

**CITY OF FORT LAUDERDALE**  
**GENERAL EMPLOYEES' RETIREMENT SYSTEM**  
**BOARD OF TRUSTEES MEETING**  
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL 33301  
Thursday, November 5, 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  
Linda Logan-Short, Ex-officio

Also Present: Cole Copertino, Board Attorney  
Bob Oelke, City Resident  
John Herbst, City Auditor  
William Dahab, Dahab Associates  
Melissa Krajewski & Gamaliel Blanco, Schroder Investment Management  
John LeRoy "Le" Bucci, Interim Pension Administrator  
Jane Dyar, Pension & Recording Secretary

Chairman Darmanin asked the Board to review the October 1, 2015 minutes. **Ms. Cameron made a motion to approve the minutes as submitted. Mr. Long seconded the motion. The motion passed unanimously.** Chairman Darmanin then asked the Board to review the Special Meeting Minutes of October 22, 2015. **Mr. Long made a motion to approve the minutes as submitted. Ms. Cameron seconded the motion.** A short discussion pointed out an error in attendance. **Mr. Long made a motion to approve the amended minutes. Mr. Stahl seconded the motion. The motion passed unanimously.**

**CONSENT ITEMS**

Chairman Darmanin asked the Board to review the consent items. Mr. Bucci requested additional invoices and retirements be considered. **Ms. Cameron made a motion to approve the amended consent items. Mr. Long seconded the motion. The motion passed unanimously.**

## RETIREMENT

Name	Date	Service Time	Type
Joseph Polan Police	10/24/15	10y, 3m	Refund of Contributions
Robert McKenney, Jr. Finance	11/03/15	8y, 1m, 17d	Normal
Keith Mitchell Public Works	11/11/15	28y, 7m, 2d	Early
Lawrence Lancaster, Sr. Parks & Recreation	12/01/15	11y, 24d	Normal
James Hill Public Works	11/17/15	27y, 10m, 5d	Normal

## DROP TERMINATION

Name	Date
Carol Whitman	12/31/15

## DROP RETIREMENT

Name	Date	Department
Michael Champion	12/01/2015	Parks & Recreation

## PRE & POST RETIREMENT DEATH

Name	Date	
Nancy Ackrill Victor Ackrill	10/08/2015	50% to Beneficiary for 96 Months
Mary Potter	10/09/15	No Further Benefit
Lee Michaels	10/11/15	No Further Benefit
John McKelton	10/24/15	No Further Benefit

## **PERFORMANCE REPORT – Schroder Investment Management – Emerging Markets** Melissa Krajewski & Gamaliel Blanco

Mr. Darmanin welcomed Ms. Krajewski and Mr. Blanco. Mr. Banco said it had been a difficult year for emerging markets relative to developed market indices. The US market has been very strong and they were cautiously optimistic that performance in the emerging markets asset class would improve. Emerging market opportunities seem to be inexpensive when compared to a historical perspective. His firm believes they can achieve at least single digit returns in the not too distant future. Year to date, emerging markets in general, were down 15%. Fortunately, Schroder has beaten the index by 3.2% in some of the worst market conditions by overweighting countries that have not relied on external financing to keep their economy going. Mr. Blanco then reviewed the holdings in GERS' portfolio and explained their investment strategy. Mr. Blanco reviewed Schroder's forecast for the Board and summarized that in the next 3-7 years, Schroder expects the emerging markets

asset class to outperform most every other investment option. A brief discussion ensued and the Board thanked Ms. Krajewski and Mr. Blanco for their report.

## **PERFORMANCE REPORT - FOURTH FISCAL QUARTER**

William Dahab, Dahab Associates

Mr. Dahab said that Gross Domestic Product growth was 3.9% for the quarter and unemployment was down to 5.1%. He reviewed the overall performance of the portfolio and each money manager's contribution. The fixed income investments of Garcia Hamilton performed extremely well but overall the last month of the quarter was not kind to GERS' Portfolio. Already in the first quarter of the new fiscal year things have begun to improve and there is noticeable strengthening in the economy. Mr. Dahab said GERS has less risky alternative assets than a lot of other pension funds in the universe, GERS' asset mix would usually produce results a little lower than their peers. Additionally, there are real estate holdings at the end of the fourth fiscal quarter that were sold during the first fiscal quarter for much higher prices than their appraised value. A discussion about ranking and performance ensued and Mr. Dahab noted that the Large Cap portion of the portfolio has been dragging down the overall portfolio. He noted that actively managed portfolios have been in a tough environment than usual and beta driven stocks have been driving the market over the past couple of years. He opined that it is a cyclical event.

Mr. Stahl asked if there were any concerns with DePrince Race and Zollo's performance. Mr. Dahab said that they had a significant investment in energy and their performance suffered because of that. Mr. Long asked about a watch list and Mr. Dahab said the Board would have several options with or without a watch list. Chairman Darmanin commented about past actions of the Board and said usually, a discussion about a specific money manager's performance is enough to get their attention. He also noted that DRZ was offering a 20% fee reduction to GERS' during this difficult market.

## **ATTORNEYS REPORT**

Cole Copertino

- Mr. Copertino said the disability presentation scheduled for today would have to be postponed again.
- A meeting about in-service distributions is likely to take place in the coming month and he would keep the Board informed. He said the proposed amendments to the Plan aimed at resolving future issues with in-service distributions is moving forward and he expects full passage by the City Commission.
- Mr. Copertino hopes to have all the pending investment contracts reviewed within the next couple of weeks.

## **BUSINESS IN PROGRESS UPDATE**

Chairman Darmanin said the pending disability and appeals were already covered by the attorney. Ms. Logan-Short said she was still reviewing the list of members who might have received an in-service distribution and once that list is completed, she'll present it to the Board. Chairman Darmanin thanked Ms. Linda Logan-Short for all the hard work she's done on the new GASB regulations and for her commitment to the Plan.

## AUDIT COMMITTEE REPORT

Jon Stahl

Mr. Stahl said the Audit Committee met last week to review about 23 applicants for the Pension Administrator position. After careful consideration and review, they were ready to recommend five applicants be interviewed by the Board. A discussion ensued regarding a third party administrator option.

Ms. Pfeiffer said the Administrator's salary should begin at current market pay which would leave room for subsequent increases based on performance. The Plan has a small staff and is closed to new members so the pay should reflect those circumstances. Mr. Bucci said this is a highly responsible position and the Board should pick someone they can explicitly trust because much of the work is done with little oversight. Further discussion ensued and Ms. Cameron asked Mr. Bucci if the office was staffed adequately. Mr. Bucci said he felt the office was staffed properly but some administrative and managerial processes need to be improved. He said he is reluctant to make any drastic changes because the office would most likely have a new Pension Administrator within the next month or so. The Board began discussing interview guidelines.

It was agreed that Skype assisted interviews would be optional for those who didn't wish to attend an interview in person. The Board agreed to hold a Special Meeting at noon on November 20, 2015 to interview the applicants. Mr. Stahl said he would contact the selected candidates and schedule a sequence for the interviews. He also agreed to set up Skype for those candidates who choose not to attend in person. Trustees are to submit questions for consideration to the Interim Administrator.

Mr. Stahl then asked the Board to review the Audit Committee meeting minutes. **Mr. Tanner made a motion to approve the minutes as submitted. Mr. Long seconded the motion. The motion passed unanimously.**

## REAL ESTATE COMMITTEE

Pat Long

Mr. Long said the Real Estate Committee did not meet but he is planning to meet with Mr. Vordermeier in the coming week to go over leases and review tax bills. Mr. Vordermeier reported in a letter to the Board that the 300 Property and 316 Building sold on October 9, 2015 for \$9.2 million. He stated the sale resulted in a 20.5% return on GERS' investment and the 4800 building is bringing in \$176,500 a year in rent.

## ADMINISTRATORS REPORT

John LeRoy "Le" Bucci

- Mr. Bucci reviewed the benefit payments for November and noted the financials are balanced.
- He asked the Board for their input on GERS' 800 number as the City Manager's Office is doing an analysis on all toll free lines in the City. A short discussion ensued and Ms. Logan-Short said she would speak with Mr. Parker from the City's IT Department about the line and the volume of calls.
- Mr. Bucci reviewed the City's annual pension contribution and the Plan's expenses for fiscal year 2014/2015.
- Mr. Bucci shared a letter from DePrince Race & Zollo which notified GERS they were offering a 20% reduction in fees.
- He shared a copy of the advertisement that appeared in Pension and Investments magazine for GERS' Pension Administrator.

- Mr. Bucci passed out a copy of the Special Election Notice for a Trustee position and informed the Board of the election timelines. Profiles are due in the office by 4:00 p.m. Monday, November 16, 2015. Ballots and profiles will be mailed shortly thereafter and ballots will be due back in the pension Office by Friday, December 18, 2015. Ballots will be counted on Monday, December 21, 2015.
- Mr. Bucci asked Board members who travel on educational trips to turn their travel expense reimbursement requests in as soon as possible after their trip is completed.
- He presented the Board with GERS' cash flow statement for September and October 2015.
- Mr. Bucci reviewed the October 23rd Retirement Seminar and said there were roughly 70 GERS members signed up and all went well. The feedback was all positive.
- Mr. Bucci notified the Board that OFI's invoices for April, May and June were being processed along with July, August and September's due to the City's IT Department imposing a size limit on emails which withheld the billing from GERS' e-mail.
- Mr. Bucci asked the Board to approve the revised profile form, election ballot and voting instructions. **Mr. Stahl made a motion to approve the profile, ballot and instructions as presented. Mr. Tanner seconded the motion. The motion passed unanimously.**
- Mr. Bucci reviewed some issues with the end of fiscal year DROP reports and how September's activity had to be recreated by, the vendor of GERS' software program. **Ms. Pfeiffer made a motion authorizing the Interim Administrator to spend an additional \$500 should more reports be required. Ms. Cameron seconded the motion. The motion passed unanimously.**
- Mr. Bucci said the Annual Holiday Celebration is scheduled for December 3, 2015. Garcia Hamilton and Franklin Templeton have graciously agreed to sponsor this year's event. By consensus the Board thought a short guest list would be appropriate this year and after further discussion, the Board agreed that only current trustees, staff, and their guest would be invited for the holiday gathering this year.
- Mr. Bucci presented the trustees with an updated contact sheet and asked them to review it for accuracy.
- Proposed meeting dates for 2016 were discussed.
- He noted that the Actuarial Assumed Rate of Return is now 7.5% and DROP accounts have been adjusted accordingly.
- Portfolio monitoring firms suggested GERS become lead plaintiff in a case against Valeant Pharmaceutical. A short discussion ensued and Mr. Copertino said he felt seeking lead plaintiff status was not something the Board should pursue at this point in time. By consensus, the Board agreed
- Mr. Bucci said the Board has authorized him to work 40 hours per week but there were going to be times when he would have to adjust his daily hours to meet the demands of the office. He requested the Board consider using a monthly figure instead. A short discussion ensued and **Mr. Long made a motion to authorize the Interim Pension Administrator to work up to 172 hours per month. Ms. Pfeiffer seconded the motion. The motion passed unanimously.**
- Mr. Bucci informed the Board that Mr. Ron Cameron was appointed to the Board by the City Manager and will replace outgoing Trustee, Ms. Julie Cameron.
- Mr. Bucci reviewed some of the auditor's requests for information. Ms. Logan-Short said the Finance Department should be able to assist some of the documents requested.

## **MONTHLY FUND ASSET MIX**

Mr. Bucci reviewed the fund's value as of September 30, 2014 and compared it with September 30, 2015. He said \$37,095,824.44 was paid in benefits during fiscal year 2014/2015. Mr. Long asked if Mr. Dahab had any recommendations on GERS' Investment Policy and he responded that he would take a look at it and make some recommendations.

## **PLEASURE OF THE BOARD**

Chairman Darmanin thanked the Interim Pension Administrator and staff for the fans which were keeping the room much cooler.

## **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. Mr. Long seconded the motion. The motion passed unanimously and the meeting adjourned at 2:15 p.m.