

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
 316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
 Thursday, May 14, 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
 Linda Logan-Short, Ex-Officio

Absent: Mark Burnam, Secretary
 Cole Copertino, Board Attorney

Also Present: Bob Oelke, City Resident
 Richard Dahab & David Lee, Dahab Associates
 Alan Vordermeier, VMC Realty
 John Herbst, City Budget Director
 John Norman, WEDGE
 Bradley Arendt, Realty Masters Advisors
 Bob Dunckel, Asst. City Attorney
 Joshua Krom & Chris Niles, UBS
 Lynn Wenguer, Police & Fire Pension Administrator
 David Desmond, Pension Administrator
 Jane Dyar, Pension & Recording Secretary

Chairman Darmanin asked the Board to review the April 2, 2015 minutes. **Ms. Cameron made a motion to approve the minutes. Mr. Stahl seconded the motion. The minutes were accepted unanimously.**

Chairman Darmanin then asked the Board to review the Real Estate Committee minutes from April 23, 2015. **Ms. Cameron made the motion to approve the minutes. Mr. Long seconded the motion. The 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
Darlene Pfeiffer Transportation & Mobility	4/11/15	15y, 1m, 14d	Normal
Cassandra Davis Transportation & Mobility	1/01/19	15y, 6m, 20d	Vested
Yvonne Redding Department of Sustainable Development	3/01/16	13y, 6m, 17d	Vested
Richard Banta Public Works	6/01/15	16y, 2m, 11d	Normal
Jonathan Graham Police	3/20/15	9y, 1m, 26d	Rollover of Contributions

POST RETIREMENT DEATH

Name	Date
John Albea	3/19/15
Maribeth Bothwick	3/25/15
Horace Robinson	3/25/15
Eldon Wells Jones	4/03/15

Ms. Pfeiffer arrived.

QUARTERLY INVESTMENT REPORT

John Norman, WEDGE

Mr. Norman gave the Board a brief overview of their strategy updating them on the platform for investing and the fact that they have \$11.7 billion under management with 49 employees and 8 general partners. He added that most of the money they manage is for institutional investors. He explained the systematic investment process and the multi-factor value model they use for each sector. They use value and contrarian methods to identify stock and use momentum to approve the time on keeping the stock. Mr. Norman then reviewed the performance as of March 31, 2015 where the performance rated in the top quartile since inception with a lower standard deviation of returns. Mr. Dahab noted for the Board that health care was one of the single largest investments. Mr. Norman stated it was a nice performer and great addition to the portfolio. Mr. Tanner noted

the performance numbers were slightly different than in the Dahab report. Mr. Dahab interjected that the basis point difference was smoothed over the quarter in his report. Mr. Norman stated that in the 7.5 years of this portfolio the portfolio has appreciated over \$33 million and performance for year to date thru March 31, 2015 was 4.1%. He then reviewed a general snapshot of performance to the Large Cap Value Universe. Ms. Pfeiffer asked him to explain the quantitative performance and the traditional equity performance, since it did not sink up with the performance of investments. Mr. Norman noted that the quantitative and traditional performance was since inception of the firm not the specific portfolio. Ms. Pfeiffer asked if the information could be presented net of fees. Mr. Norman affirmed.

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

PERFORMANCE REPORT

Richard Dahab, Dahab Associates

Mr. Dahab stated the portfolio had a great quarter.. The weather was a significant player in the economy from the eastern coast states that closed down in the winter to the west coast port strike. Oil prices lowered, job growth was decent, and economic growth was small at 1.10%. However, consumer confidence was getting stronger. He does not foresee a larger amount of growth but the dollar remained strong. He also noted that the economic investment growth was 2% - 2.5% since the recession. That is a good solid rate of growth for investment. He stated that growth outperformed value this year and that growth and small cap stocks set the pace for the year. He then reviewed the asset allocation and noted equities are overweight. Although money has been withdrawn regularly to pay benefits, the equity investments just keep making more money. Chairman Darmanin stated that they are approximately 40 days away from selling the 300 assemblage and reinvesting those funds will need to be addressed.

Mr. Dahab reviewed the performance summary by saying that the fund has earned 3.1% for the quarter and 7.1% for the year, putting the fund in the top 10% in performance of their peers. Since the recession's end, the portfolio has had an investment return of \$238,444,272 million, 10.6% per annum for the Fund. He then reviewed the various managers' performance for the Board. Mr. Dahab then passed out a leaflet regarding management fees for the Board. He stated the fees paid were very reasonable and overall 62 basis points were in the norm. A short discussion on diversification ensued. Mr. Dahab closed reviewing each of the managers.

Chairman Darmanin opened the floor for public input and/or comment. Hearing none, he moved on to the Real Estate Committee Report.

REAL ESTATE COMMITTEE REPORT

Chairman Darmanin stated a contract was signed on the 300 assemblage and due diligence material was supplied. He stated they have received a proposed lease however; they have not reviewed it yet. In approximately one week the due diligence period should end.

Mr. Vordermeier then reviewed the tenant improvement work for the 4800 Building, stating that the rental received would be around \$10,257.92 per month.

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

on to the Administrators report.

ATTORNEYS REPORT

Mr. Dunckel reminded the Board that he was filling in for Mr. Copertino and had nothing to report at this time. He added he did have some comments on business in progress reports. Chairman Darmanin asked if there was any information on the Board's request for Ms. Everetts opinion regarding the hiring of a private attorney for the Board. Mr. Dunckel did not have any information. Chairman Darmanin then asked if there was any consensus of the Board for listing the 4800 building at this time. There was none. The Board stated that \$4.3 million was the least amount needed to recoup the value invested in the 4800 building. Mr. Herbst noted for the Board that they have already recognized the appraised loss. A discussion ensued; using the current value of the asset it is providing approximately an 8% return.

Mr. Dunckel noted that there was a new case alert from Robbins Geller where they would recommend GERS participate as a lead plaintiff. He then reviewed the case for the Board saying that he felt this was a strong case. Mr. Copertino was handling the particulars but he felt the Board should be aware of the case. Mr. Stahl asked if there was a difference in the recouping of funds if they were lead plaintiff. Mr. Dunckel stated there was none. **Ms. Cameron made the motion to be lead plaintiff. Ms. Pfeiffer seconded the motion. A discussion was held. Ms. Cameron amended her motion to say that if it is determined that there are two or more other lead plaintiffs with losses greater than 25% of our loss, and with attorney's review, then there is no authorization to review lead plaintiff status. Ms. Pfeiffer seconded the amended motion. The motion passed unanimously.**

Chairman Darmanin thanked him and went on to the Audit Committee report.

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

ADMINISTRATORS REPORT

- Mr. Desmond presented the Board with the May 2015 benefit payment reconciliation sheet.
- Mr. Desmond presented the Board the VMC Income and expense book for March 2015.
- Mr. Desmond notified the Board of a security class action suit summary from Kessler Topaz in which they recommend to stay a passive class member.
- Mr. Desmond informed the Board that GERS will be receiving an investment distribution of \$127,510.17 from BTG Pactual Select Timberland.
- Mr. Desmond explained the wireless access information from the IT department and cost of \$870 to purchase and install the access.

ADMINISTRATORS REVIEW

Chairman Darmanin stated that in the past the Trustees have used a performance review criteria form to review Mr. Desmond's performance and he passed out evaluation forms to each of the Board Members, ex-officio and attorney. He asked that everyone take them with them review them and return them to him before the next meeting. He also asked Mr. Desmond to provide the form to the trustees and support team who were not present at the meeting and ask them to return the forms to the Chair prior to the next meeting. The Chair explained all responses will be kept anonymous.

Ms. Pfeiffer excused herself.

BUSINESS IN PROCESS UPDATE

Chairman Darmanin stated that there were two current disabilities for review and asked Mr. Desmond to review the first one.

Mr. Desmond gave a brief synopsis of the non-service disability. There are two doctor summaries stating the employee is unable to perform any duties for gainful employment. Mr. Darmanin asked Mr. Dunckel if the disability met all the conditions of the Ordinance. He affirmed. **Mr. Stahl made a motion to grant the disability. Mr. Long seconded the motion. The motion passed unanimously.**

Mr. Desmond gave a brief synopsis of the second non-service disability. There was only one doctor summary stating the employee was unable to perform any duties for gainful employment. Mr. Darmanin asked Mr. Dunckel if the disability met all the conditions of the Ordinance. He stated no, since the employee may be able to do some form of gainful employment. He recommended questioning Public Works to see if any light duty service may be available. Chairman Darmanin asked if Ms. Logan-Short would ask HR if there may be any light duty positions available for this employee. Ms. Logan-Short agreed. Mr. Stahl made a motion to table the decision on the disability until further information is achieved. Mr. Long seconded the motion. The motion was approved unanimously.

Chairman Darmanin asked Mr. Desmond to explain the GERS Service Credit for Affiliated Agency employees. He explained the Ordinance approved in 2004, reviewing the over age 55 class of employees and the Non-Classified employees. Mr. Desmond expressed his opinion that both he and Ms. Wenguer should have been included in that group back when they joined the GERS Plan in July 2003. He explained the amount of service credits that would be due for each of them. He then detailed the member contribution costs and costs due from the City. He reviewed the rest of the report. Ms. Wenguer expressed her opinion that the Plan was amended through the Ordinance that service credit would be bought back by Affiliated Agency employees which gives the right for each of them to buy back the benefits. She went on to say she thought the computation did not need to be put into the Ordinance. Ms. Wenguer continued that responding to the reason it has taken so very long is irrelevant now, it just needs to be resolved regarding pay back by the employees. Mr. Darmanin stated past opinions of the Board Attorney were in conflict with the opinion of Mr. Desmond and Ms. Wenguer. He felt it needed to be reviewed by the Board Attorney and an interpretation of what is currently allowed by ordinance should be brought back to the Board. Ms. Wenguer stated it has been discussed over ten years through past Boards and is still under discussion.

Mr. Dunckel explained that they are still working on the In-Service distribution to come into compliance with IRS regulations. There are several steps to be dealt with and they are being careful to address each beginning with qualification; including limitations. Chairman Darmanin asked Mr. Dunckel to create a list of frequently asked questions and once they were approved they should be distributed and posted on the GERS website to help answer questions the beneficiaries may have.

Mr. Dunckel had no information on the Salix case.

Chairman Darmanin asked that the educational policy be tabled until the next meeting since at a previous meeting Mr. Copertino mentioned he had potential changes and he was going to provide advanced copies for the Board. In addition Ms. Pfeiffer historically spoke on the subject and she was no longer in attendance. The Board concurred.

Chairman Darmanin stated that at a previous meeting Mr. Copertino mentioned he had potential changes and he was going to provide advanced copies of the Investment Policy for the Board Chairman Darmanin reviewed the letter from Mr. Burnam who was unable to make the meeting with the Board regarding the Investment Policy. He then asked for Mr. Dahab's recommendation. Mr. Dahab gave a short brief on fixed income.

Chairman Darmanin asked Mr. Dahab what his full service fees were and what the charge would be for an RFP for private equity or other asset class. Mr. Dahab stated the additional fee would be about \$35,000 per year and he recommended that instead of GERS using his services a-la-cart, they go full service and this way they would have Dahab Associates at their disposal and service. A short discussion ensued on private equity costs. **Mr. Tanner made the motion to table the Investment Policy until they have a direction. Ms. Cameron seconded the motion. The motion passed unanimously.**

Mr. Tanner made the motion to hire Dahab Associates as a full service advisor subject to attorney review and Board approval of the additional expense. Ms. Cameron seconded the motion. The motion passed unanimously.

Ms. Cameron made the motion to update the Asset Allocation Study Mr. Tanner seconded the motion. The motion passed unanimously.

Mr. Tanner made the motion to move 1% of the equities to cash. Ms. Cameron seconded the motion. The motion was accepted unanimously.

Mr. Darmanin asked Mr. Dahab if he start updating the 2012 Asset Allocation Study. He said he would have it ready for the August Board meeting. Mr. Darmanin asked the Board how to proceed with the office review and audit of the office policy. A short discussion ensued. Board consensus was to table the discussion to the next meeting.

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

There was nothing to discuss under pleasure of the Board.

BOARD COMMUNICATION TO THE CITY COMMISSION

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

Ms. Cameron made a motion to adjourn. Mr. Stahl seconded the motion and the meeting adjourned at 2:58 p.m.