

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
 316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
 Thursday, April 2, 2015
 12:00 p.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 Darmanin called the meeting to order at 12:00 p.m. Roll call was taken.

Present: Mark Darmanin, Chairman
 Jon Stahl, Vice Chairman
 Darlene Pfeiffer, Trustee
 Julie Cameron, Trustee
 Paul Tanner, Trustee
 Pat Long, Trustee
 Kirk Buffington, Ex-Officio

Absent: Mark Burnam, Secretary
 David Desmond, Pension Administrator

Also Present: Cole Copertino, Board Attorney
 Brian Kahley, Templeton
 Alan Vordermeier, VMC Realty
 Melissa Krajewski & Gamaliel Blanco, Schrodgers
 Bradley Arendt, Realty Masters Advisors
 Bob Oelke, City Resident
 Jane Dyar, Pension & Recording Secretary

Chairman Darmanin asked the Board to review the March 5, 2015 minutes. **Ms. Cameron made a motion to approve the minutes. Mr. Long seconded the motion.** Ms. Pfeiffer noted an error in the total for net income on the 4800 Property. **Ms. Cameron made a motion to approve the amended minutes. Mr. Long seconded the motion. The amended minutes were accepted unanimously.**

CONSENT ITEMS

Chairman Darmanin asked the Board to review the consent items. **Ms. Cameron made the**

motion to approve the items on the consent agenda. Mr. Long seconded the motion. The consent agenda passed unanimously.

BENEFIT REVIEW

RETIREMENT

Name	Date	Service Time	Type
Christopher Blackman Public Works	4/11/15	13y, 4m, 23	Normal

POST RETIREMENT DEATH

Name	Date	
James Fisher Disability	3/05/15	Refund of Contribution

Chairman Darmanin opened the floor for public input and/or comment. Hearing none, he moved on to the Performance Report from Schroders.

INVESTMENT PERFORMANCE – EMERGING MARKETS

Melissa Krajewski & Gamaliel Blanco, Schroders

Ms. Krajewski introduced Mr. Blanco. Mr. Blanco explained the Schroders emerging market resources they utilize all over the world with a central communication collecting the necessary data. He then briefed the Board on the balanced approach both quantitative and fundamental with risk controls including alpha adjusted tracking error rules. They look for positive performance with minimal risk; they are a pure asset company for emerging markets. He described the team “matrix” approach. He stated their September 30, 2014 fiscal year-end performance was 3.5%; underperforming the index by .8%. He added that as of March 26, 2015, they were up 150 basis points in terms of relative performance which leaves them in the top quartile in emerging markets. He then reviewed some rankings based on performance.

Mr. Blanco stated that the global economic outlook for 2015-2016 was strong in the United States and slower elsewhere. He estimated global GDP growth in 2014 was 2.7% and the estimate for 2015 was 2.8%. Ms. Cameron asked what he thought about the Euro. Mr. Blanco answered he felt the Euro had less effect on emerging markets, but high correlation with the U.S. dollar. Ms. Pfeiffer questioned the extra data on pages 9, 10, 11, and 12 with reference to particular countries that GERS has no investment in and how that affected the portfolio. Mr. Blanco said that when you don’t have the allocation in the portfolio, but it is part of the index, it has to be considered an underweight and if it underperforms, you get a positive return. Ms. Pfeiffer then asked about the stock selection. Mr. Blanco referenced the 1-year attribution of Hungary, explaining the weighted average return leads to a positive stock selection. Mr. Tanner interjected that there was a strong U.S. dollar head wind and the strengthening consumer is the tail wind. Mr. Blanco agreed.

Chairman Darmanin opened the floor for public input and/or comment. Hearing none, he

moved on to the Real Estate Committee.

REAL ESTATE COMMITTEE REPORT

Chairman Darmanin stated that the Board had been given two proposals at the last meeting for the 4800 Building, which were tabled. He asked for any input and questions, mentioning that both parties were currently present. Ms. Pfeiffer said she wanted to remove the local real estate holdings from the Fund. Placing the building up for sale should not be considered a commitment, only an opportunity to determine market worth, and that the Board had nothing to lose by doing so. Ms. Cameron said that it had been a long haul to get the entire building renovated and completely leased and she felt there was no rush in trying to sell the property until the Board's desired value is attained and not take a loss. Mr. Long said the reports given provided the information that they would take a loss in selling the property since the leases said they would be making an 8% return. Ms. Pfeiffer explained the value to a buyer might be more and the Board would not know unless the property is listed. She closed by saying they could list it with a minimum offer. A discussion ensued on what the bottom floor on offers would be. **Ms. Pfeiffer made the motion to list the property for sale. Mr. Tanner seconded the motion. Further discussion ensued. Ms. Pfeiffer withdrew her motion and Mr. Tanner withdrew his second.**

Ms. Cameron asked about the numbers of purchase price and all construction costs fixing it up against the lease income coming in from the building. Mr. Vordermeier said the income of \$150,000 per year was net of fees. Chairman Darmanin said that \$4.3 million, according to the itemized list of expenses, would be the required sales price. The Board discussed and reviewed the differences in valuations of the property. Mr. Arendt examined his figures saying he would need to see exact numbers to provide a specific number. The Trustees then discussed various options, assets and yields. Ms. Pfeiffer asked that at the next meeting if Mr. Vordermeier would provide the Board with full cost information on the 4800 property; upgrades, repairs, management fees, investment total in cash along with the income derived from the property. Mr. Arendt questioned the income stated to the Board and guessed that the Fund should be netting \$231,000 per year at the current rate per square foot. The Trustees agreed that at the next meeting the numbers should be provided. Mr. Tanner noted the numbers should be reviewed and that a decision should be made. He said the property was worth what it is worth and the property should be listed. Ms. Pfeiffer asked Mr. Vordermeier to put together all the income and expenses from the very beginning for the 4800 Building, so the Board could see where they stand. Mr. Vordermeier stated he had already done all the analysis and would make it available to the office.

Mr. Vordermeier then presented for signatures the Suite 203 renovations contract with Dr. Garcia.

Mr. Darmanin updated the Board on the 300 assemblage. He said they had received a draft copy of the contract from 3rd & 4th LLC, reviewed it and asked to hear back last week. They have yet to hear back from them and have asked that the time be deducted from the due diligence period. Ms. Pfeiffer asked if there was a delay due to them not reviewing the contract on time. Mr. Copertino said that they received the purchase agreement 2 weeks after the Board meeting. Both he and Ms. Solomon, who handles real estate for the City, reviewed it. He said it had been about 2 weeks since they have returned the contract and he expects to hear from them by tomorrow. Additionally he said there were some inconsistencies as to the deposits and when they go hard. Ms. Pfeiffer asked when they thought the contract would be executed. Chairman Darmanin then noted that the Board

empowered the attorney and Chairman to enter into negotiations with Mr. Feldman's group.

Chairman Darmanin opened the floor for public input and/or comment. Hearing none, he moved on to the Attorney's Report.

ATTORNEY'S REPORT

Mr. Copertino had a conversation with Robbins Geller regarding the Salix Pharmaceuticals case and the Judge appointed another fund to be the lead plaintiff so the GERS Fund would remain a passive class member. Mr. Copertino asked that the Board table some of the Policies until he could speak with Mr. Desmond. Chairman Darmanin asked that the Board review them individually.

Chairman Darmanin opened the floor for public input and/or comment. Hearing none he moved on to the Administrators report.

ADMINISTRATORS REPORT

Chairman Darmanin reviewed the report with the Board. The April 2015 benefit reconciliation was attached. Kessler Topaz noted a security class action suit regarding Stratasys, Ltd., but recommended remaining a passive class member. Payroll notified the office that on March 6, 2015, members of the Teamsters Union received retroactive lump sum COLA's effective October 2013 and October 2014. Chairman Darmanin asked if Ms. Dyar could explain the status for the Board. Ms. Dyar explained that Mr. Desmond had compiled a list of all prior pensioners in addition to those affected and make adjustments from 2013 manually. Additionally the office would need to take steps in performing future benefit estimate calculations. Chairman Darmanin then reviewed the case of an employee who retained counsel regarding the beginning date in GERS.

Chairman Darmanin opened the floor for public input and/or comment. Hearing none he moved went on to the Audit Committee report.

AUDIT COMMITTEE

Committee Chair Stahl stated that the Audit Committee did not meet so they had nothing to report.

Chairman Darmanin opened the floor for public input and/or comment. Hearing none he went on to the Business and Process update.

BUSINESS IN PROCESS UPDATE

Chairman Darmanin reviewed the items. Mr. Copertino said there was no news on the disability case. Ms. Dyar said that the attorney for the plaintiff came by the office, during a lunch recess, requesting a copy of approved minutes regarding a motion made by the Board. It was noted Ms. Dyar should have immediately notified Mr. Copertino and Mr. Darmanin. Mr. Copertino stated there was no news on the GERS Service Credit for Affiliated Agency Employees and that the In-Service distribution was also still pending. He then interjected that the Salix Pharmaceuticals suit was already covered in his attorney's report. Chairman Darmanin then asked the Board to look at the Policy reviews.

- Media Policy; the Board reviewed and accepted the media policy with no changes.

- Travel Policy; the Board tabled the travel policy until the next meeting.
- Investment Policy; the Board tabled the investment policy until the next meeting. Mr. Tanner said that the consultant had always been an integral part of the investment policy and felt that if any changes were made the consultant should be a part of it. Mr. Copertino noted some of his concerns were mainly in the language. Chairman Darmanin stated that the policy had served the Board well and cautioned the Board when reviewing or recommending significant changes. Lengthy discussion ensued regarding options.
- Audit Policy; the Board reviewed and accepted the audit policy with no changes.

MONTHLY FUND ASSET MIX

Chairman Darmanin asked the Board to review the asset mix. Board consensus was all was in order.

PLEASURE OF THE BOARD

Chairman Darmanin asked the Board if they had any items to discuss. Ms. Pfeiffer shared a conversation with regard to the Board Attorney Policy and how it may present conflicts. She was informed by the City Manager, that the City Commission would be very amiable regarding the Board hiring their own attorney versus using the City provided attorney. A discussion ensued regarding cost versus savings. Ms. Pfeiffer said she believed there was a cost allocation through the general fund. Mr. Buffington said that he didn't believe there would be a savings and that the Plan would still be billed through the general fund even if they hired independent counsel. Chairman Darmanin asked Mr. Copertino to approach Ms. Everett and seek her opinion.

Ms. Pfeiffer announced that as of April 10, 2015 she was retiring after 15 years of service and moving on to Broward County. She was congratulated.

Chairman Darmanin expressed concerns on the oversight of the office. Some of the details that the Board expects to be done he felt was not being done. He said that in the past a managerial audit was done but the Board did not get what they expected out of that audit. He asked the Board to consider hiring an independent person to review the office, on a periodic basis, to ensure what the Board is requesting is being done at a caliber with the timeliness and accuracy the Board expects and requires. Ms. Pfeiffer felt that the Board should look for a Management Consultant, not a Managerial Audit. Chairman Darmanin felt that there were retirees that have served on the Board that could act in that capacity, perhaps on a part time basis with familiarity and expertise in certain areas. A short discussion ensued. This item was tabled until the next meeting.

BOARD COMMUNICATION TO THE CITY COMMISSION

The Chair opened the floor for public input and/or comment. Hearing none, he asked if there was anything the Board wished to communicate to the City Commission.

Consensus concluded was there is nothing to report at this time.

Ms. Pfeiffer made a motion to adjourn. Mr. Stahl seconded the motion and the meeting adjourned at 2:08 p.m.