

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
SPECIAL BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, February 19, 2015
12:00 pm

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 Darmanin called the meeting to order at 12:00 p.m. Roll call was taken.

Present: Mark Darmanin, Chairman
Darlene Pfeiffer, Trustee
Jon Stahl, Vice Chairman
Pat Long, Trustee
Julie Cameron, Trustee

Absent: Mark Burnam, Secretary
Paul Tanner, Trustee
Kirk Buffington, Ex-Officio

Also Present: Bob Dunckel, Board Attorney
Richard Tarquino & Ryan Nunes CBRE
Alan Vordermeier, Vordermeier Management Company
Susan Waterhouse, Vordermeier Management Company
Charlie Ladd, 3rd & 4th LLC
Michael Futterman & Tammy Goldstrich, Marcum
David Desmond, Pension Administrator
Jane Dyar, Pension & Recording Secretary

Chairman Darmanin opened by stating that they were waiting for an appointed Trustee to have a quorum. A short discussion ensued regarding the outline of the meeting regarding CBRE and the Audit. Meanwhile, the Trustee arrived.

CBRE FEE DISCUSSION

Mr. Tarquino explained that the listing agreement was verbally agreed upon with Mr. Copertino, as well as contracted that if the offers changed, that CBRE would be due a fee. Additionally, he had reminded Mr. Copertino of that agreement. He noted that Mr. Copertino had stated that because of the amendment of accepting offers with any changes at an additional fee, they relied on that. He presented the Board with the e-mails. Chairman Darmanin asked if CBRE's expectation is that they are entitled to a 4% commission on the sale of the property with 3rd & 4th LLC. Mr. Tarquino affirmed.

Mr. Dunckel pointed out to Mr. Tarquinio that the contract stated the commission would be paid by the buyer. Mr. Tarquinio stated that Mr. Copertino had instructed them to net out the offers with the commission incorporated and that was why the offers were netted out. Mr. Dunckel reminded Mr. Tarquinio that Mr. Copertino had no authority to bind the Board. Mr. Dunckel reiterated that CBRE should be looking for a commission from the buyer based on the agreement with GERS. Mr. Nunes stated the way the offers were all structured it was to include the commission. Mr. Dunckel repeated that the agreement was the buyer would pay the commission. He reviewed the contract and pointed out the paragraph which was signed. Mr. Dunckel said that he was only addressing the agreement stating that the buyer would be paying the commission. Mr. Nunes took issue with the fact that without their efforts there would not have been any amended offers. Further discussion ensued regarding the agreement and the contract extension email. Chairman Darmanin thanked them for coming and presenting the issue.

Ms. Pfeiffer explained that the Audit Committee met and reviewed the draft audit report. She asked Marcum to review the report with the Board to be presented for acceptance at this meeting.

AUDIT REPORT

Michael Futterman & Tammy Goldstrich, Marcum

Mr. Futterman handed out the draft report for the Board's review. Ms. Pfeiffer handed out copies of the draft that the Audit Committee had made notes on. Mr. Futterman reviewed the Audit explanation and report. He then reviewed the management discussion and analysis, the investment portfolio and investment analysis, and the new items that were not included previously to 2014; the rate of return which is a new requirement of GASB 67 and he described the new disclosures. He noted the annual rate of return was 10.62% which may not be the same as calculated by your Investment Consultant. He next pointed out the pension liability; what it represents is the accounting evaluation which states the net pension liability and reflects the City's funding of the Plan. The Pension liability is a positive \$681 thousand.

Mr. Futterman then explained the long-term expected rate of return based on the target asset allocation in accordance with GASB 67 from the Investment Consultant who had performed the calculations. Ms. Pfeiffer interjected out of the 8 calculated investment asset classes, how many would not meet the expected rate of return. Mr. Futterman stated there were two; the fixed income at 6.2% and the international equity at 7.1%. Ms. Pfeiffer asked if the Plan will meet or exceed the long-term expected rate of return based on the target asset allocation. Mr. Futterman affirmed. He then explained the process to determine the long-term rate of return. He stated the Plan was funded at 100.1% which led to a short discussion regarding conditions for retiree COLA's. **Mr. Stahl made the motion to accept the amended Audit Report as presented for fiscal year 2014. Ms. Pfeiffer seconded the motion. The motion was accepted unanimously.**

PLEASURE OF THE BOARD

Chairman Darmanin handed out an e-mail sent by Federated to CBRE who in turn sent it to Mr. Copertino stating that Federated did not believe the Board acted in a Fiduciary manner. Chairman Darmanin reviewed the offers 3rd & 4th has a 30 calendar day period of due diligence, 30 calendar day closing period and 3 years free rent. Federated has a 45 calendar day closing and up to 1 year of free rent. Chairman Darmanin reminded the Board that they did make a motion to negotiate further with 3rd & 4th LLC. He stated this was purely for the Boards information.

Chairman Darmanin then polled the Board to see if any of the trustees in attendance were under the impression that if either of the two original buyers had amended their offers that CBRE would get a commission. The Board unanimously agreed that was never the intention of the Board. Chairman Darmanin then explained how the renewal letter was clarified, sent and received on January 15, 2015 to CBRE. On January 16, 2015 CBRE provided 2 offers to Mr. Copertino and on the January 19th the four offers were presented to the Board, Federated not being one of the offers. He then said that on the February 12th meeting and additional offer from Federated was added to the list. He stated that was a

month after the renewal letter was sent to CBRE. Ms. Pfeiffer asked if the Board should consider rescinding the offer of extension to CBRE. Discussion on rescinding offer ensued. **Ms. Pfeiffer made the motion to rescind the offer to extend the listing to February 12, since it was not signed and accepted in a timely manner in addition to the e-mail received stating they were rejecting the offer. Mr. Long seconded the motion.** Mr. Dunckel stated that since the date was originally February 12 the motion was mute. **Ms. Pfeiffer withdrew the motion.**

Chairman Darmanin then discussed the motion to have CBRE do the background work regarding the possible sale of the 4800 Building. **Mr. Stahl made a motion to have the attorney draft a letter to CBRE severing the relationship with CBRE. Ms. Pfeiffer seconded the motion. The Board accepted the motion unanimously.**

BOARD COMMUNICATION TO THE CITY COMMISSION

The Board agreed there was nothing to report to the Commission at this time. Ms. Cameron made a motion to adjourn and Mr. Stahl seconded the motion. The motion passed unanimously and the meeting adjourned at 1:11 P.M.