

CITY OF FORT LAUDERDALE  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL  
Thursday, June 2, 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  
Darlene Pfeiffer  
Dr. Bob Helmholdt  
Julie Cameron  
Greg Slagle  
Douglas Wood, Ex-Officio

Also Present: Lynda Flynn, City Treasurer  
Alan Vordermeier, Vordermeier Management Company (VMC)  
Robert Dunckel, Assistant City Attorney  
David Desmond, Pension Administrator  
Jane Dyar, Pension & Recording Secretary

Chairman Bucci asked the Trustees to review the minutes of the May 5, 2011 Board meeting. Dr. Helmholdt made a motion to approve the minutes. Mr. Darmanin seconded the motion. Chairman Bucci noted that the "Board's Communication to the City Commission" was changed to the "Chairman's Communication to the City Commission" for the month of May because a quorum was not present when this item was discussed. Mr. Dunckel suggested that some clarification be given concerning the lease negotiations for Suite 1 and more precise wording be used in the communication to the Commission discussion. Ms. Pfeiffer asked that the Administrator's Report section convey that the benefit calculation review is being done back to the date of inception. Dr. Helmholdt made a motion to approve the amended minutes. Mr. Darmanin seconded the amended motion. The motion passed unanimously.

## **REAL ESTATE COMMITTEE REPORT**

Mr. Darmanin reviewed the Real Estate Committee meeting minutes of May 18, 2011. He said after some discussion about the demolition and construction of Suite 1 of the 316 building, it was decided that further due diligence related to the concrete floor resurfacing was needed. At their May 25, 2011 meeting, the looming August 1, 2011 move in date was discussed and in order to expedite the work at Suite 1, additional funding for an ADA compliant bathroom and resurfacing of the concrete floor was approved.

Mr. Jones made a motion to approve the May 18, 2011 meeting minutes. Dr. Helmholdt seconded the motion. The motion passed unanimously. Mr. Jones then made a motion to approve the May 25, 2011 meeting minutes. Ms. Cameron seconded the motion. The motion passed unanimously.

Mr. Darmanin then informed the Board that a demolition permit has been issued for Suite 1. He reviewed the construction bids and asked Mr. Vordermeier if he and Mr. Smith had reviewed the bids for scope and accuracy. Mr. Vordermeier responded in the affirmative. Ms. Cameron made a motion to approve ProBuilt for the construction work at Suite 1 of the 316 Building for \$171,068.00. Mr. Jones seconded the motion. The motion passed unanimously.

Mr. Darmanin expressed concern about the completion of the project by the August 1, 2011 deadline. He asked that he be allowed to approve change orders up to 10% of the total contract to avoid delays. Ms. Pfeiffer made the motion to authorize the Real Estate Sub-Committee Chairman to approve change orders up to but not to exceed \$17,106.80. Dr. Helmholdt seconded the motion. The motion passed unanimously.

Mr. Vordermeier asked that construction costs for Suite 1 be wired from the Pension Office as was the practice with the 4800 Building construction. Dr. Helmholdt made the motion to give Mr. Desmond authorization to transfer money up to \$206 thousand from the Bank of New York to meet the billing schedule. Ms. Cameron seconded the motion. The motion passed unanimously.

Mr. Vordermeier noted that Building and Zoning had reviewed the plans and anticipated that they would go to permitting by Friday, June 3, 2011. Additionally, he said that VMC would be hosting an open house at the 4800 Building. Chairman Bucci requested that Mr. Vordermeier notify Ms. Dyar so that it could be noticed as a public meeting.

Mr. Dunckel stated there was a scrivener's error in the Suite 1 lease regarding the clause on three months free rent and that he would report back after he spoke with Mr. Spector, the new tenant's attorney.

## **AUDIT COMMITTEE REPORT**

Ms. Pfeiffer said that the Committee met May 19, 2011 and that they have interviewed City Department Directors and staff to establish the level of interaction between them and the Pension Office. Additionally, she said she had a discussion with Lynn Wenguer, the Police and Fire Pension Administrator to discuss their operation. She said that the Police and Fire Retirement System (P&F) are evaluating the feasibility of using a software program developed by Pension Gold for calculating pension benefits. The cost of this software is estimated to be around \$200 thousand and she thought GERS might be able to piggyback off them. Currently GERS and

P&F use the same proprietary program developed essentially by a one-employee company. Ms. Pfeiffer stated that there were several software companies at the National Conference on Public Employee Retirement Systems (NCPERS) annual conference and she would investigate them a little further. Mr. Desmond reassured the Board that there is no sense of urgency as our system has been used for years and needs minimal maintenance. Mr. Darmanin asked if the software originator, Ms. Schaffer would be available to do a presentation to the Board. Mr. Desmond affirmed that he would schedule a presentation.

Mr. Wood informed the Board that the City just released a Request For Proposal (RFP) to out-source the payroll functions of the Finance Department. The Finance Department is responsible for producing GERS' benefit payments.

Ms. Pfeiffer then reviewed the purpose and scope of a proposed managerial audit of the Pension Office. Dr. Helmholdt made a motion to authorize the Audit Sub-Committee to negotiate with the Plan's Auditor to perform a managerial audit using the guidelines set forth by the Audit Committee at a price between \$2,500 and \$7,500 and to engage them if deemed appropriate by the Committee, subject to attorney review. Mr. Darmanin seconded the motion. The motion passed unanimously.

Mr. Slagle stated that he felt there needed to be a more comprehensive document than the Policy and Procedure guide. He suggested that the Plan's Auditor could devise a more thorough document as part of our request. Mr. Darmanin then cautioned the Trustees to err on the side of caution and to see what Markham presents to them first. If there are issues with what they find in the Managerial Audit, then the Board might consider authorizing them to draft a more thorough procedural manual.

Mr. Jones made the motion to accept the Audit Sub-Committee's minutes of May 19, 2011. Ms. Cameron seconded the motion. The motion passed unanimously.

### **ATTORNEY'S REPORT**

Mr. Dunckel said that he received information from Ms. Pfeiffer about the Dodd-Frank Act, which she received at the recent NCEPRS conference. Mr. Dunckel said that he was going to review the entire act that is about 1,300 pages and report back to the Board. He said the act concerns certain municipal advisors who are deemed to be fiduciaries. He noted that an initial review of the act indicated that appointed Trustees may have to register but government employees are most likely exempt. Ms. Pfeiffer said that she felt this was an important issue and suggested the Board schedule a presentation by the attorneys who were at NCPERS. Chairman Bucci suggested that Mr. Dunckel review the act and present his findings to the Board before the Board moves forward.

Ms. Pfeiffer expressed her concern regarding the Dodd-Frank Act and how it applies to the Plan's money managers and their lobbying efforts. She suggested that one of the portfolio monitoring firms should be able to come in and present details to the Board. Chairman Bucci asked Mr. Desmond to see if one of GERS' portfolio monitoring firms were familiar with this feature of the act.

Mr. Dunckel stated that an attorney for Ms. Stenger picked up a copy of her file and once he has reviewed the file, her appeal will be scheduled.

## **ADMINISTRATOR'S REPORT**

Mr. Desmond reported that the office has received one response to the Property Manager RFP and June 3, 2011 is the deadline for responses.

Mr. Desmond said that he contacted Mr. Webb of RMK Timber regarding the next call for funds and was told that the acquisition of the Central American property was running slowly but the call would be coming soon.

The portfolio-monitoring firm of Cohen Milstein reported that there was one class action suit against American Superconductor Corporation and their recommendation was that GERS take no action to pursue lead plaintiff status.

Mr. Desmond said that he spoke with Ray Edmondson of Florida Public Pension Trustees' Association about holding a Town Hall Meeting and inquired about a suitable location. He said the War Memorial Auditorium would cost about \$500.00, could hold about 2,110, and would be available on select dates in August or later.

Mr. Desmond said there was a question regarding the Ex-Officio's designee attending educational conferences. By consensus the Board endorsed the concept. Chairman Bucci suggested that this item be considered for Board action under the Educational Calendar section of the agenda.

Mr. Desmond presented the Board with the monthly Property Manager's Report.

Mr. Desmond told the Board that the monthly inspection of the 4800 Building showed everything to be in good order.

Mr. Desmond then discussed the information he received from the Plan's Actuarial firm of Gabriel Roeder Smith & Company regarding the impact of a Cost of Living Adjustment (COLA) for those who are retired, disabled, or beneficiaries. Mr. Darmanin stated the Board has not been able to provide a COLA for retirees since 2001 and felt it should be discussed and presented to the City Commission as a recommendation. Mr. Darmanin made a motion to recommend to the Commission a 3.5% COLA for those whose benefits started prior to November 1, 2001 and a 1% COLA for those whose benefits started between November 1, 2001 and June 30, 2010. Ms. Pfeiffer seconded the motion. An in-depth discussion ensued. The motion passed with six yes votes and one no vote by Ms. Cameron.

## **BUSINESS IN PROCESS UPDATE**

- a) The Property Manager RFP closes June 3, 2011 and the Pension Office has received one response so far.
- b) Ms. Pfeiffer is presenting a scope of work document to the Plan's Auditor, Marcum so they can provide a cost estimate.
- c) Mr. Desmond updated the Board on the progress of the Town Hall Meeting in the Administrator's Report.
- d) A Retiree COLA recommendation to the City Commission was approved by a motion of the Board. Chairman Bucci is going to write a letter to the City Manger a week after he starts to inform him of the Board's action and send another letter about a week after that to the City Commission citing the Board's recommendation.

- e) Mr. Desmond is in the process of compiling the benefit summary spreadsheet calculating each benefit from inception.
- f) Mr. Desmond is inviting Ellen Schaffer to discuss GERS' benefit software program at the July 2, 2011 Board meeting.

**MONTHLY FUND ASSET MIX**

Mr. Desmond said that as of April 30, 2011, the portfolio had assets of \$368,142,103.26, which is the highest total ever for the Fund. Mr. Desmond also noted that \$1 million was moved to cover April 1, 2011 pension payments.

**BENEFIT REVIEW  
June 2011**

**RETIREMENTS**

Name	Date	Service Time	Type
Barbara Urow Building Services	6/9/11	30y, 2m, 1d	Normal
Thomas Stokes Public Works	7/1/11	20y, 2m, 23d	Normal
Larry Matthews Parks & Recreation	7/6/11	17y, 10m, 21d	Normal
Mattie Dempsey Police Support Services	7/1/11	23y, 3m, 1d	Vested

**DISABILITY CONVERSION**

Name	Date
Carol Weiss	7/1/11

**BENEFICIARY BENEFIT CHANGES**

Name	Benefit Started / Change	
Carol Bahr spouse	7/1/10	7/1/11
Desmond Campbell beneficiary	5/1/07	2/14/11

**POST RETIREMENT DEATH**

Name	Date
Frances Schulte beneficiary	4/15/11
Jeanne Aston beneficiary	5/2/11
William Strachan Patricia spouse	5/4/11
Charlotte Wagner beneficiary	5/15/11

## **BENEFIT REVIEW**

Dr. Helmholdt made the motion to approve the Benefit Review as presented. Mr. Darmanin seconded the motion. The motion passed unanimously.

## **EDUCATIONAL CALENDAR**

Mr. Darmanin made a motion to approve the Educational Calendar as submitted and to allow Board members, staff, and the Ex-Officio or his designee, who wish to attend any of the educational opportunities, to do so in accordance with the Educational Travel Policy. Ms. Cameron seconded the 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.

## **ADMINISTRATOR'S ANNUAL REVIEW**

Chairman Bucci asked that each Trustee turn in the Administrator's performance review forms that were distributed with the meeting packets. He said that this was an interim annual evaluation as Mr. Desmond's contract runs through June 30, 2012. He asked for any additional comments from the Trustees and said he would meet with Mr. Desmond within the next couple of weeks to review the results.

## **PLEASURE OF THE BOARD**

Mr. Slagle cited the importance of the Broward Leagues of Cities and the influence they wield in legislative matters concerning pension plans.

Mr. Woods said that he expected the RFP for payroll to be a very lengthy process and he would keep the Board abreast of developments as they occur.

Ms. Pfeiffer asked about proxy voting and who in particular votes them. Mr. Desmond answered the Custodian Bank sends the proxies to the office, he reviews them and casts the ballots. Mr. Desmond stated the Board has never formalized a policy for proxy voting. Ms. Pfeiffer said that if the Trustees are not giving any direction on proxy voting, they might not be fulfilling their fiduciary responsibility as Board members. It has to do with the corporate governance part of the Dodd Frank Act. She noted the importance of voting the proxies to influence corporate governance. If a corporation is not doing well, part of the directive to the shareholder should be either to seek advice from the investment managers to get their ideas as to what direction to follow. The idea is that we don't just always vote yes on the proxy ballot.

Ms. Pfeiffer explained that another issue that surfaced at NCPERS is a requirement of the say-on-pay vote by shareholders. That vote has to do with the review of compensation packages of the corporate directors and how often corporate boards revisit them. The recommendation from the NCEPRS conference was that the Board provide direction on how to vote each proxy. Ms. Pfeiffer suggested that when the proxies come into the office that the investment managers are asked for their input. Chairman Bucci noted that there is normally a quick, limited turn around time for proxies. Mr. Dunkel added that there could be a problem, especially with the Sunshine

regulations, and timelines to enable follow up. Ms. Pfeiffer said there is a regular proxy season, usually once a year, and the investment managers could be asked to send a report ahead of the proxies, of “hot button” issues they feel are important so they could be considered on how to address them when the proxy is received. Chairman Bucci then stated as part of the Board’s fiduciary responsibility, the Board should give some direction or guidelines to the Administrator for proxy voting. He added that conceptually he agreed with Ms. Pfeiffer, however, practical application of the idea could be difficult since the Board meets just once a month. Mr. Darmanin suggested that Mr. Desmond contact Mr. Dahab who, as a Consultant to multiple clients, may have a template to follow. Chairman Bucci then recommended that Mr. Desmond contact the Plan’s money managers and Consultant to see if they have any input or suggestion on how best to set guidelines for proxy voting.

Ms. Pfeiffer then suggested that the Board take a look into any political contributions made by the Plan’s investment managers. She said in some cases, investment managers make contributions to pension reform initiatives. She felt the Board should send a statement out to all our managers to see if they are supporting pension reform and if so, ensure they are working in the Board’s best interest. Mr. Dunkel noted that their support of pension reform could actually be beneficial. Mr. Darmanin stated that if Ms. Pfeiffer were only seeking disclosure, he would agree, however, he would not recommend any action to admonish a particular firm as long as they were performing.

Ms. Cameron gave an overview of her attendance at the Sky Bridge Alternatives Conference (SALT) in Las Vegas. She said it primarily concentrated on Hedge Funds, which to her reaffirmed the Board’s position that we not invest in them. She said former President George Bush, former British Prime Minister Gordon Brown, and former Secretary of State Colin Powell each spoke at the conference and it was well worth attending.

Chairman Bucci reminded the Trustees that the Financial Disclosure Form (Form1) is due in the Supervisor of Elections Office by July 1, 2011.

Chairman Bucci informed the Board that a joint GERS and P&F Pre-Retirement Seminar is scheduled for September 22 & 23, 2011 in the Commission Chambers of City Hall.

Mr. Darmanin asked if there were any objections to moving the September meeting to the 15<sup>th</sup>. Hearing none, he made the motion to move the September meeting from the 8<sup>th</sup> to the 15<sup>th</sup>. Ms. Cameron seconded the meeting. The motion passed unanimously.

Ms. Cameron inquired about the Chairman of the Pompano Beach Pension Board, Mr. Watkins. While attending the NCEPRS Annual Conference in Miami, he fell and injured his head. Mr. Darmanin sadly informed the Board that Mr. Watkins’ fall was fatal. Chairman Bucci asked that a card of condolence be sent to Mr. Watkins’ family and the Pompano Beach Retirement System.

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

Chairman Bucci asked if the Trustees would like anything communicated to the City Commission. Hearing none, he said all three categories would contain the phrase “None at this time”.

Ms. Cameron made a motion to adjourn and Mr. Slagle seconded it. The meeting adjourned at 11:45 A.M.