

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT
SYSTEM BOARD OF TRUSTEES MEETING
 316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
 Thursday, January 7, 2016
 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
 Pat Long, Trustee
 Ron Cameron, Trustee
 Lynn Wenguer, Trustee
 Linda Logan-Short, Ex-Officio Designee

Absent: Mark Burnam, Secretary
 Paul Tanner, Trustee

Also Present: Cole Copertino, Board Attorney
 Bob Duncel, Assistant City Attorney
 Greg Slagle, Retiree
 Dennis Ulmer, Retiree
 Hank Kim, National Conference on Public Employee Retirement Systems (NCPERS)
 Larry Barszewski, Sun Sentinel
 Joshua Krom, UBS
 John LeRoy "Le" Bucci, Interim Pension Administrator
 Jane Dyar, Pension & Recording Secretary

Chairman Darmanin asked for the Board's permission to rearrange the agenda to accommodate Mr. Kim's revised travel plans. By consensus the Board agreed.

NCPERS – Code of Conduct Presentation

Hank Kim

Mr. Kim said the Code of Conduct was conceived at an Executive Board meeting 18 months ago while discussing conflict of interests between Public Pension Plans, the fiduciary responsibility of NCPERS and the responsibilities of service providers. He reviewed the significant pension changes nationwide, the Standards of Conduct for Certified Financial Advisors and the recently developed 10 principles for NCPERS' Code of Conduct for Public Pension Service Providers. The code requires entities that provide services and products to public sector pension plans to: act professional and ethical; act for the benefit of public plan clients; act with independence and objectivity; disclose any conflicts; act with reasonable care, skill, competence and diligence; to communicate in a timely and accurate manner; to uphold applicable law, rules, and regulations; fully disclose fees; not advocate for the diminishment of public defined benefit plans; and fully disclose all contributions made to entities that advocate diminishment of public defined benefit plans.

He explained that endorsing the Code of Conduct has no expense but whomever signs the document would agree to abide by all the provisions of the code. The code does not require firing a service provider if a conflict of interest is found, but serves a vehicle to identify conflicts. He said endorsement of this document would help enable retirement security for everyone. NCPERS is the largest trade association for public sector plans and member participation is important for its success. He asked the Trustees to consider endorsing the Code of Conduct. Mr. Copertino asked about the monitoring service NCPERS provides. Mr. Kim replied that it mainly concerned good governance and there was no charge for the service. Mr. Cameron noted that the Code of Conduct didn't look any different than what the Board has followed for many years. Chairman Darmanin asked if the Board would like to take action on this today or bring it back to the next meeting after evaluation. Board consensus was to consider it at the next meeting after counsel reviewed it.

Chairman Darmanin returned to the agenda, introduced the two new Trustees and asked each of them to tell the Board a little about themselves. Lynn Wenguer said she was the Executive Director of the Police and Fire Pension Office and has met most of the Trustees previously. She said she was very excited to actually be able to represent GERS members and vote on issues. Ron Cameron said he was first appointed to the Board 12 years ago and termed out after 6 years on the Board. He is a Certified Public Pension Trustee and is very happy to be back on GERS' Board of Trustees.

Chairman Darmanin thanked them for their commitment to the Plan and asked the Board to review the December 3, 2015 meeting minutes. Mr. Long noted a correction and **made a motion to accept the December 3, 2015 minutes as amended. Mr. Stahl seconded the motion. The motion passed unanimously.** Chairman Darmanin asked the Board to review the December 15, 2015 Special Meeting Minutes. **Mr. Long made a motion to accept the minutes as presented. Mr. Stahl seconded the motion. The motion passed unanimously.**

CONSENT ITEMS

Chairman Darmanin asked the Board to review the consent items. **Mr. Long made a motion to approve the consent items as presented. Mr. Stahl seconded the motion.** Mr. Bucci

reviewed the difference between the preliminary meeting packet sent to the Board about a week preceding today's meeting and changes to the one up for approval today. Ms. Wenguer suggested identifying the changes with some sort of distinguishing mark so Trustees could easily identify the changes. **Chairman Darmanin called the question and the motion passed unanimously.**

BENEFIT REVIEW

RETIREMENT

Name	Date	Service Time	Type
Jeffrey Conover Public Works	01/07/2016	16y, 2m, 21d	Normal
Curtis Potts Public Works	01/09/2016	25y, 23d	Normal
Tommy Bolden Parks & Recreation	01/30/2016	31y, 2m, 12d	Normal
Ursula Thime Department of Sustainable Development	02/06/2016	19y, 24d	Normal
Denise DiPalo Transportation & Mobility	01/23/2016	8y, 9m, 7d	Normal
Asaad Akar Public Works	03/01/2016	11y, 4m, 16d	Vested (04/19/2002) to Retirement
Karen Chadwick Fire Rescue & Building	02/01/2016	14y, 3m, 30d	Vested (08/15/1998) to Retirement

DROP RETIREMENT

Name	Date	Department	Service Time
Alan Harvey	1/12/2016	Human Resources	28y, 1d

POST RETIREMENT DEATH

Name	Date	
Gerard Mahoney	11/27/2015	No Further Benefit
Stanley Nason	12/05/2015	No Further Benefit as Retiree
Stanley Nason	12/05/2015	No Further Benefit as Beneficiary

POST VESTING DEATH

Name	Date	
Danielle Hyppolite-Eugene Police Department	11/17/2015	Refund of Interest & Contributions

CORRECTIONS

Name	Date	Service Time	Type	
Anthony Cesar Information Technology	09/01/26	10y, 10m	Vesting	Correct Retirement Date on March 2014 Review
James Evert Colette Evert (Spouse)	Date of Death 08/21/15		Spousal Benefit	To Correct Spousal Benefit Amount

ADMINISTRATOR'S CONTRACT DISCUSSION

Chairman Darmanin said there were several language changes being worked on by counsel regarding the Administrator's contract but wanted to open the floor for comments from any of the Trustees who attended the Commission's afternoon meeting on January 5, 2016. Ms. Wenguer said she was not present for the Administrator interviews but expressed concern over the candidate because of the responsibilities placed on licensing and certification. Further insight was given by Mr. Copertino regarding the processes and procedures of the Florida Bar. Further discussion ensued and Chairman Darmanin asked if the Trustees would care to vote on a contract for an Administrator or table the contract discussions. **Ms. Wenguer made a motion to table the contract discussion indefinitely. Mr. Stahl seconded the motion.** Potential scenarios were discussed. Chairman Darmanin asked if there is any public input. Mr. Ulmer stated he was a longtime activist for the City, serves on the City's Advisory Board and is a GERS retiree. He said he attended the afternoon Commission meeting, heard the discussion and understood the concerns of the Commission. He felt the Board should take action right away and not entertain the matter further. Attorney Dunckel and Attorney Copertino clarified the ramifications of tabling the matter versus making a definitive decision. Discussion ensued regarding fiduciary responsibility and Chairman Darmanin asked for a recess.

Recessed at 1:31 pm

Called to order at 1:41 pm

Mr. Darmanin noted the Board recessed for 10 minutes and during that time he spoke with Mr. Dorn who said he wished to withdraw his application. Mr. Dorn will send the formal withdrawal notice in writing to Chairman Darmanin. **Mr. Long made a motion to accept Mr. Dorn's withdrawal in writing. Mr. Stahl seconded the motion. The motion passed unanimously.** Mr. Long stated there were several short listed applicants that should be looked at again. Mr. Stahl reviewed the advertising process and the trustees discussed options including additional advertising. Ms. Wenguer supported opening the search once again with a closing in January. Chairman Darmanin suggested that Mr. Stahl hold a special meeting to review the candidates for consideration including late submissions and if there were no viable candidates, he should begin a new search. **Mr. Stahl made a motion to start recruiting for a new Pension Administrator by reviewing existing resume's, place an ad for recruitment, list the opening with the FPPTA and make a deadline for recruitment of February 5th, 2016 so there will be time to review the applicants prior to the next full Board meeting. Mr. Long seconded the motion. The motion passed unanimously.** Ms. Wenguer volunteered to serve on the Audit Committee. Chairman Darmanin said there is also an opening on the Real Estate Committee. Mr. Cameron volunteered to serve on the Real Estate Committee. **Ms. Wenguer made a motion to allow Mr. Stahl, if needed to register a search and to spend up to \$2,500 for advertising. Mr. Cameron seconded the motion. The motion passed unanimously.**

ATTORNEY'S REPORT

Cole Copertino

Mr. Copertino said he and Mr. Coleman (appointed outside counsel), have completed review of the Invesco Real Estate contract and it should be ready for signatures within the next 2 weeks. He said the City Commission has some concerns about GERS investments that tie up funds for several years and whether or not they are considered illiquid investments. Chairman Darmanin noted that Private Equity investments were recommended by Rich Dahab, GERS' Investment Consultant and that recommendation was also reflected in the recent Asset Allocation Study commissioned by the Board. He also noted that Commissioner Roberts asked him to come back to a Commission conference meeting sometime after the Board meeting to apprise the Commission of GERS' investment decisions. Their major concerns were related to the investment amounts in Private Equity and whether or not the Plan was in violation of their current Investment Policy. Chairman Darmanin said he felt everything was in order to move ahead with the real estate investments but felt before going ahead with any of the additional Private Equity investments, he should go before the Commission to explain the Board's position. The City Attorney's Office has agreed to put the matter on a conference agenda in February. A short discussion ensued regarding timeliness of review of contracts and the procedure for hiring outside counsel by the City to assist in the review of those contracts. Mr. Ulmer stated the Commission's concern is the actual return on the Private Equity investment cannot be determined until the end of the investment, probably 3-7 years. He thought the City would prefer a safer investment. Chairman Darmanin explained that Private Equity was just one piece of GERS' portfolio and it is the combined diversification and balanced investment strategy that gives GERS a higher probability of earning its stated actuarial rate of return.

Chairman Darmanin said he would like to review the Investment Policy so all Trustees currently present could provide input. Changes to the Investment Policy as suggested by GERS' Investment Consultant were distributed. Mr. Ulmer cautioned the Board that the City Manager suggested to the City Commission that they could amend the ordinance to control the policy and the Plan itself, if they wished, the City Manager also suggested his staff could assume the administration of the plan. Mr. Ulmer felt the Board should address and approve an Investment Policy at today's meeting. Chairman Darmanin asked the Board to review the two versions of the Investment Policy presented. After a lengthy discussion **Mr. Stahl made a motion to approve the revised Investment Policy. Mr. Long seconded the motion.** Discussion ensued regarding clarification of the revised policy. Mr. Bucci recited the changes the Board is considering which included:

- Changing the benchmark of the Plan's fixed income portfolio to Lehman's successor, Barclays.
- Include Private Equity in the Authorized Investments section of the policy
- Insert "bonds and bond like instruments in the Maturity and Liquidation Requirements section of the policy.
- Increase the amount of cash kept at the Custodial Bank to cover benefits
- Decrease the asset allocation to equities from 70% to 67%.
- Decrease the allocation to fixed income from 20% to 15%.
- Allow 15% of Plan assets to be invested in alternative investments.
- Insert in the Real Estate asset class section the following; "If the Board considers the

direct purchase of real estate, it shall engage a Qualified Professional Asset Manager (QPAM) prior to any such purchase.”

- Change the expected rate of return to 7.5% to coincide with the Boards previous actions.
- Adjust the percentage ranges and variances for each of the asset classes and styles.

Mr. Stahl amended his motion to approve the version read into the minutes by the Interim Administrator. Mr. Long seconded the amended motion. The motion passed unanimously.

INTERIM ADMINISTRATOR'S REPORT

John LeRoy “Le” Bucci

- Mr. Bucci presented the Board with the Pension Wire Calculation Worksheet stating that the benefit payments for December were balanced with Pension Office Records.
- He presented the Board with GERS cash flow worksheet and Bank of New York Cash account worksheet citing the deposits and withdrawals for the month of December.
- He expressed concern that the Bank of New York Mellon has not submitted an invoice for the quarter ending June 30, 2015 after several requests to do so. He also noted that the City's Finance Department needs to close the books for GERS' 2014/2015 fiscal year.
- Mr. Bucci presented an email from Marian Dollard, of the City's Finance Department reporting some transactions, mainly non-bank held assets that were not recorded. This transaction increased the September 30, 2015 portfolio value by \$3,076,672.91.
- He confirmed that the former Administrator's October salary increase was reversed.
- He said website host, “Verio” was transitioning to NTT America. They requested a credit card number be held on file to be charged each time a payment comes due. Discussion ensued about obtaining a GERS credit card for this and other various uses. **Mr. Long made a motion for the City's Finance Department to set up Interim Administrator Bucci with a “P” Card (purchasing card) so that he may register it with the website host and ensure a smoother process for registration at educational conferences. Mr. Stahl seconded the motion. The motion passed unanimously.**
- Mr. Bucci said he just received direction from the Board's Attorney on how to process a refund of contributions on a deceased member whose beneficiary is also deceased.
- He reviewed a deceased vested member who was married at the time of vesting and still married at the time of death but listed her children as beneficiaries. He said he received direction from the Board's Attorney earlier today on how to proceed.
- Mr. Bucci said OFI Global is refunding \$1,992.89 to GERS because of the way they invested cash in a money fund. He provided the Board with the letter from them explaining the refund.
- The Auditor requested a large volume of information and required a response by January 5, 2016. He said he believes he has submitted all the requested information.
- He said the Blue Forms usually are distributed in January but may be delayed because of the office workload.
- Mr. Bucci said VMC's Real Estate Reports for November and December are available for review.
- He said Kessler Topaz & Cohen portfolio monitoring reports were available for review.

AUDIT COMMITTEE REPORT

Jon Stahl

Mr. Stahl said the Audit committee did not meet but would schedule a meeting to begin the process of reviewing applications for a Pension Administrator. Chairman Darmanin recommended the next meeting be set up before the Trustees depart today. Mr. Stahl stated that he would forward the resumes he has and place advertisements with Pension & Investment's magazine, post an advertisement on the Florida Public Pension Trustees' website and ask the Interim Administrator to post the opening on GERS' website. The next cut-off date for applications would be February 5th and those applications would be reviewed at a subsequent Audit Committee meeting on February 8, 2016.

REAL ESTATE COMMITTEE

Mr. Long

Mr. Long said the Real Estate Committee did not meet. He spoke with Mr. Vordermeier and he brought up the issue again of adding additional parking to the parking area of the 4800 Building. Chairman Darmanin asked counsel to review if adding additional spaces to the parking area would trigger a full permit review or code compliance review. Mr. Copertino said he would look into it and get back to the Board by the next meeting.

BUSINESS IN PROCESS UPDATE

Chairman Darmanin asked the Board Attorney about the disabilities pending. Mr. Copertino said the pending disability hearing is on hold as he has not heard anything from the claimant's attorney. In another case, the disability appeal hearing is being held up because the attorney for the claimant has asked the court system to hear the matter. Chairman Darmanin asked about the status of the in-service distribution matter. Mr. Copertino said the Commission passed the ordinance on first reading. He said he would have a list of GERS members affected by the in-service distribution matter emailed to the Board. He said at the next meeting the Board needed to address Workers' Compensation and bonding of the next Administrator. He would also like to see storage of contracts and legal documents reviewed on the next business in process updates.

MONTHLY FUND ASSET MIX

Mr. Bucci reviewed the monthly fund asset mix and said everything was in balance and in compliance with the Investment Policy in effect for the timeframe being reviewed.

PLEASURE OF THE BOARD

Chairman Darmanin asked the Board for their opinions on him having a conversation with Ms. Everett, City Attorney about using outside counsel. The Board agreed by consensus. Mr. Darmanin asked Mr. Copertino to arrange the meeting. He also asked for consensus of the Board so he could write a thank you letter to Dahab Associates and Capital Dynamics for coming down on short notice and attending the Commission meeting. By consensus the Board agreed.

Chairman Darmanin also noted that he thanked the Commissioners individually for inviting him to their Conference meeting.

BOARD COMMUNICATION TO THE CITY COMMISSION

Board consensus was to allow Chairman Darmanin to address the City Commission for any questions they may have.

Ms. Wenguer made a motion to adjourn. Mr. Long seconded the motion. The motion passed unanimously and the meeting adjourned at 3:43 p.m.