

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
 316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL 33301
 Thursday, December 3, 2015
 12:00 noon

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 noon. Roll call was taken.

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

Absent: Kirk Buffington, Ex-officio
 Cole Copertino, Board Attorney

Also Present: Bob Dunckel, City Attorney
 Bob Oelke, City Resident
 Mike Fitch, City Resident
 Chris Nides, UBS
 Brian Kahley & Peter Nori, Franklin Templeton
 Janna Hamilton, Garcia Hamilton
 John LeRoy "Le" Bucci, Interim Pension Administrator
 Jane Dyar, Pension & Recording Secretary

Chairman Darmanin asked the Board to review the November 5, 2015 minutes. **Mr. Long made a motion to approve the minutes as submitted. Ms. Cameron seconded the motion. Ms. Pfeiffer asked that a reference to percentage parameters concerning the Administrator's salary be stricken as she did not recommend that strategy. Mr. Long amended the motion. Ms. Cameron seconded the amended motion. The amended motion passed unanimously.**

CONSENT ITEMS

Chairman Darmanin asked the Board to review the Consent items. **Ms. Cameron made a motion approve the Consent Agenda. Ms. Pfeiffer seconded the motion.** Ms. Dyar asked the Board to consider approval of two additional bills. Mr. Bucci noted several changes to the preliminary Benefit Review contained in the meeting packet sent to each Trustee about a week ago. **Ms. Cameron made a motion to approve the amended consent items. Mr. Stahl seconded the motion. The motion passed unanimously.**

BENEFIT REVIEW

RETIREMENT

Name	Date	Service Time	Type
Nancy Abosaid Police	01/01/16	14y, 2m, 12d	Vested to Retirement
Thomas Lodge Department of Sustainable Development	02/01/36	10y, 14d	Vesting
Gregory Palmer Public Works	09/01/14	30y, 18d	Disability Conversion
Cassandra Davis Transportation and Mobility	12/01/15	15y, 6m, 20d	Vested to Early Retirement
Kevin Edwards Public Works	01/01/16	18y, 1m, 15d	Normal
Ronald Gallo Police	01/01/16	25y, 3m, 2d	Normal
Alexander Hernandez Department of Sustainable Development	09/01/20	18y, 10m, 13d	Vesting
Allyson Love City Manager's Office	01/01/16	22y, 2m, 25d	Vested to Retirement

POST RETIREMENT DEATH

Name	Date	
Lee Michaels	10/11/15	No Further Benefit
James Evert Colette spouse	08/21/15	100% for 1 Year and 60% thereafter
Neil Kowalski	10/31/15	No Further Benefit

LATE SUBMISSIONS & ADJUSTMENTS TO THE BENEFIT REVIEW

RETIREMENT

Name	Date	Service Time	Type	Reason
Leslie P. Fass Police	01/01/16	20y, 21d	Normal	Papers signed 12/02/15
Lawrence Lancaster, Sr. Parks & Recreation	12/01/15	11y, 24d	Normal	Salary Change
Cheryl Creque Police	11/03/15	19y, 10m, 30d	Normal	Salary Change
Keith Mitchell Public Works	11/09/15	28y, 7m, 1d	Early	Employee Changed Date

REFUND OF CONTRIBUTIONS

Name	Date	Reason
Joseph Polan	10/23/2015	Additional Contributions

DROP TERMINATIONS

Name	Corrected	Reason
Carol Whitman	12/01/2015	Date Change

PERFORMANCE REPORT – Garcia Hamilton, Growth & Fixed Income Investments Janna Hamilton

Ms. Hamilton recapped the fiscal year end by stating the equities market was horrible in the third calendar quarter of the year. She said the markets focused on the Fed and everyone was waiting to see if they were going to raise interest rates. While rates were low for the last six years, the riskier more volatile investments performed well while high quality companies did poorly. Blue chip stocks continued to underperform during this market. She assured the Board that being defensive is the place to be and their firm is sticking to their fundamentals. She reviewed the sector allocations for GERS' large cap growth investments.

Next, Ms. Hamilton said the fixed income portfolio has done fairly well when compared to the Barclays Intermediate Aggregate Bond Index. She noted that the portfolio was overweight in corporate bonds of "A" quality or better. They have shifted some assets out of automotive as they saw opportunities developing in the finance and technical sector of the bond market. Then, when spreads narrowed on the corporate side, they sold some bonds and invested in US treasuries. They went longer in duration and feel that down the road this strategy will pay off. She opined that inflation expectations remained extraordinarily low with an increasing bias towards disinflation.

Ms. Hamilton closed by saying that Garcia Hamilton was awarded the "Intermediate Fixed Income Manager of the Year Award" given by Institutional Investor.

PERFORMANCE REPORT – Franklin Templeton, International Equities Brian Kahley & Peter Nori

Chairman Darmanin welcomed Mr. Kahley and Mr. Nori to the meeting. Mr. Nori began by announcing some personnel changes in their global equity group and said they are optimistic that this change will enhance the portfolio's future performance. He reviewed the portfolio's performance over the last few years and talked about issues in Europe which have created some opportunities in the global equities market place. He said emerging markets could be separated in two ways, one as commodity producers and the other as commodity consumers. Commodity producers have been under some real stress and if you're a commodity consumer, you've been in a great position. He said there have been two bear markets in the past 15 years which have scared investors but that doesn't change the underlying value of a company. Other companies recognize this underlying value and that is why there has been a pickup in mergers and acquisitions. He reviewed the sector allocation of the portfolio relative to the benchmark and closed by stating they are value managers focused on producing long term performance for their clients. Mr. Burnam asked about the expense ratio. Mr. Kahley replied 0.78% annually.

ATTORNEYS REPORT

Bob Dunckel

Mr. Dunckel said the five manager contracts in the pipeline. Capital Dynamics is currently being reviewed by outside counsel, Attorney Bill Coleman. Chairman Darmanin noted that capital calls will be made this month for some of the companies who still have their contracts under review. He said the Board is missing out on discount fees because of the delay. The five contracts under review were discussed and the Board asked Chairman Darmanin to bring back to the Board any contracts that contained conditions he was not comfortable with. He said he was waiting for completion of the Attorney's review and would only execute contracts if they contain suitable investment parameters for GERS.

Attorney's Report to be continued later in the meeting.

PENSION ADMINISTRATOR INTERVIEWS

Mr. Brian White, BBA, MBA –

Mr. White began by stating that he is a professional with successful public and private sector experience in developing , administering and implementing all aspects of a retirement plan.

Several prepared questions were asked by individual trustees regarding operations, experience, past employment, special skill sets, prioritizing, and experience developing policies and procedures.

Mr. Robert Dorn, JD –

Mr. Dorn began by stating that he possesses a unique perspective of the duties because of his experience as a Pension Board Chairman, Pension Board Secretary, Trustee, and as an Attorney representing members and retirees in pension issues.

Several prepared questions were asked by individual trustees regarding operations, experience, past employment, special skill sets, prioritizing, and experience developing policies and procedures.

Discussion ensued regarding each candidate's suitability to become GERS' next Pension Administrator. Chairman Darmanin said he reviewed the previous Administrator's salary and benefits. Mr. Dunckel suggested Chairman Darmanin take the lead in negotiating a contract with whoever the chosen candidate might be and bring the results back to the full Board for consideration. By consensus the Board agreed and a short discussion ensued. Chairman Darmanin asked if Mr. Bucci would stay after the hiring of new Administrator to assist with training. Mr.

Bucci agreed to assist with the transition.

Mr. Long made a motion to allow Chairman Darmanin to negotiate a contract with Mr. Dorn subject to attorney's review and Board approval. Ms. Cameron seconded the motion. Mr. Long withdrew his motion. Mr. Stahl made a motion to offer the Administrator position to Mr. Dorn. Ms. Pfeiffer seconded the motion. The motion passed unanimously. Mr. Stahl made a motion to empower Chairman Darmanin to negotiate a contract with Mr. Dorn subject to Board Attorney review and Board approval. Mr. Long seconded the motion. Ms. Pfeiffer stated the offer should be less than what the previous administrator was making when he left and cautioned the Board to be careful and leave enough room for future salary increases and take into consideration the level of responsibility. Ms. Cameron suggested a 90 day probationary period and further discussion ensued. Chairman Darmanin called for a vote on the motion and the motion passed unanimously. Chairman Darmanin suggested that when notifying the candidates of the Board's decision that Mr. White should be offered compensation for his flight and hotel fare since he travelled at his own expense. Mr. Tanner made a motion to offer compensation to Mr. White for his hotel and air fare in accordance with GERS' Travel Reimbursement Policy. Ms. Pfeiffer seconded the motion. The motion passed with 6 yes's and one dissenting vote cast by Mr. Long .

REAL ESTATE COMMITTEE

Pat Long

Mr. Long said the Real Estate Committee did not meet this month and asked Mr. Vordermeier to bring the Board up to date on real estate matters. Mr. Vordermeier passed out information packets to that proposed adding parking spaces to the 4800 Building. The proposal included adding two additional parking spaces as well as deepening existing spaces along the alley. He said he would have to get an Engineer to do the drawings. Cost of the drawings would be between \$1,500 and \$2,500. Mr. Long said he asked Mr. Vordermeier what could be done to make the 4800 building more marketable when the Board decides to put the property on the market. Ms. Pfeiffer said there is a point in the code that states if you do improvements to the parking area, you may have to bring the whole parking lot up to current code. Mr. Dunckel stated that at this point, the Building's parking situation is in non-conforming use and that status isn't lost until you begin changing things. He did not know what the formula for calculating parking space is but felt it should be left alone at this time. A short discussion ensued and Board consensus was to leave the parking lot as is at this point in time. Mr. Long said he met with Mr. Vordermeier about his firm's monthly real estate reports and leases for the 4800 Building. Ms. Dyar has agreed to put them in a file for easy access.

ATTORNEYS REPORT (CONT.)

Bob Dunckel

Mr. Dunckel reviewed the language of the ordinance drafted to correct the in-service distribution situation. He said the break in employment and the separation of service is defined by the IRS and will be incorporated into GERS' Ordinance. Chairman Darmanin pointed out areas and wording that gave him cause for concern. An in depth discussion ensued and Ms. Pfeiffer pointed out that a small revision using the word "impacted" versus using the word "operated" would clear the matter. Mr. Dunckel said the City was rectifying the in-service distribution issue by changing the ordinance. Discussions ensued and Mr. Dunckel agreed to revisit some of the language in the ordinance at the City's next In Service Distribution Meeting. **Ms. Pfeiffer made a motion to**

authorize the Board's Attorney to act on behalf of the Board on the in-service distribution matter. Ms. Cameron seconded the motion. The motion passed unanimously.

AUDIT COMMITTEE REPORT

Jon Stahl

Mr. Stahl asked the Board to review the Audit Committee's November 20, 2015 meeting minutes. **Mr. Long made a motion to accept the minutes as presented. Ms. Cameron seconded the motion. The motion passed unanimously.** Mr. Stahl asked for direction on notification of the candidates. Chairman Darmanin said both candidates should be notified and Mr. White should be offered reimbursement for his flight and hotel room. Mr. Bucci agreed to review the wording of Mr. Stahl's email to the candidates.

ADMINISTRATORS REPORT

John LeRoy "Le" Bucci

- Mr. Bucci reviewed the benefit payments for December and noted the financials are balanced.
- He said he was having difficulty obtaining accurate balance information from the Bank of New York Mellon, especially on non-bank assets. GERS' Investment Consultant, Dahab Associates has offered to send the figures for the Monthly Fund Asset Mix. A
- Mr. Bucci stated that Ms. Dyar is probably going to have to have her schedule reduced and/or adjusted. **Ms. Pfeiffer made a motion to allow Mr. Bucci to hire additional help temporarily due to the staffing shortage. Ms. Cameron seconded the motion. The motion passed unanimously.**
- Mr. Bucci said that Dahab had computed the annualized return on the Pension Obligation Bonds to be 7.1% from September 2012 to September 30, 2015.
- Election Ballots were sent out on Monday, November 23, 2015. Ballots are due back in the office by Friday, December 18, 2015 and will be counted Monday, December 21, 2015.
- Mr. Bucci distributed a spreadsheet showing how each money manager's fees are calculated.
- Mr. Bucci said City employees received a 1.7% raise in October and noted the raise was also given to GERS employees. He asked what the Board's wishes are concerning this raise as it would impact Mr. Desmond's benefit amount. **Ms. Cameron made a motion to have Mr. Bucci direct the City to correct the salary error. Ms. Pfeiffer seconded the motion. The Board passed the motion unanimously.** Mr. Bucci also noted that Ms. Dyar was given the same 1.7% raise. **Ms. Cameron made a motion to have Mr. Bucci direct the City to correct the salary error. Mr. Stahl seconded it.** Mr. Bucci noted that Ms. Dyar is considered a Confidential Employee and historically she has received the same raise as City employees. **Ms. Pfeiffer made a motion to reconsider and award Ms. Dyar the salary increase. Ms. Cameron seconded the motion. The motion passed unanimously.**
- Mr. Bucci explained the reasons for the changes and revisions on the Benefit Review and asked if the monthly meeting packets emailed to each Trustee a week ahead of the meeting could be labeled "Preliminary Benefit Review". The review up for Board approval at the regular monthly meeting would contain the latest information available. By consensus the Board agreed.
- Mr. Bucci presented the Board with the proposed meeting dates for 2016.
- Mr. Bucci said he participated in a conference call with Board Attorney Cole Copertino and

Darren Check of Kessler Topaz concerning Green Mountain Coffee. The class action law suit is moving along as planned.

- Cohen Milstein reported a small loss in Globus Medical, Amicus Therapeutics and BOFL Holding. They recommend that GERS remain a passive member of the class.
- Abraham Fruchter and Twersky noted a loss in Valeant Securities which they recommend moving forward in the form of a class action law suit. Other portfolio monitoring firms have recommended GERS to remain passive member of the class.
- Mr. Bucci asked who should be keeper of GERS' signed documents. Board consensus was that the City Clerk's Office should be custodian of all important signed documents.
- Mr. Bucci asked Attorney Dunckel about the payout of a deceased member's contributions since the beneficiary is also deceased. There was no estate, no assets and no probate. Mr. Dunckel said he would check with Attorney Cole Copertino.
- Mr. Bucci said there is no further information available on the 800 toll free number.
- Mr. Bucci said that Mr. Stahl has agreed to meet with IT about purchasing 9 I-Pads.
- Mr. Bucci distributed a letter from Mr. Dahab about BTG Pactual. The parent organization is a bank and their CEO was arrested. Dahab recommends no action be taken at this time.
- The Annual Holiday celebration is tonight at 6:30 p.m. and is being sponsored by Garcia Hamilton and Franklin Templeton.

BUSINESS IN PROGRESS UPDATE

Chairman Darmanin suggested that the Investment Policy be tabled due to the time. There was Board consensus to postpone the discussion.

MONTHLY FUND ASSET MIX

Mr. Bucci reviewed the Portfolio's value and said all investments are within the parameters established by the Investment Policy.

PLEASURE OF THE BOARD

Chairman Darmanin thanked Ms. Cameron for her six years of dedicated service to GERS and presented her with a plaque.

Chairman Darmanin presented Ms. Pfeiffer with a plaque and thanked her for her 10 years of dedicated service.

Ms. Pfeiffer said she would like to make three wishes before she leaves; electronic voting be put in place, the office goes paperless and the Board always remember their personal actions reflect on the Plan and the Board.

BOARD COMMUNICATION TO THE CITY COMMISSION

Board consensus concluded was there is nothing to report at this time.

Ms. Cameron made a motion to adjourn. Ms. Pfeiffer seconded the motion. The motion passed unanimously and the meeting adjourned at 4:58 p.m.