

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, November 3, 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 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

Also Present: Lynda Flynn, City Treasurer
Robert Dunckel, Assistant City Attorney
DJ Williams-Persaud, Assistant City Attorney
John Norman & Michael James, Wedge Capital Management
David Lee, Dahab Associates
Alan Vordermeier, Vordermeier Management Company
David Desmond, Pension Administrator
Jane Dyar, Pension & Recording Secretary

Chairman Bucci asked the Board to review the minutes of the October 13, 2011 meeting. Dr. Helmholdt made the motion to accept the minutes. Mr. Jones seconded the motion. After discussion, Dr. Helmholdt amended the motion to include two small changes. Mr. Jones seconded and the amended motion passed unanimously.

QUARTERLY PERFORMANCE REPORT

John Norman & Michael James, Wedge Capital Management

Mr. Norman gave a brief update and explained that things were going well in the firm. He added that they had recently brought in Richard Wells from DePrince Race and Zollo, and they were very happy to add him to their team. He then reviewed current assets as well as the management of the Large Cap Value funds and spoke of quantitative value and momentum. Mr. Norman then reviewed the stock selection process including the eight separate sector models. He stated that the fund had a very widely diversified portfolio, which has led to an excellent diversification.

Mr. James briefly reviewed the 129 names in the portfolio and added that the price relative to earnings was where they have found good value on a relative basis. They find companies that have better earnings growth with good profitability. He said the portfolio was up 13.3% for the month of October and year-to-date, 4.08%. The Russell 1000 Value Index was down 1.08% putting the portfolio 500 basis points ahead of the market. He then further reviewed the performance in-depth noting the higher return at lower risk versus the index.

Mr. Norman reviewed charts that explained the Economic Balance Sheet for the U.S. and stated he felt that the outlook was good and trending to an improving environment. A short discussion ensued.

Chairman Bucci thanked them for their performance. He noted that the Board has structured the portfolio to be well diversified within many asset classes and each manager's performance is measured against their predetermined benchmark. The Board is most concerned with alpha, which is the value active management contributes over the benchmark.

QUARTERLY PORTFOLIO PERFORMANCE REPORT

David Lee, Dahab Associates

Mr. Lee reviewed the performance saying that the last quarter was very poor; he added that overseas was affecting the market with a lot of volatility. He stated that the fund was essentially back to where it was at the beginning of the year and that the end of September marked a terrible quarter for the equity markets. He said that the third quarter was the worst quarter that they would see, the fund was down 13.1%, putting the fund in the 99 percentile. He stated that when the equity markets do well the fund would do better. He then reviewed the fund's return of last quarter and reminded the Board that, in trailing periods, one quarter can make a vast difference. He handed out the numbers for the end of October that showed the improved performance almost wiped out the losses of the past quarter. He then reviewed each manager's actual performance. A short discussion ensued. Mr. Lee reiterated that the fund was valued where it began at the end of the 2010 fiscal year at an amount of \$305 million.

Mr. Lee continued that he hadn't any further confidence in Aletheia and that they were concerned with the manager's performance. After discussion, Ms. Pfeiffer made the motion to remove the money from Aletheia and split it evenly between Garcia Hamilton and Navellier. Mr. Slagle seconded the motion. A robust discussion ensued. Ms. Pfeiffer amended the motion to disburse \$1 million to each manager, Templeton, Hansberger, Schroder, Aberdeen, and split the balance between Garcia Hamilton and Navellier. Mr. Darmanin seconded the motion. The motion passed unanimously.

Mr. Lee next reviewed the Aberdeen co-mingled fund, which invests exactly the same as their

mutual fund, but with lower fees. After a short question and answer session, Dr. Helmholdt made the motion to move the Aberdeen portfolio from the mutual fund into the co-mingled fund. Ms. Pfeiffer seconded the motion. The motion was passed unanimously. Chairman Bucci instructed Mr. Desmond to handle that move and, if there was a contract change, to work through Mr. Dunckel.

REAL ESTATE SUB-COMMITTEE REPORT

Mr. Darmanin began by reviewing the October 20, 2011 meeting minutes. Mr. Jones made a motion to approve the meeting minutes. Ms. Cameron seconded the motion. The minutes were accepted unanimously.

Mr. Vordermeier passed out roofing bids on the 316 Building and the 4800 Building. He gave a brief review to the Board. He would like to have a meeting with the Real Estate Sub-Committee to review each type of roof material. He explained there was one bid for the 316 Building and three bids for the 4800 Building. He said he stopped the bidding until the Sub-Committee had decided the type of roof. Also, he said there have been roof leaks in both buildings.

Mr. Vordermeier said that there has been a problem with renting Suite 4 and he is working with Mr. Fajardo in Planning and Zoning to enable rental of the space. A short discussion ensued.

Mr. Vordermeier concluded that he tried to acquire bids for demolition of the 300 Property. The only question that could affect the numbers was an asbestos remediation problem.

Mr. Darmanin explained that there is a signed, executed contract regarding the 300 Property minus the joiner and consent agreement. Most of the due diligence has been completed. Mr. Dunckel was given the authority to negotiate the joiner and consent agreement. Mr. Dunckel stated that the attorney, Mr. Somerstein, who represents the bank, was a tough negotiator. He said that they would give a special warranty deed from the bank. He then reviewed the exemptions to the title insurance. There was in-depth discussion. Ms. Pfeiffer asked to amend her motion regarding the distribution of the Aletheia portfolio and to allocate \$4 million into the cash account and then split the remainder of the proceeds between Garcia Hamilton and Navellier. Mr. Darmanin seconded the motion. The motion was accepted unanimously.

Mr. Dunckel stated for the Board that they have until November 30, 2011 to complete the due diligence and within 5 days of that time to rescind and back out of the deal. He wanted Board members to know he had received negative reports concerning the purchase of the property from various real estate players in the area as well as within the City. He reviewed several of the concerns. Mr. Dunckel said he felt it should be the Board's obligation to hear the comments and consider them before final completion of the purchase. Mr. Darmanin said, in his opinion, those making the arguments did not have the benefit of having all of the information. Chairman Bucci suggested a Special Meeting be set regarding the final decision regarding purchase of the 300 Property. He asked that the meeting be set for November 16, 2011 at 9 A.M. The Trustees unanimously agreed to hold the Special Meeting on that date regarding the 300 Property.

AUDIT SUB-COMMITTEE REPORT

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

ATTORNEY’S REPORT

Mr. Dunckel reviewed that Gabriel Roeder was still clarifying issues with the contract. Ms. Williams-Persaud answered a previous question posed by Ms. Pfeiffer regarding gifting. She said if a professional association sponsored something for the attendees, and the Board previously approved the event, accepting it would not be considered a “gift”.

ADMINISTRATOR’S REPORT

- Mr. Desmond updated the Board on litigation reports from Kessler Topaz and Robbins Geller.
- Mr. Desmond updated the Trustees on the proposed Bonus Incentive Program. He reviewed the timeframes and that 5 of 7 informational seminars have been held to educate the eligible employees. These seminars are in conjunction with Human Resources and Risk Management. He said there have been 169 member estimates requested with most asking for several dates. Since the union contract vote, there have been 30 appointments and 18 walk-ins looking for information. Chairman Bucci complimented the Pension Office for the hard work and attentive commitment to the employees.
- Mr. Desmond updated the Trustee Elections. He apprized the Board that there are two vacancies and four members have decided to run. The ballots will be mailed out on November 10, 2011 and must be returned on December 2, 2011 by 5 P.M in order to be counted. The vote count will be done on December 5, 2011.

BUSINESS IN PROCESS

- a) Managerial Audit – Mr. Desmond stated Hansberger and Templeton have been contacted about their contracts and explained mutual funds and contracts. Due to the issues at hand with the Bonus Incentive, the retiree benefit spreadsheet has not been updated any further at this time.
- b) Disability Applications and Appeals – Mr. Desmond explained the current disability application from Robert Stacy. There was a discussion. Mr. Darmanin made the motion to approve the non-service incurred disability. Mr. Slagle seconded the motion. The disability application was approved unanimously. Chairman Bucci asked if there was any new information regarding the pending disability of Doris Stenger. Mr. Dunckel said he has heard nothing.

MONTHLY FUND ASSET MIX

Mr. Desmond said September was not a good month for the Fund but the portfolio was within the parameters of the Investment Policy.

**BENEFIT REVIEW
November 2011**

RETIREMENTS

Name	Date	Service Time	Type
Deborah Hernandez Planning & Zoning	11/01/25	18y, 7m, 12d	Vested

DROP RETIREMENT

Name	Date	Department	Service Time
Isabelle Davis	12/01/2011	Attorney's Office	12y, 6m, 28d
Denice Jones	12/01/2011	Attorney's Office	25y, 8m, 28d

BENEFIT CHANGES

Name	Benefit	Change
Jim Ingalls	Vested retirement	Benefit begins 12/01/2011

POST RETIREMENT DEATH

Name	Date
George Wolf Spouse	9/15/11
Roosevelt Murray	10/30/11

BENEFIT REVIEW

Mr. Darmanin made the motion to accept the Benefit Review as presented to the Board. Ms. Pfeiffer seconded the motion. The motion passed unanimously.

EDUCATIONAL CALENDAR

Mr. Desmond explained there was nothing new added to the Educational Calendar.

BILLS

Mr. Darmanin made the motion to pay the bills as presented. Ms. Pfeiffer seconded the motion. The motion passed unanimously.

PLEASURE OF THE BOARD

Chairman Bucci has had a suggestion to meet with Lee Feldman, the City Manager, to discuss the Plan and performance. A hearty discussion ensued. Chairman Bucci said he would bring the latest performance reports to the meeting.

BOARD COMMUNICATIONS TO THE CITY COMMISSION

There was no communications to the Commission at this time.

Ms. Cameron made a motion to adjourn. Mr. Darmanin seconded the motion. The meeting adjourned at 12:31 PM.