

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
September 23, 2008**

Approved 
Approved 

CITY HALL

Chairman Schinder called the meeting to order at 8:40 AM.

1. Roll Call

Barry Schinder - present	<u>Guests</u>
Chris Farrell – present	Horacio Montes de Oca
Brad Sicari - absent	Richelle Hayes, American Realty Advisors
Jerry Whaley – present	Judy McCoy, ASB Capital Management
Bob King - present	John McCann, Thistle Asset Consulting

2. Approval of Minutes Summary for Meeting of August 27, 2008.
The minutes were unanimously approved as submitted by the Recording Secretary.

3. Report on Fund Activity for the Month Ended August 31, 2008.
Horacio Montes de Oca
Mr. Montes de Oca reported on the performance for the month.
Portfolio Composition

Cash and equivalents	8.41%
Equities	56.31%
Fixed income	35.29%
Carrying value	\$14.49 million
Market value	\$15.20 million
Unrealized GAIN/(LOSS)	\$78,376.00
Total Income	\$25,666.00
Realized GAIN/(LOSS)	(\$5,305.00)
Investment Income	\$30,971.00
Contributions	\$48,816.00
Employer contributions	\$8,324.00
Employee contributions	\$40,492.00

4. Bills and Warrants
 - A. Healy, Cynthia – ERIP (Modified Cash Refund Annuity) - \$2472.62/month
 - B. Pagan, Edward – Lump Sum Distribution - \$4,765.08
 - C. Walke, Richard – ERIP (100% Joint & Survivor) - \$1619.26

Mr. King made the motion to approve items A – C. Mr. Garba seconded the motion, which passed unanimously by voice vote.

7. New Business

A. Shay, Dorothy – Deceased Retiree – 100% Survivor - \$1394.53/month

Ms. Alvarez advised the Board of the payout to Dottie Shay's beneficiary. Discussion followed as to whether payout must be approved by the Board.

Mr. King made a motion to change procedure for approval of beneficiary payout of benefits so as not to require Board approval, as long as no change is made to the original calculation of survivor benefits. Documents will still be presented to the Board for informational purposes and will require the signatures of two Board members. Mr. Loucks seconded the motion, which passed unanimously by voice vote.

8. Board Members Concerns

A. Bank Statements – Mr. Loucks

Mr. Montes de Oca confirmed that the Board does receive monthly statements from the Plan's Administrator, Salem Trust. Ms. Alvarez advised that these statements are available for review by the Board of Trustees who asked that they not be duplicated unnecessarily for meeting packets.

C. Retiree Annual Statements – Mr. King

Mr. King advised that the Miami Beach General Employees Plan sends a newsletter to retirees, which states the value of fund, total expenditures and payout of benefits to retirees, as well as retiree status and contact information. Mr. King will provide the Board with a copy of his fund's newsletter at the next meeting. Ms. Alvarez advised that she does produce a newsletter which is distributed to the members, along with their annual statements. This document includes any changes to the fund, reminders to update beneficiary information and Administrator's contact.

5. Presentations - Facilitated by Mr. John McCann, Thistle Asset Consulting

Mr. McCann provided the Board with a comparison of the managers, scoring their fees as compared to other Real Estate Managers. A discussion of Mr. McCann's recommendation that the manager must be willing to accept fiduciary responsibility followed. Mr. Loucks advised Mr. McCann that it would be necessary for him and Mr. Montes de Oca to leave the presentations early due to a scheduling conflict.

A. Richelle Hayes, American Realty Advisors

Ms. Hayes began her presentation, advising the Board that American Realty Advisors is based in Los Angeles, while her office is located in Orlando. They are a \$4.4 billion company that only invests in the real estate asset class. Their strategy is a very conservative core investment strategy which provides a stable income, with lower risk assets and long term appreciation potential. The company is 100% owned by senior management, with 20 years in real estate investment management. They have no exposure to risky sub-prime or off balance sheet debt and a limited use of debt, which is currently only approximately 19%.

Mr. Loucks and Mr. Montes de Oca left the meeting at this time.

The product that is being presented today is the American Core Realty Fund, which is an open-end diversified core commingled fund. This is a very liquid fund, which only requires a 1 quarter notice. None of their clients have ever liquidated; they have only rebalanced. This fund is comprised of 166 clients, with over \$2.1 billion gross market value invested in 77 properties nationwide, since 2003. Unlike many real estate investment managers, they are a *Qualified Professional Asset Manager (QPAM)*. They purchase and own their properties; they do not manage them. They visit the properties on a regular basis; appraising them internally on a quarterly basis and externally on an annual basis.

Core real estate is the least risky, with a lower return, but a very good consistent return, usually between 8-10%. Their properties are comprised of industrial, office, retail shopping centers and multi-family apartment buildings, which are 70-90% leased. Their focus is on middle market properties of \$50 to \$150 million, which are more liquid. Tenant credit is heavily scrutinized. Tenant mix is also important, with emphasis on having less than 5% of any one tenant in any property that they own. Return is made up of income and appreciation. Income is usually 3-4% of the return which makes it a good fit between fixed income and equities. This asset class is not correlated to fixed income or equities, which increases your portfolio diversification. Risk is carefully managed to provide a stable return. Benchmark is NCREIF Property Index (NPI). American Realty Advisors takes their fiduciary responsibility very seriously.

Ms. Hayes explained the difference between their product and REITs, which are traded publicly on the stock market, experiencing a -17% return, on average, as compared to direct real estate investment with an average return of 13% return since inception. Their flat fees are 110 basis points (1.10%) with no performance fee and no other hidden fees. This is not negotiable. Ms. Hayes confirmed that she is available to meet with the Board quarterly if necessary. She also confirmed that annual external appraisals are conducted on a rolling basis so market value changes throughout the year. Ms. Hayes advised that funds will not be called unless they are needed. She stated that they have not been looking at student housing since they consider it to be more risky. In response to Chairman Schinder's inquiry, Ms. Hayes confirmed that none of the companies owners are allowed to invest in the fund, as this would result in a conflict of interest.

C. Judy McCoy, ASB Capital Management

Ms. McCoy reported that their company is based in Washington D.C. with offices in Chicago and San Francisco. They manage approximately \$10 billion in net assets, broken into real estate, equity and fixed income investments. The real estate assets are approximately \$3.1 billion in 87 institutional quality core investments, comprised of 263 buildings. ASB has 129 Taft-Hartley pension plan real estate investors.

The ASB real estate fund has returned 15.5% (annualized) over the last 5 years, as compared to the S&P500 with 7.58% and Lehman Aggregate Index with 4.58% over the same period. Except in the last quarter, they are in the top quartile across the country over the past 1, 3 and 5 years.

In preparing the fund for the future, they have sold over \$320 million in lower growth markets. Focus on urban properties in recession-resistant 24-hour markets, offering strong employment growth and healthy supply/demand equilibrium. Increased allocation to student housing and have exited all portfolio condominium investments and avoided apartment exposure in three markets, likely to be hit hardest by condo overbuilding. They have also increased property and geographic diversity with 63 projects in 25 major U.S. markets.

ASB's ensures holdings will be 50% leased before they will commence ground-up development. They will only build union, which ensures quality. They require that their developers invest 5% in their projects. They have control in the buy/sell agreement to buy out developer's interest at any time. Ms. McCoy described a number of ASB projects, including a new LEED certified project in the lower west side of Los Angeles for FOX Interactive. Submarket asking rents have increased 12.3% per year since 2004 with low market vacancy, decreasing from 14.0% to 7.4% since 2004 and long term job growth projected for technology, entertainment, trade and related sectors. At 6/30/08, fund's cost value is \$114.6 million and projects net asset value is \$144.3 million. They would not be concerned about client mix if Fox Interactive was interested in leasing the entire project for 10 years. At any given time, 25% of this portfolio is projects under construction.

Ms. McCoy confirmed that she will be available to attend quarterly meetings if necessary. They have approximately 15 Taft-Hartley clients in Florida. Every property in portfolio is appraised annually, staggered throughout the year to smooth out returns. Every appraisal is approved by 3rd-party committee which is replaced every 3 years. ASB issues quarterly reports, which shows valuation of every property and income. ASB accepts fiduciary responsibility. Funds are called on the last business day of each quarter and invested right away so there is no cash left sitting on the balance sheet. In response to Chairman Schinder's inquires, Ms. McCoy stated that fees are 125 basis points (1.25%), with no management or real estate fees. Employees are not allowed to invest in the fund due to conflict of interest concerns. Debt ratio is 26% as of 6/20/08. Asset class is non-correlated to fixed assets and equities.

In summary, Mr. McCann reported that Ms. Hayes provided an update on the 6/30 returns. In reference to page 10(2) of his report, American Realty is the same or slightly ahead of ASB. In discussion of the two managers, concerns were expressed that ASB seemed to have a much higher credit risk with new construction and possible reliance on construction loans. They are also a "*wholly-owned subsidiary of Chevy Chase Bank*" and they have only Taft-Hartley clients, rather than public clients. Mr. McCann advised the Board that they should vote to determine their preference but Chairman Schinder preferred to review the materials and discuss at

the next meeting. Mr. McCann reminded the board that a Real Estate Manager would be taking 10% of total fund, which would be \$750,000 from each manager's equities portfolio. They will be sold as cash which will be transferred to the Real Estate Manager.

Mr. McCann left the meeting at this time.

The two managers seemed to have very different philosophies. American Realty seems to be more stable, even though they both have similar numbers. ASB seems to purchase distressed properties and improves them and is also involved in new construction. American doesn't want more than 5% of one tenant occupying a property, but ASB has no problem leasing an entire property to one tenant. They also seem to have more exposure to credit risk and they have no other public clients, only Taft-Hartley and they have an absolute commitment to using only union labor. Returns are comparable and ASB fees are higher and investments seem riskier.

6. Old Business

A. None

9. Adjournment

There being no further business before the Board, motion was made and seconded, and the meeting was adjourned at 10:30 AM.