

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, January 6, 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

- 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
Sean Jones, Secretary
Dr. Bob Helmholdt
Darlene Pfeiffer
Julie Cameron
Greg Slagle

Absent: Lynda Flynn, Ex-Officio

Also Present: David Bunzel, Aletheia Research & Management
Charlie Ladd, Las Olas Properties
Alan Vordermeier, VMC Realty
Robert Dunckel, Assistant City Attorney
David Desmond, Pension Administrator
Jane Dyar, Pension & Recording Secretary

Chairman Bucci welcomed Mr. Sean Jones who was re-appointed to the Board by the City Commission, Mr. Mark Darmanin who was re-elected by the employees, and Mr. Greg Slagle who was newly elected by the employees. Chairman Bucci asked Mr. Slagle to tell the Board a little about himself. Mr. Slagle said he is currently the Solid Waste Superintendent in Sanitation and has also served in the Building and Zoning, and Planning Departments. He has been with the City 25 years and felt delighted to be given the opportunity to serve as a Trustee of the Plan.

Chairman Bucci asked the Board to review the minutes of the December 6, 2010 meeting. Dr. Helmholdt made the motion to accept the minutes. Mr. Darmanin seconded the motion. There was a discussion and a few minor corrections were noted. Mr. Darmanin amended the motion to approve the corrected minutes and Dr. Helmholdt seconded the amended motion. The motion passed unanimously.

QUARTERLY PERFORMANCE REPORT

David Bunzel, Aletheia Research & Management

Mr. Bunzel introduced himself as a founding investor of Aletheia and a co-portfolio manager. Mr. Bunzel began by stating that Aletheia had outperformed the relevant benchmarks in the fourth quarter by 250 basis points and for the calendar year had outperformed it by over 500 basis points. He said the account was up 21.91% for fiscal year end September 30, 2010 and when measured against other Large Cap Growth Money managers, they were in the top quartile. In spite of challenging economic times, he said they were still the number one money manager for their space for 5, 10 and 12 years.

Ms. Pfeiffer asked why the numbers he was presenting to the Board were not congruent with the numbers that the Plan's Consultant presented to the Board. Mr. Bunzel replied that the Aletheia numbers were taken from the E-vestment Alliance Database, which is an industry standard. He said they were ranked number 1 since inception and for the last ten years were ranked number 3. He commented that he would be interested in seeing where Mr. Dahab's figures were coming from and what database he was using.

Ms. Dyar provided Mr. Bunzel with copies from the Consultant's September 30, 2010 report, showing that Aletheia was ranked in the 56th percentile. Chairman Bucci reviewed the Consultant's numbers and asked Mr. Bunzel to contact Mr. Dahab and perform an analysis to find out where the discrepancies lie. Chairman Bucci stated that the lower rankings reported by the Consultant were one of the reasons the Board asked Aletheia to attend this meeting. He also expressed concern with some recent events that have taken place within their firm.

Mr. Bunzel remarked that he wouldn't want to disparage the Consultant's process but did question their ranking. He agreed to contact and meet with the Consultant as soon as he left our meeting. He said he was aware that the Consultant had expressed concern over Aletheia's performance but felt given their recent performance, termination would be a bit short sighted. He noted the portfolio consisted of very well diversified high quality companies that are very dominant in their categories and they are very well positioned for improved performance. He added that the whole economy has been through the toughest times and will, in all probability, continue to move upward from this point forward. Mr. Bunzel then reviewed individual stocks within the portfolio.

Mr. Bunzel then described Aletheia's growth over the past year from a small company into a dynamic institutional investment team. He said that there weren't many firms that had grown

during the down market but his was one. He reviewed the addition of some key professional employees that were added to improve performance and efficiency.

Next, he addressed the departure of one of the founders of the firm, which may have drawn undue negative attention to the firm because of the litigation associated with his departure. He explained that this is purely an employment issue and has absolutely nothing to do with the company's performance or its investment processes.

There was further discussion after which Chairman Bucci asked Mr. Bunzel to meet with Mr. Dahab to discuss the gap in the criteria being used to judge their performance and report results back to Mr. Desmond. He also asked Mr. Bunzel to give Mr. Desmond a copy of any settlement agreements that may result from any of the firm's ongoing issues. Chairman Bucci remarked that he has concerns but was relieved to know the company's performance and its investment processes were not affected by the other distractions. Their performance over the last year as well as the last couple of months has been very good. He thanked Mr. Bunzel for coming and asked that the Board be kept apprised of the firm's progress.

REAL ESTATE SUB-COMMITTEE REPORT

Chairman Bucci asked for the Board's indulgence so the Real Estate Sub-Committee's report could be presented next. Mr. Darmanin began by summarizing the Board and Sub-Committee's exploratory initiatives related to the adjacent property at 300 NE 3rd Avenue. He introduced Mr. Charlie Ladd to explain his latest situation and proposal.

Mr. Ladd began by describing two higher offers he had received for the adjacent property, one of which was contingent on acquiring the property that is now owned by GERS at 316 NE 4th Street. He explained a proposal that involved exchanging the 316 property with the property directly north across NE 4th Street. He said through a series of exchanges GERS could upgrade their real estate holdings and he could acquire the 316 property, add it to his 300 property, and complete the sale of both properties to another buyer.

A discussion ensued regarding property values, land usage, and other potential property exchanges. Chairman Bucci suggested the issue be referred back to the Real Estate Sub-Committee for further evaluation and consideration.

Mr. Jones asked for the solid striking price for the offers that were on the table now for the 300 property. Mr. Ladd said it is \$4 million with some contingencies. The Board thanked Mr. Ladd for attending and presenting his offer.

ATTORNEY'S REPORT

Mr. Dunkel began by asking if the Board would like to hold a follow-up discussion on Mr. Ladd's proposal. Dr. Helmholtz suggested the Board allow some time for him to do some additional research through his contacts and bring that information to the next Real Estate Sub-Committee meeting. Chairman Bucci suggested that the Real Estate Sub-Committee set a meeting to review Mr. Ladd's proposal and bring their considerations back to the next Board meeting. Mr. Jones agreed and stated he felt the Sub-Committee should be more engaged. Ms. Pfeiffer made the motion to re-empower the Real Estate Sub-Committee to act on behalf of the Board in matters concerning Real Estate. Dr. Helmholtz seconded the motion. The motion passed unanimously.

Mr. Dunckel continued his report by stating the engagement letter with the Plan's Auditor, Marcum Rachlin, was still being ironed out. He said the Board has already authorized the Chairman to execute it once all the details of the agreement were worked out.

He then reviewed the contract with the Plan's Actuary, Gabriel Roeder Smith, stating there was an issue with coverage for the errors and omissions. He mused that he rarely saw actuarial valuation malpractice and if the State accepted the \$1 million proposed coverage, the Board should also accept it. The agreement is for five-years with an option to renew for one additional year. The contract sets out the fee structure with the first year being \$18,000, the second year \$18,600, the third year \$19,200, the fourth year \$19,800, and year five is \$20,400. There is no mention of the fee structure for year six.

Mr. Dunckel asked if the Board would like an amount identified for year six. Dr. Helmholtz suggested that the Board wait to see what could be negotiated in the future depending on the Actuary's performance. After review, the Board's consensus was to let year six's fee remain open for future negotiation.

Mr. Dunckel informed the Board that the City Commission appointed Jim Lynn as special counsel to help with some research, assist with obtaining an IRS letter determination, and review some retirement incentive programs. The firm is to be paid \$250.00 per hour with a maximum pay out of \$15,000.

Mr. Dunckel concluded by asking Mr. Desmond about a claim for disability that was filed several years ago and the applicant (Stenger) was now asking for an appeal. Mr. Desmond said that somewhere around 1992/1994 she was denied a service incurred disability and did not qualify for a non-service incurred disability. Mr. Dunckel stated that if the Board does decide to consider this appeal, the applicant's disability must be considered at the previous point in time, not any deteriorated condition that may have taken place since the original claim was filed.

ADMINISTRATOR'S REPORT

Mr. Desmond stated that the Request for Proposal (RFP) for the Plan's Investment Consultant was posted on the GERS website and was scheduled to be in the January 10, 2011 issue of Pension and Investments.

He informed the Board that one of our portfolio monitoring firms, Cohen Milstein, reported class action lawsuits with Regions Financial and DeVry, Inc. They recommended that the Fund take no action in seeking lead plaintiff status.

Mr. Desmond submitted a summary of the returns that Aletheia had achieved since being hired by the Board. He pointed out that they have produced a total return of 1.8% since March of 2007.

Mr. Desmond informed the Board that the VMC Realty statement for November was available for review by the Board. Ms. Pfeiffer commented that she and Ms. Dollard from the City's Finance Department met with VMC's accounting office to go over the reports they produce. Ms. Pfeiffer said it was a very productive meeting and expects data to be reported in an easier to understand format. Also, the bank's statements will now be released directly to GERS.

Mr. Desmond said GERS received \$76,560.75 in security litigation income for 2010; a list of the amounts recovered and the originating companies were cited.

MONTHLY FUND ASSET MIX

Mr. Desmond said that he had to withdraw \$1.5 million from Garcia Hamilton fixed account to meet operating costs. He said the total fund was down slightly for November but equity markets were already up significantly for December.

BENEFIT REVIEW

January 2011

RETIREMENTS

Name	Date	Service Time	Type
Terry Bodford Parks & Recreation	01-01-11	30y, 2d	Disability Conversion
Kenneth Kalen Parking	01-19-11	6y, 3m, 23d	Normal
John Dargis Employee Relations	01-04-11	24y, 8m, 7d	Normal

DROP RETIREMENT

Name	Date	Department	Service Time
Kimberly Clifford	02-01-11	Parks & Recreation	30y, 14d

POST RETIREMENT DEATH

Name	Date	Benefit
Frank Barrett	12-11-10	No Further Benefit
Esther Blank	11-28-10	No Further Benefit
Arthur Cresse	11-29-10	No Further Benefit

BENEFIT REVIEW

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

EDUCATIONAL CALENDAR

Dr. Helmholdt motioned to approve the Educational Calendar as presented and to allow Board members and staff, who wish to attend, do so in accordance with the Educational Travel Policy. Dr. Helmholdt subsequently amended his motion to include the Florida Public Pension Trustees' Association's Wall Street Program. Ms. Pfeiffer seconded the amended motion. 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.

PLEASURE OF THE BOARD

Mr. Darmanin asked that the Real Estate Sub Committee meeting be set for January 18, 2011 at 1 P.M. in the GERS Boardroom.

Chairman Bucci stated that the City has hired a new Finance Director and hoped that he would be attending the meetings on a regular basis as Ex-Officio.

Chairman Bucci then briefly discussed the retirement incentive program the unions and City were negotiating.

Chairman Bucci reminded the Board that their next meeting is scheduled for Thursday, February 10, 2011.

Mr. Desmond noted that the Trustee election paperwork was all produced in-house for a savings of almost \$900 when compared to the 2008 election.

BOARD COMMUNICATIONS TO THE CITY COMMISSION

No entries were offered for consideration.

Ms. Cameron made the motion to adjourn the meeting. Mr. Slagle seconded the motion. By unanimous vote, the meeting adjourned at 11:32 A.M.