

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, December 8, 2011
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

- The Public Pension Coordinating Council awarded the Public Pension Standards Award for Funding and Administration for 2011 to the Fort Lauderdale GERS.

Items Submitted For City Commission Consideration

- None at this time

Chairman Bucci brought the meeting to order at 9:00 am. Roll call was taken.

Present: John LeRoy "Le" Bucci, Chairman
Mark Darmanin, Vice Chairman
Sean Jones, Secretary
Julie Cameron
Greg Slagle
Darlene Pfeiffer
Douglas Wood, Ex-Officio
Dr. Bob Helmholdt

Absent: Robert Dunckel, Assistant City Attorney

Also Present: Lynda Flynn, City Treasurer
DJ Williams-Persaud, Assistant City Attorney
Tony Docal & Eugenia Dominguez, Franklin Templeton
Janna Hamilton & Jeff Detweiler, Garcia Hamilton
David Desmond, Pension Administrator
Jane Dyar, Pension & Recording Secretary

Chairman Bucci asked the Board to review the minutes of the November 3, 2011 meeting. Dr. Helmholdt made the motion to accept the minutes. Mr. Darmanin seconded the motion. There was a short discussion. Dr. Helmholdt amended the motion to include suggested changes. Mr. Darmanin seconded the amended motion. The minutes were accepted unanimously.

Chairman Bucci then asked the Board to review the Special Board Meeting minutes of November 16, 2011. Mr. Darmanin made a motion to accept the minutes. Ms. Cameron seconded the motion. There was a short discussion. Mr. Darmanin amended his motion to include suggested changes. Ms. Cameron seconded the motion. The minutes were accepted unanimously.

TRUSTEE ELECTION RESULTS

Mr. Desmond briefed the Board on the process and results of the Trustee elections. He announced that Mr. Bucci and Ms. Pfeiffer both were re-elected. Congratulations were given. Ms. Pfeiffer wanted it on record that she felt work should be done this year on moving toward having the elections done electronically since she had received some complaints that the names on the return labels did not make the voting as confidential as some employees would prefer. There were several comments that addressed retired members who may not have computer access. A second envelope in the voting packet was recommended for vote confidentiality. Chairman Bucci suggested that Ms. Pfeiffer and the Audit Committee review the project over the coming year. Ms. Pfeiffer accepted.

QUARTERLY PERFORMANCE REPORT

Tony Docal & Eugenia Dominguez, Franklin Templeton

Ms. Dominguez thanked the Board for having them attend the meeting and said it had been a pretty amazing year. The markets have been difficult with a great focus on Europe, but the portfolio performance has been good relative to the index. There were some very big moves in the markets and it was extremely volatile. She reviewed some organizational updates for the Board and announced that their offices had moved to the old Styles building by Las Olas Boulevard, which they purchased. She then introduced Mr. Docal.

Mr. Docal reiterated the difficulty of the markets, focusing on the positive performance of the portfolio. He felt there would be a prolonged period of volatility, however he also was very comfortable with the way the portfolio was positioned going forward. He touched on the situations going on in Europe. He stated the Euro would stay intact as long as Germany, Italy and France can exert control. He said China was slowing down but their GDP growth would only fall to about 8% levels. He then gave an overview of equities in the portfolio. Next, he reviewed the portfolio performance attribution by sector, the strongest being energy. Mr. Docal then took questions.

Chairman Bucci said the Investment Consultant, Dahab Associates, put together a performance analysis, which showed Templeton had an increase of 12.4% for the month of October 2011. He complimented them on the performance even with the disastrous 4th quarter for the fiscal year.

QUARTERLY PERFORMANCE REPORT

Janna Hamilton & Jeff Detweiler, Garcia Hamilton

Ms. Hamilton introduced Mr. Detweiler mentioning that he would cover the fixed income portion and she would cover the equity portion. She noted that they would be brief and wanted to thank the Board for being with their firm since 1988. Ms. Hamilton then explained that the markets have been difficult but performance was good relative to the fundamentals out there. In the current quarter, there was really nowhere to hide resulting in a large loss that wiped out the whole return for the year. She added that stocks in the S&P for the trailing twelve months

ending in September only returned 1.1%. The S&P was down 14% for the quarter and growth index was down 13%. All were results from the European debt crisis and the United States budget debate. Ms. Hamilton said that eventually the market would turn around. For the quarter, she reported the portfolio was down 12.7%. October was an incredible positive month, November took most of the returns back, and now in December, the market is back up again. She reminded the Board that the high quality market has been extremely tough. She discussed the history with a graph of the S&P. She reviewed the top ten holdings in the portfolio and the strength of the earnings from the high quality companies.

Mr. Detweiler briefly reviewed the goals and philosophy of the Fixed income portfolio to outperform the benchmark over a full market cycle using their high quality investment philosophy with less risk and low turn over. He then reviewed the long-term performance back to June 1988. This most recent quarter was extremely volatile, particularly in August and September as there was a flight to the safety of Treasuries. The portfolio under performed in the quarter, which hindered their one-year number. He was happy to report that in the fourth quarter, things have turned around and they are ahead by 70 basis points. He summarized various market commentaries highlighting that there is a tremendous opportunity now in the fixed income markets, which has been brought on by fear. He said they are looking for the best investments in the high market spaces. He then reviewed monthly performance, historical events, and spreadsheets noting several key points for the Board:

1. Fed Funds target rate will remain near 0% through 2014
2. The "Too Big to Fail" Policy
3. New Fed Reserve innovative programs
4. Banks are now much better capitalized and provide cushion

The current portfolio yield is 3.7% versus the index at 2.1% and the duration, at the moment, is shorter than the index, in the events rates change. A discussion ensued.

Chairman Bucci said the Investment Consultant Dahab Associates put together a performance analysis, which showed the growth component increased 10.8% and the fixed income numbers up 1.6% for October 2011, which is a very nice return for a month.

REAL ESTATE SUB-COMMITTEE REPORT

Mr. Darmanin announced that the sale of the 300 Property has closed and that consideration was being given to allow the Fire Department to use the building as a training facility prior to and during the demolition process. Further information regarding that is being gathered. There was a discussion regarding what is considered "substantial" demolition of the building. He deferred to Ms. Williams-Persaud who stated she was not aware of any final decision on that question. She stated that the Fire Department is very interested in using the building for a training facility and that they would not hinder the demolition process. She presented the Board with a hold harmless agreement allowing the Fire Department use of the building once GERS has acquired a demolition permit. The Board reviewed the document and there was a short discussion.

Mr. Darmanin said that the asbestos in the building has to be abated prior to acquiring the permit to demolish the building. He said there was two viable bids for demotion that included the asbestos abatement; the bid costs are both around \$200,000. He reviewed the bids for the Board, which generated a lengthy discussion. Ms. Pfeiffer referred Ms. Persaud to Mr. Chris Russo in Broward County Property Appraisers office to get definitive answers to their questions. Ms.

Pfeiffer made the motion to award the demolition contract to the lower bidder, ProBuilt. Ms. Cameron seconded the motion. Another in-depth discussion ensued. Chairman Bucci noted they have used ProBuilt in the past and they have proved to be exemplary. The vote was taken and the motion was accepted unanimously. Mr. Darmanin said he would contact ProBuilt. He then asked for the Board's consensus to allow the Fire Department to use the building as long as they do not impede the demolition process. After comments, Mr. Darmanin made the motion to approve the hold harmless agreement upon attorney review and subject to the demolition agreement. Ms. Cameron seconded the motion. The motion passed unanimously.

Mr. Darmanin explained to the Board that there would be some issues that might come up due to the extreme time constraints of the project and wanted to know how the Board would like to deal with them. Ms. Pfeiffer made the motion to give the Real Estate Chair the authority to execute and make decisions that may come up regarding the demolition, upon review of counsel. Dr. Helmholdt seconded the motion. The Board accepted the motion unanimously. Further discussion was held regarding the future of the property along with the VMC contract that was still under negotiation. Additional consideration of property usage was also discussed. The Board noted the VMC representative was missing from the meeting.

AUDIT SUB-COMMITTEE REPORT

Ms. Pfeiffer stated there was nothing to report at this time.

ATTORNEY'S REPORT

Ms. Persaud stated that anything received by a Trustee in excess of \$100 would be considered a "gift" and must be reported and disclosed as such. Chairman Bucci asked that the Ms. Dyar make the form available to the Trustees.

ADMINISTRATOR'S REPORT

- Mr. Desmond informed the Board that the Aletheia account was closed out as of November 28, 2011 and that the money was moved as directed.
- Mr. Desmond contacted Aberdeen regarding the switch to the co-mingled fund from the mutual fund. He said there are new forms that need to be reviewed by counsel and the move should be as of January 31, 2012.
- Mr. Desmond presented the September report from VMC for review.
- Mr. Desmond stated the Cohen Milstein report showed a slight loss with Hewlett Packard. They recommended no action at this time.
- Mr. Desmond passed out some new property purchases by American Realty.
- Mr. Desmond apprised the Board of the new dates regarding the Bonus Incentive Program. The start date was changed to December 7, 2011 with the first retirement date being December 14, 2011. The eligibility date moved to December 1, 2011, which allowed a two more employees into the program. He then reviewed the breakdown and number of eligible employees.
- Mr. Desmond announced that GERS received the Public Pensions Standards Award for Funding and Administration for 2011.

BUSINESS IN PROCESS

- a) Managerial Audit – Chairman Bucci stated the managerial audit was covered under

- the Administrator's report
- b) Professional Contracts Pending – Mr. Desmond stated several contracts are pending.
- c) Disability Applications and Appeals – Ms. Williams-Persaud stated that Attorney Sicking will be meeting with Attorney Dunckel regarding the Stenger disability appeal.

MONTHLY FUND ASSET MIX

Mr. Desmond said everything was within the confines of the investment policy.

**BENEFIT REVIEW
December 2011**

RETIREMENTS

Name	Date	Service Time	Type
Julie Richards City Managers Office	6/01/20	15y, 29d	Vested
Holly Davidson Payroll / Finance	12/16/11	27y, 7m, 26d	Normal Incentive
Sandra Knutten Police	12/17/11	31y, 1m, 22d	Normal Incentive
Paul Milazzo Public Services	12/31/11	19y, 2m, 14d	Normal Incentive

DROP TERMINATION

Name	Date
Gregory Brewton	12/31/11

BENEFIT CHANGES

Name	Change	Benefit
Frances Antonelli	Termed	Return of Contribution

POST RETIREMENT DEATH

Name	Date
Leon Goree Spouse Froline	10/27/11
Kenneth Petrie	11/15/11
Ruth Wade	11/19/11
Robert Edmondson Spouse Alfa	11/20/11

BENEFIT REVIEW

Dr. Helmholdt made the motion to accept the Benefit Review as presented to the Board. Mr. Jones seconded the motion. The motion passed unanimously.

EDUCATIONAL CALENDAR

Mr. Desmond explained there were a couple of new opportunities added to the Educational Calendar. There was a short discussion. Ms. Pfeiffer made the motion to approve the Educational Calendar as submitted and to allow Board members and staff, the Ex-Officio or his designee, who wish to attend, to do so in accordance with the Educational Travel Policy and to allow reimbursement of funds for such travel to be dispersed when available. Mr. Darmanin seconded the motion. The motion passed unanimously.

BILLS

Ms. Pfeiffer made the motion to pay the bills as presented. Mr. Darmanin seconded the motion. The motion passed unanimously. Ms. Pfeiffer then noticed there was a typo error on the bills as presented and made a motion to reconsider the bills. Mr. Jones seconded the motion. With unanimous approval, the corrected amount was noted. Ms. Pfeiffer made the motion to pay the bills as amended. Mr. Darmanin seconded the motion. The bills were passed with corrections.

PLEASURE OF THE BOARD

Chairman Bucci stated that he met with Lee Feldman, the City Manager, in order to review the Plan's performance numbers. He explained that Mr. Feldman has requested to get the end of the year numbers to enable the City to move forward. Mr. Desmond said that he believed that the information has already been transferred from Finance to the Actuary.

Chairman Bucci presented Dr. Helmholdt with a commemorative clock from the GERS Board for his dedicated service over the last six years. Dr. Helmholdt thanked the Board and said that it has been an honor to serve.

BOARD COMMUNICATIONS TO THE CITY COMMISSION

Chairman Bucci asked if the Board wished to send any communications to the City Commission. The Board's consensus was to notify them of the Public Pension Standards Award received by the Plan.

Dr. Helmholdt made a motion to adjourn. Mr. Jones seconded the motion. The meeting adjourned at 11:39 AM.