

CITY OF FORT LAUDERDALE  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL  
Thursday, February 10, 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**

- During the fourth quarter of 2010, the Plan returned 8.6%, which ranked in the top 3% of the public fund universe. Over the trailing year, the portfolio returned 15.9%, which ranked in the top 5% of the public fund universe.

**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  
Dr. Bob Helmholdt  
Darlene Pfeiffer  
Julie Cameron  
Greg Slagle  
Lynda Flynn, Ex-Officio

Also Present: Stephen Palmquist & Melissa Algayer, Gabriel Roeder Smith & Co.  
Richard Dahab, Dahab Associates  
Alan Vordermeier, Vordermeier Management Company  
Robert Dunckel, Assistant City Attorney  
David Desmond, Pension Administrator  
Jane Dyar, Pension & Recording Secretary

Chairman Bucci called the meeting to order and roll call was taken. Chairman Bucci requested that item 2 on the agenda be advanced to accommodate the time constraints of a presenter. The Board agreed and Mr. Palmquist and Ms. Algayer of Gabriel Roeder Smith were invited to the head of the table to present the Annual Actuarial Report.

**ANNUAL ACTUARIAL REPORT FOR FISCAL YEAR END SEPTEMBER 30, 2010**  
Stephen Palmquist & Melissa Algayer, Gabriel Roeder Smith & Company

Mr. Palmquist began by stating that there were no amendments or changes in assumptions to the Plan over the last year. He stated that since the Plan is closed, there are no new employees making contributions and this will cause the City's contribution as a percentage of payroll, to continually increase each year. For fiscal year beginning October 1, 2011, the City's required City contribution will be 32.75% of covered payroll. This represents an increase of 1.80% over this year's rate of 30.95%. He noted that covered payroll includes only plan members and not all of the City's General Employees are in the Defined Benefit Plan.

The investment return for fiscal year end September 30 2010 was 9.8% exceeding the Actuarial Assumed Rate of Return of 7.75% by over 2%. Since the Plan uses a 5-year smoothing method, only one fifth of this gain will be recognized for purposes of computing the Plan sponsor's contribution rate.

Mr. Palmquist noted that a Fresh Start for the 5-year smoothing method was done in 2005 and said that this was probably not a good time to consider embarking on another Fresh Start. He said the Board might want to consider another Fresh Start when the lackluster market returns of 2008 and 2009 were behind us.

Mr. Palmquist stated that the funding ratio of the Plan was at 70.7%. Mr. Darmanin asked what affect the Aggregate Method of calculating the funding ratio would have had on this number. Mr. Palmquist replied that it would not have changed the percentage but if used, the Plan sponsor would have to contribute additional funds. Mr. Palmquist suggested that the Board consider shortening the amortization schedule currently used.

Mr. Palmquist discussed some of the assumptions used in calculating the Actuarial Report and noted that some of the assumptions were based on an experience study done 10 years ago. Assumptions include a built-in calculation for annual salary increases, merit increases, promotions, and the use of mortality tables to estimate life expectancy.

Discussion turned to the ordinance amendments that enhanced benefits in 2001 and 2003, which created an additional \$37 million dollar liability. Chairman Bucci noted that only a portion of this money has come into the portfolio over the last few years because the total cost was amortized over an extended period of time.

Since Mr. Palmquist had to leave the meeting, Ms. Algayer continued the presentation by stating that the Market Value of Plan assets had exceeded \$312 million compared to about \$287 million last year. Chairman Bucci asked if it would be prudent to consider a Fresh Start after the 2008 and 2009 downturn was 5 years behind us. Ms. Algayer indicated that a Fresh Start might be something worth considering a couple of years out. Ms. Pfeiffer mentioned that this would be something that the Board should consider ahead of the Bull Market.

Ms. Algayer then stated that because the portfolio's return was in excess of the Plan's Actuarial Assumed Rate of Return, the Board would be eligible to recommend a Cost Of Living Adjustment (COLA) for retirees to the City Commission. Mr. Darmanin asked if a spreadsheet was available to compare the various percentages of a COLA. Ms. Algayer said they were working on it and would provide the numbers to the Board for further consideration. Ms. Pfeiffer reminded the Board that the last COLA was granted in 2001.

Ms. Algayer reviewed known data that was used to compile the report and how that data was used to arrive at certain projections. Mr. Desmond asked Ms. Algayer what dollar amount would represent total funding. Ms. Algayer responded that \$499.85 million would totally fund the Plan.

The Board thanked Ms. Algayer for her role in the actuarial presentation and asked that the Board's thanks also be passed along to Mr. Palmquist.

## **JANUARY 6, 2011 MINUTES AND ELECTION OF OFFICERS**

Chairman Bucci asked the Board to review the January 6, 2011, meeting minutes. Dr. Helmholdt made a motion to approve the minutes. Mr. Darmanin asked Dr. Helmholdt to amend the motion so approval could be deferred until the next meeting. Mr. Darmanin felt the minutes needed further work. Dr. Helmholdt amended his motion incorporating the tabling of the January 2011 meeting minutes until the March meeting. Ms. Pfeiffer seconded the motion. The motion passed unanimously.

Chairman Bucci stated that the next item on the agenda was the election of officers. He opened the floor for nominations for the position of Chairman. Dr. Helmholdt nominated John Le Bucci for Chairman. Ms. Cameron seconded the motion. A call for additional nominations was made. Hearing none, nominations were closed and Chairman Bucci accepted the position and expressed his appreciation for the confidence his fellow Trustees had placed in him.

Chairman Bucci then opened the floor for nominations for Vice Chairman. Dr. Helmholdt nominated Mark Darmanin. Ms. Cameron seconded the motion. A call for additional nominations was made. Hearing none, nominations were closed and Mr. Darmanin accepted the position.

Nominations were opened for the position of Secretary. Ms. Pfeiffer nominated Sean Jones and Ms. Cameron seconded the motion. A call for additional nominations was made. Hearing none, nominations were closed and Mr. Jones accepted the position.

Mr. Darmanin asked the Board to review the meeting minutes for the January 18, 2011, Real Estate Sub-Committee's meeting. Ms. Cameron made the motion to approve the minutes. Mr. Jones seconded the motion. The motion passed unanimously.

## **VORDERMEIER MANAGEMENT COMPANY (VMC)**

Alan Vordermeier, VMC

Mr. Vordermeier said the Board had asked for 5 bids to replace the air conditioners in the 316 Building, but he had only received 4 responses. He handed out copies of the bids and said all 4 companies recommended replacement of both units rather than repair. He suggested that Coastal offered the best price and noted that all bids submitted to him were sealed. Chairman Bucci suggested that the Real Estate Sub-Committee review this information and do what they deemed

appropriate. Ms. Flynn asked if anyone on the sub-committee or anyone involved in the decision process was related to any of the vendors. Mr. Vordermeier noted that his son-in-law was one of the bidders, Coastal Air Conditioning. Mr. Darmanin stated the sub-committee would take a closer look at the bids.

Ms. Pfeiffer made the motion to empower the Real Estate Sub-Committee to act on behalf of the GERS Board on all matters concerning real estate. Mr. Slagle seconded the motion. The motion passed unanimously.

Mr. Vordermeier then handed out proposed budgets for the 316 and 4800 Buildings for fiscal year 2010/2011. The actual expenses for the previous fiscal year were identified on the spreadsheet. Chairman Bucci asked that the real estate sub-committee and the audit sub-committee take a closer look at the proposed budgets.

Mr. Vordermeier then passed out copies of the proposed lease for a potential tenant at the 4800 Building. He stated the new lease would positively impact the 4800 Building budget. Mr. Darmanin stated he felt the lease terms should be similar to the other leases, with the exception of the length of the lease. Mr. Dunckel agreed in principal however, some revisions would be accepted, others rejected, and some modified. Further discussion ensued with Mr. Dunckel stating he would work on the lease agreement.

## **QUARTERLY PERFORMANCE REPORT**

Richard Dahab, Dahab Associates

Mr. Dahab began by stating that the investment returns have been spectacular. He stated that during the 4<sup>th</sup> quarter of 2010 the Plan returned 8.6%, which ranked in the top 3% of the Public Fund Universe. For the entire calendar year of 2010, the portfolio returned 15.9%, which ranked in the top 5%. He noted that over the last 5 years the plan has earned 4.9% on an annualized basis and ranked in the top 37%.

Mr. Dahab reviewed the economic environment and said there are many signs of recovery. He reminded the Board that over a year ago he projected that the recovery would come slowly, be recognized as corporate bottom line performance, and be very positive for individuals looking for work. He observed that corporations would absorb technology before they absorb people. This would tend to keep profits high and lessen the expense of human capital.

Mr. Dahab then referred to a chart that shows the real economic growth. He said investors found it hard to lose money in either the fourth quarter or for the full year. He said interest rates were likely to creep up and that would be bad for the bond market.

Ms. Cameron asked about the government bailout of the States that are really underwater and how that may effect the economic environment. Mr. Dahab stated that the government has helped to some degree, but they can't help to the degree that is needed. He said that states were probably going to have massive layoffs and restructure the role of existing public employees in order to shore up their finances.

Mr. Dahab then reviewed the Plan's asset allocation and the performance of different asset classes and styles of investment. Mr. Desmond mentioned that RMK Timber would be making another call for funds, as they were moving ahead on a teak farm in Guatemala. Mr. Dahab said he felt that investment would do very nicely.

Mr. Dahab then reviewed each money manager and their benchmarks. He expressed concern with Aletheia. He stated their performance has been very good but expressed some concern with their internal problems and the distractions that might exist going forward. He felt a lawsuits and the messy departure of a former principal might negativity spill over into their performance. Chairman Bucci asked if Mr. Dahab spoke with Mr. Bunzel at Aletheia regarding the discrepancy between his performance analysis and the rankings Aletheia uses. Mr. Dahab responded that they have spoke but reiterated his concern. Chairman Bucci acknowledged that whenever there is dissention within a firm, it is disconcerting. However, they have done well and Mr. Bunzel presented the information to the Board with assurances that the problem was not anything that would affect their performance. Chairman Bucci asked Mr. Dahab to monitor them as closely as possible and keep the Board apprised of any and all developments.

Mr. Dahab closed his report by stating that GERS money managers have beaten their performance targets 65% of the time, which is an excellent track record.

Chairman Bucci then asked Mr. Dahab for his opinion of Templeton and Hansberger's performance. Mr. Dahab said he felt no concern with Templeton's performance and Hansberger has an aggressive investment strategy that would do well when their style is in favor but not so well when their style is out of favor. Chairman Bucci then asked about the performance of Schroder. Mr. Dahab said that forward, they would probably do well and said he felt no need for concern.

Mr. Dahab closed by mentioning that his firm has a new web/I-phone site available for secure access information on investments: [www.idahab.com](http://www.idahab.com)

## **ATTORNEYS REPORT**

Mr. Dunckel said the Plan's Audit contract with Marcum Rachlin had been executed. He said that the Plan's Actuary, Gabriel Roeder Smith & Company had received a proposed contract with revisions.

Mr. Dunckel informed the Board that he is reviewing an old disability file that was previously turned down. The applicant, Doris Stenger has asked for an appeal of that decision and Mr. Dunckel is hoping to bring it before the Board in either March or April.

Mr. Darmanin asked that when the letter to Mr. Ladd was finished, would the Plan's Attorney please share it with the Board prior to distribution. Mr. Dunckel replied in the affirmative.

Chairman Bucci asked about employee funds left with the Plan without a declaration of final disposition. He asked that staff and the Board Attorney follow up to ensure closure.

## **ADMINISTRATOR'S REPORT**

Mr. Desmond informed the Board that there were 13 responses to the Request for Proposals (RFP) for an Investment Consultant. He said the Audit Sub-committee would be meeting after the regular Board meeting to review them.

Mr. Desmond presented the Board with a draft Property Manager RFP and said it was ready for review by the Board's Attorney.

Mr. Desmond noted that one of our portfolio monitoring firms, Cohen Milstein, reported that there were no class action lawsuits in which GERS would have an interest.

Mr. Desmond said that the Plan's Auditor had been working in the office preparing the Audit Report for fiscal year end September 30, 2010.

Mr. Desmond informed the Board that the office had inadvertently notified a Beneficiary that their benefit was scheduled to be reduced when in fact the benefit was about to expire. He said the Beneficiary was originally informed correctly that the benefit would last for 8 years but noted that a benefit can only be paid in accordance with the ordinance. The Chairman expressed his concern and asked the Plan Attorney to personally follow up by contacting the Beneficiary.

Mr. Desmond reported that a visit to the 4800 Building found the outside to be in good shape and that the dead and dying plants were removed. The construction appears to be on course and noted that a broken floor tile in the elevator did not present a tripping hazard.

### **MONTHLY FUND ASSET MIX**

Mr. Desmond stated that the asset allocation was within parameters set by the Investment Policy. He noted that the assets were a bit weightier in stocks than in bonds but this would probably benefit the Plan as we are in an escalating market.

### **BENEFIT REVIEW February 2011**

#### **RETIREMENTS**

Name	Date	Service Time	Type
James Carter Police Support	10/01/37	5y, 6m, 13d	Vested
Sandra Sullivan Parks & Recreation	12/01/13	5y, 7m, 26d	Vested
Janet Dean Police Support	2/15/11	16y, 14d	Normal

#### **DROP TERMINATION**

Name	Date
Robert Stried	2/28/11

#### **PRE RETIREMENT DEATH**

Name	Date	Benefit
Jessica Miller Barbara Miller mother	12/23/10	Return of Contribution

**POST RETIREMENT DEATH**

Name	Date	Benefit
Terrance Doran	12/24/10	No Further Benefit
Loretta Addeo Anthony spouse	1/08/11	100% for 1 Year 60% Thereafter
Maryevelyn Blankenship	1/14/11	No Further Benefit
Edward Creamer	1/24/11	No Further Benefit

Mr. Darmanin made a motion to approve the Benefit Review as presented. Mr. Jones seconded the motion. Chairman Bucci noted an anomaly on the Benefit Review. Staff assured the Board that was an error and would be corrected. Mr. Darmanin made the motion to approve the Benefit Review as amended. Mr. Jones seconded the motion. The motion passed unanimously.

After discussion regarding the Benefit Review information, there was a consensus of the Board to have all terminated benefits and vesting benefits listed on the review.

**EDUCATIONAL CALENDAR**

Ms. Pfeiffer asked that the Government Finance Officers Association be added to the Educational Calendar. Mr. Jones made the motion to approve the Educational Calendar as amended and to allow Board members and staff, who wish to attend, do so in accordance with the Educational Travel Policy. Mr. Darmanin seconded the motion. The motion passed unanimously.

**BILLS**

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

**PLEASURE OF THE BOARD**

Mr. Slagle informed the Board of a new program called Microsoft Meeting, which would allow the Board to have closer communication with their money managers and Consultant. A short discussion ensued and Chairman Bucci asked Mr. Desmond to look into its feasibility and costs.

Mr. Slagle then suggested that the death benefit language on the “Blue Forms” be clearer. He felt that the death benefit information for service incurred and non-service incurred deaths is not concise enough. Chairman Bucci asked Mr. Desmond to look into clarifying this information prior to distribution of the Blue Forms next January.

Mr. Slagle also noted that there was a difference between the service incurred and non-service incurred death benefit. He suggested that the Board consider changes to these benefits. Chairman Bucci responded by stating that the Board is empowered to administer the Plan according to ordinance and cannot unilaterally change the Plan. Changes to the Plan would require negotiations with both unions and the passage of an ordinance amendment by the City Commission. He noted that the Board or Board members could make recommendations to the Commission and/or unions on issues that would require an ordinance amendment. He thanked Mr. Slagle for his research and input and encouraged him to continue this effort.

Ms. Pfeiffer reviewed a hand out discussed at the last Florida Public Pension Trustees' Association (FPPTA) conference. She said that a lot of misinformation is being fed to the public regarding public pensions and this should be corrected. She suggested that a "Town Hall Meeting" be held somewhere in the City featuring Mr. Edmondson of the FPPTA who has already agreed to hold such a meeting at no cost. She suggested inviting the entire Broward County Delegation, local County groups, the Budget Advisory Board, and Home Owners Associations. The Board supported the idea and asked the pension office staff to follow-up on this idea.

#### **BOARD COMMUNICATIONS TO THE CITY COMMISSION**

The Board agreed by consensus to include the Plan's performance results in this month's Communication to the City Commission. It will include the 2010 fourth quarter return of 8.6% which ranked in the top 3% of the Public fund universe and the trailing year's return of 15.9% which ranked in the top 5% of the Public fund universe.

Ms. Cameron made the motion to adjourn. Mr. Darmanin seconded the motion. The meeting adjourned at 1:12 P.M.