dyar. He felt that too much oversight and delegation has been given to Ms. Dyar. Mr. Darmanin observed that over the last month, there were times when things were wonderful and other times when they were not. He remarked that the Board doesn't always see what Mr. Desmond has done and suggested that the Audit Sub-Committee perform a managerial audit; perhaps by day, week, month, or year. Dr. Helmholdt made the motion to approve a new contract for Mr. Desmond, including any remunerations given to Management Level III city employees and at the salary level per the Audit Sub-Committee recommendation, and extend the contract for a period of 2 years through June 30, 2012, subject to the attorney's drafting and approval. Ms. Pfeiffer seconded the motion. The Board unanimously accepted the motion.

### **MONTHLY FUND ASSET MIX**

Mr. Desmond stated that April was a good month and reminded the Board that no money had been moved yet in accordance with the changes in the Investment Policy.

**BENEFIT REVIEW**  
**June 2010**

**RETIREMENTS**

Name	Date	Service Time	Type
James Sheehan Public Works	4/17/2010	9y, 6m, 16d	Normal
Carol Coval Police	6/19/2010	29y, 3m, 4d	Normal
John Clare IT	7/01/2010	11y, 11m, 10d	Disability Conversion
Elizabeth Stiffler Police	7/3/2010	10y, 8m, 16d	Normal

**DROP TERMINATION**

Name	Date
Edward Udvardy	7/06/10

**POST RETIREMENT DEATH**

Name	Date
Lillian Fox	5/7/10

**BENEFIT REVIEW**

Mr. Darmanin made the motion to accept the benefit review as presented. Mr. Delisio seconded the motion. The Board approved the Benefit Review unanimously.

**EDUCATIONAL CALENDAR**

Mr. Desmond stated that there were no new educational opportunities at this time.

**BILLS**

Mr. Darmanin made the motion to approve the bills as presented. Mr. Delisio seconded the motion. The Board approved the bills unanimously.

**PLEASURE OF THE BOARD**

Mr. Darmanin explained to the Board that he would be attending the Dahab Client Conference in New York and while there, he would do a due diligence visit with Lord Abbett.

**BOARD COMMUNICATIONS TO THE CITY COMMISSION**

There was nothing to report to the Commission at this time.

Ms. Cameron made the motion to adjourn the meeting. Mr. Darmanin seconded the motion. The meeting adjourned at 11:55 A.M.