

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, September 2, 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
Sean Jones, Secretary

Absent: Darlene Pfeiffer
Lynda Flynn, Ex-Officio
Bob Dunckel, City Attorney

Also Present: Alan Vordermeier, VMC Realty
Janna Hamilton & Jeff Detweiller, Garcia Hamilton & Associates
DJ Williams-Persaud, Assistant City Attorney
David Desmond, Pension Administrator
Jane Dyar, Pension & Recording Secretary

Chairman Bucci asked the Board to review the minutes of the August 5, 2010 meeting. Dr. Helmholdt made the motion to accept the minutes as presented and Mr. Darmanin seconded. Three corrections were made. Dr. Helmholdt then made a motion to approve the minutes as amended. Mr. Darmanin again seconded the motion that was passed unanimously.

QUARTERLY PERFORMANCE REPORT

Janna Hamilton & Jeff Detweiller, Garcia Hamilton & Associates

Ms. Hamilton began by saying the majority of today's remarks will concentrate on the bond portfolio, but she will also touch on the large cap growth for everyone's information. Ms. Hamilton reminded the Trustees that their firm holds A or better rated bonds in the portfolio as a risk deterrent. She also announced that Garcia Hamilton had been named Emerging Core Fixed Manager of the Year and were listed in the most recent Pension and Investments magazine as one of the Top 10 Aggregate Fixed Income Managers in the country. Ms. Hamilton reviewed the performance level; under performing for the quarter earning 2.1% versus the Barclays index of 2.9%. However, they outperformed for the fiscal year by 90 basis points due to the yield-spread between Treasuries and corporates. She then introduced Mr. Detweiller, Senior Fixed Income portfolio manager, who works with Gilbert Garcia.

Mr. Detweiller began by describing the strong performance in the portfolio. He reviewed the firm's goals and philosophy. He said the goal was to preserve principal and maintain liquidity while providing a higher current return than the benchmark. He then reviewed the Fixed Income characteristics with the Trustees. He stated the corporate bond spreads were what had really been the driver for the performance. A lengthy discussion ensued. Chairman Bucci then posed the question should the duration of exposure in bonds be shortened as advised by the GERS Fund Consultant. He added that he had always considered bonds as being the rock of the investment for the Fund. Mr. Detweiller said that they were in a shortened position already and a discussion was held regarding the meaning and methodology of changing the bond duration. Mr. Detweiller stated that he felt the economy would continue to expand and, as things get better, that would cause spreads to tighten between Treasury and corporate bonds. Ms. Hamilton added that she felt the risk was higher in the stock market than in that of bonds. Chairman Bucci stated he felt the Board was comfortable with them managing the portfolio and moving out of bonds, if necessary, without the Board micromanaging the holdings.

Ms. Hamilton reviewed a snapshot of the returns showing that fixed income returned 7.7% and that stocks returned 8.8% over the past 22-year period. She stated that bonds were steady and benefited the fund in general against the times stocks were down. She then spent a few minutes on the equity portfolio. The second quarter was negative due to concerns in Europe, lackluster housing numbers, and the high unemployment. However, there are signs that the economy is slowly improving and that high quality big company stocks are poised to do well in such an environment.

The Board thanked Ms. Hamilton and Mr. Detweiller for their in-depth report and for their long association with the GERS.

REAL ESTATE SUB-COMMITTEE REPORT

Mr. Darmanin outlined the Sub-Committee meeting of August 13, 2010. The lease for Suite 203, at the 4800 Building, was discussed and has since been signed. There was discussion on the investment return of the suite and the builder's contract was signed. The potential renters for

Suite 1 in the 316 Building were discussed. They questioned Mr. Desmond on the status of the biannual appraisal RFP. Mr. Desmond stated it is nearing completion and will be sent out the following week. Offers on the table on the 300 NE Third Ave. property were also discussed. Parameters for negotiations through VMC were then discussed. Finally, they had asked Mr. Desmond to review the VMC report, reconcile the bills, and do an onsite check once a month of the 4800 Building.

Mr. Darmanin next wanted to address any new leases. Mr. Vordermeier stated there was a lease under negotiation for Suite 200, the speculative built suite. He stated the offer was for \$13.50 per square foot with a fixed rate yearly, 3 months of free rent, and a need to add 500 square feet of space at the Fund's expense. The original price was \$15.00 per square foot with \$5.97 CAM. Mr. Vordermeier responded to the offer that the rent must remain at the original rates, but a 3-year lease would be agreeable with one-month free rent. Additionally, the annual escalations must remain the same. He also agreed that window treatments would be installed at the Fund's expense of \$431.95. He then requested that the Pension Board consider giving a second month free to encourage tenancy. Dr. Helmholdt made a motion to allow Mr. Vordermeier to negotiate the lease with the tenant based on the parameters given by the Sub-Committee and the Board; one-month additional free rent equaling 2 months free rent. Mr. Delisio seconded the motion. An in-depth discussion ensued. The Board accepted the motion unanimously.

Mr. Vordermeier continued that he had a group under negotiation for Suite 1 in the 316 Building. Additionally, they want to rent out Suite 4, the warehouse space, but the space would need to be air-conditioned, as they would be assembling materials in the area. He asked for 6 bids from air conditioning companies and received 3 back. The two top bids were Coastal Comfort and Air Around the Clock. He leaned toward using Coastal Comfort because they are used now for the rest of the building. A short discussion ensued. Assuming that there is an agreement to lease the space, he would like to have authorization to negotiate rental for both Suites for a firm offer in the range of \$5,388 to \$5,927 per month. Dr. Helmholdt made a motion to approve the discussed price and to allow Mr. Vordermeier to negotiate the lease with the tenant based on those numbers. Mr. Delisio seconded the motion. Mr. Jones started the discussion with numbers of years for the lease. Discussion then followed on the usage of the space and parking. With a call for a vote, the motion passed unanimously.

Mr. Vordermeier then announced that the Third Ave. adjacent property had an offer for \$4.5 million and wondered if the Pension Board wanted to make a counter offer. The consensus of the Board was to sit and wait.

Mr. Darmanin then asked the Board for input on when they felt it would be wise to do an RFP for Property Management Services. The consensus was to have the Real Estate Sub-Committee discuss that idea and come back to the Board with their recommendation.

DISABILITY: A. Roca

Mr. Desmond reviewed the information submitted describing the doctor's summaries of the employee. There was a short discussion. Mr. Darmanin asked counsel for her thoughts. Ms. Williams-Persaud stated the disability met the criteria outlined in the Ordinance for a service-incurred disability. Dr. Helmholdt made the motion to accept the application for an on-the-job disability. Mr. Delisio seconded the motion. The Board agreed unanimously.

ATTORNEY'S REPORT

Ms. Williams-Persaud gave the attorney's report. She explained the Gabriel Roeder Smith contract was still under review, the signed contracts were due back from Lord Abbett, and that the Marcum Rachlin contract was still being reviewed. A short discussion ensued. The Board appreciated the brevity of her report.

ADMINISTRATOR'S REPORT

- Mr. Desmond presented the Dahab report that 11 stocks lost more than 25% over the three-month period ending July 31, 2010.
- He then presented the executed addendum between GTS and GERS waiving the exclusivity clause. With the addendum in place, he asked if the Board was still desirous of continuing work on a transition services contract with Convergenx. The Board gave its approval for the attorney move ahead and review the Convergenx contract.
- He next advised the Board that the contract with architect Roy D. Smith, regarding Suite 203 in the 4800 Building, was fully executed.
- He continued that the Lord Abbett contract had been finalized, was executed, and had been mailed.
- He reviewed a report from Cohen Milstein regarding a class action lawsuit but nothing that they felt GERS should take any action on.
- He presented the Board with a list of responses for the Building Appraisal RFP with firm names, completion time and charges. The Board reviewed the 6 responses. Dr. Helmholdt made the motion to check with Finance and find out if they could use the property tax records for the appraisal and, if not, to use Mr. Butterfield. Mr. Delisio seconded the motion. The Board accepted the motion unanimously. Chairman Bucci charged Mr. Desmond with checking with Finance regarding the property records as well as advising the respondents of the Board's decision.
- Mr. Desmond then reported back to the Board of his review of the monthly report from VMC Realty in which all looked fine, other than additional expenses for the elevator that he felt should be addressed with Mr. Vordermeier. He added that the report was available for review. He also said that he physically went to the 4800 Building to purview the property and gave them a brief report of his inspection, including some broken concrete in the parking area, an inordinate amount of trash along the main road, and some 75 flowers planted around the building. Mr. Darmanin suggested Mr. Desmond get a set of keys for the 4800 building.

Mr. Delisio made the motion to have Mr. Desmond prepare an RFP for the Audit Subcommittee to review for Investment Consultant Services with a minimum of 5 years. Ms. Cameron seconded the motion. The motion was accepted unanimously.

MONTHLY FUND ASSET MIX

Mr. Desmond reviewed the asset mix. Chairman Bucci stated that with the value of the Fund at roughly \$308 million and a pay out of roughly \$600 thousand a month over and above incoming contributions, there looks to be a positive return in the works over last year. Mr. Desmond then reviewed the new investments for RMK and monthly pension benefits paid. He stated he would review the portfolio before the benefit payment for October to insure the Fund's cash balance.

BENEFIT REVIEW
September 2010

RETIREMENT

Name	Date	Service Time	Type
Timothy Mason Parks & Recreation	9/21/10	20y, 7m, 2d	Early

DROP TERMINATION

Name	Date
Jaime Barreto	9/1/10

DROP RETIREMENT

Name	Date	Department	Service Time
Peggy Burks	9/1/10	Building	30y, 1d
David Deal	9/1/10	Parks & Recreation	19y, 6m, 21d
Joseph Bayler	9/1/10	Public Works	30y, 15d

PRE RETIREMENT DEATH

Name	Date
Wilson Florvilus Louisiane spouse	8/8/10
James Hamill Brent Hamill brother Carol Popvecki sister	8/25/10

POST RETIREMENT DEATH

Name	Date	Benefit
Marie Dehn	7/31/10	No Further Benefit

BENEFIT REVIEW

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

EDUCATIONAL CALENDAR

Mr. Desmond stated that there were no new educational opportunities on the calendar for this month.

BILLS

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

PLEASURE OF THE BOARD

Chairman Bucci stated the City had a meeting with the Unions on August 17th behind closed doors in regards to a separation incentive with regard to members of our Plan. There have been no meetings since and they are awaiting the results on any agreement.

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 10:08 A.M.