

**CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT
SYSTEM BOARD OF TRUSTEES MEETING**
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL
Thursday, April 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
Lynn Wenguer, Secretary
Mark Burnam, Trustee
Ron Cameron, Trustee
Paul Tanner, Trustee
Pat Long, Trustee
Linda Logan-Short, Ex-Officio Designee

Also Present: Bob Dunckel, City Attorney
Richard Dahab, Dahab Associates
Nick Schiess, Incoming GERS Pension Administrator
Alan Vordermeier, VMC Realty
John Herbst, City Auditor
John LeRoy "Le" Bucci, Interim Pension Administrator
Jane Dyar, Pension & Recording Secretary

Chairman Darmanin asked the Board to review the minutes from March 3, 2016's meeting. **Mr. Tanner made a motion to accept the minutes as presented. Mr. Burnam seconded the motion. The motion passed unanimously.** Chairman Darmanin asked the Board to review the Audit Committee Meeting minutes from February 18, 2016. **Mr. Stahl made a motion to accept the minutes as presented. Mr. Cameron seconded the motion. The motion passed unanimously.** Chairman Darmanin asked the Board to review the March 15, 2016 Audit Committee Meeting minutes. **Mr. Stahl made a motion to accept the minutes as presented. Mr. Cameron seconded the motion. The motion passed unanimously.**

CONSENT ITEMS

Chairman Darmanin asked the Board to review the consent items. **Mr. Tanner made a motion to approve the consent items as presented. Mr. Cameron seconded the motion.** Mr. Bucci noted since the meeting packet was sent to Trustees a week earlier, an applicant for benefits has been added and one correction identified. Mr. Bucci explained two of the bills he felt needed further clarification for the Board. **Chairman Darmanin called for a voice vote and the motion passed unanimously.**

Ms. Wenguer made a motion to allow Mr. Bucci to exceed 172 hours of service a month at his discretion and according to what is necessary for the proper operation of the office. Mr. Cameron seconded the motion. The motion passed unanimously.

BENEFIT REVIEW

RETIREMENT

Name	Date	Service Time	Type
Frank Garofalo Parks & Recreation	04/30/2016	17y, 10m, 30d	Normal
Mary Laboy Public Services	05/01/2016	5y, 10m	Vested to Normal
Pernell Ponder Public Works	03/04/2016	10y, 4m, 11d	Refund of Contributions
Joan Shamis Sustainable Development	04/09/2016	9y, 2m, 4d	Normal
James L. Koeth Public Works	04/09/2016	21y, 11m	Vesting Normal = 4/01/2023
William Eugenis Public Works	05/03/2016	31y, 18d	Normal
Jenni Morejon Sustainable Development	04/04/2016	11y, 1d	Vesting Normal = 10/1/2032
Laura Levin Police Department	04/02/2016	22y, 8m	Normal

DROP RETIREMENT

Name	Date	Department	Service Time
Thomas Ballou	05/01/2016	Fire-Rescue	29y, 26d

DROP TERMINATION

Name	Date	Department
Robert Burks	05/02/2016	Public Works
Daniel Rozelle	04/30/2016	Public Works

POST RETIREMENT DEATH

Name	Date	Benefit
Martin Abbaticchio Retired former employee	02/15/2016	No Further Benefit
Wanda Comer Retired former employee	03/01/2016	No Further Benefit
Barbara Brown Retired former employee	03/09/2016	No Further Benefit
Joseph Schoren Felicia to receive spousal benefit	03/10/2016	100% for one year 60% thereafter
Marjorie Wolfrom Beneficiary of Charles Wolfrom	03/08/2016	No Further Benefit

CORRECTIONS

Name	Date	Type
Julia Leonard	03/01/2016	Final calculation of Benefit for DROP
Jada McLendon Minor Child of Oris McLendon	08/01/2006	Benefit Adjustment for Minor Child of Retiree
Michael Champion	12/01/2015	Final calculation of Benefit for DROP

CONTRACT & SERVICE AGREEMENTS

Mr. Bucci reviewed the Toshiba copier lease renewal agreement and the Swisher sanitizing service contract. By consensus the Board endorsed execution of the lease and contract. Mr. Dunckel noted no motions were necessary for Mr. Bucci to proceed.

ANNUAL POLICY REVIEW

Mr. Bucci said although some of the policies have recently been reviewed, he felt keeping all the policies on the same annual review schedule would be prudent.

1. Media Policy – After a short discussion, **Mr. Stahl made a motion to approve the policy as presented. Mr. Cameron seconded the motion. The motion passed unanimously.**
2. Investment Policy – Mr. Dunckel asked about the wording on page 13 concerning the valuation of illiquid assets. He suggested that “Independent appraised valuation” would be more appropriate than actuarial valuation. Board consensus agreed and Mr. Herbst noted that the Board should ensure the scope of work included the correct wording. Ms. Wenguer said too many options and alternatives were being discussed and would like further consideration of this policy deferred. Further discussion ensued and **Mr. Stahl made a motion to have the Audit Committee refine the Investment Policy and bring it back to the Board for review. Mr. Long seconded the motion. The motion passed unanimously.**
3. Audit Policy – **Ms. Wenguer made a motion to approve the Audit Policy. Mr. Burnam seconded the motion. The motion passed unanimously.**
4. Educational Travel Policy – Review and discussion of various aspects of the policy ensued. **Mr. Cameron made a motion to remove valet parking and insert “attendees**

are encouraged to self-park”. Mr. Burnam seconded the motion. After further discussion Mr. Cameron amended his motion so the phrase “Trustees or authorized attendees are encouraged to use self-parking but at the traveler’s discretion, valet parking may be used”. Mr. Burnam seconded the motion. The motion passed unanimously.

Ms. Dyar said the Educational Travel Reimbursement forms have recently been updated. She reviewed the form and process for obtaining reimbursement for authorized travel. Instructions and forms would be sent to each Trustee via email after the meeting.

AUDIT COMMITTEE REPORT

Mr. Stahl said the Audit Committee met in March and their minutes previously approved by the Board, reflect the activities of the Committee.

REAL ESTATE COMMITTEE REPORT

Mr. Long said the Real Estate Committee did not meet but he spoke with Mr. Vordermeier about a couple issues concerning the 4800 Building. Mr. Vordermeier said he had a couple of items of interest to the Board:

- Smart Air has been retained to provide regular maintenance on the air conditioning system.
- The 4800 Building is currently returning 4.52% on GERS’ investment.
- The 4800 Building is turning 40 years old and the County requires an inspection which should cost around \$500.
- VMC Realty has transferred \$60,000.00 into GERS’ account at the Bank of New York Mellon because the operating account accumulated a higher than necessary amount of money.
- He said the air conditioning compressor for the 3rd floor of the 4800 Building failed and he is recommending replacement rather than repair. So far he has received one bid for \$6,148.00. Since it is a medical office, it needs to be replaced right away. **Mr. Cameron made a motion to authorize VMC to go with the lowest priced replacement estimate and allow payment up to \$6,148.00 to replace the 5 ton rooftop air conditioner. Mr. Long seconded the motion. The motion passed unanimously.**

INTERIM ADMINISTRATOR’S REPORT

Mr. Bucci presented and discussed with the Board;

- Finance Department’s benefit payments for April are balanced with Pension Office Records. Details of the reconciliation are attached to the City’s Wire Calculation Worksheet.
- GERS’ Cash Flow Spreadsheet for March is attached. Since \$10 million went to Invesco and \$3.1 million was used to pay April’s benefits, the first part of April’s cash flow is also included in the spreadsheet.
- A copy of Lord Abbett’s emails responding to an inquiry about the volume of trades that started in the 3rd fiscal quarter of 2015. They had put a new system in place and as a result of our inquiry, have changed their ordering system.
- The City is implementing a new way of accounting for the Health Insurance Stipend. If a

retiree purchases health insurance through the City's plan, the stipend will show on their 1099-R as a non-taxable benefit but if health insurance is purchased elsewhere, the benefit will show on the 1099-R as a taxable benefit but can be deducted if the retiree has used the funds to purchase health insurance elsewhere. He wanted the Board to be aware that the City intends to include the health insurance stipend with the retirement income a member receives from GERS. Board consensus was that the City should send out its own 1099, separate from GERS'. Ms. Logan-Short said this was a project in the hands of the Human Resources Department. Ms. Dyar asked if the City planned on going back any number of years to issue corrected 1099R's. Ms. Logan-Short said they would not be addressing past payments.

- The National Conference on Public Employee Retirement System's has requested GERS send a list of official delegates to them for their Annual Conference by April 22, 2016.
- Disability verification letters have been reworked and are being reviewed by GERS' Attorney.
- Obtaining a GERS credit card is still in the works so he had to use his personal credit card to retain the website domain name.
- New and old letterhead styles were reviewed and by consensus, the Board said they preferred the old letterhead.
- Mr. Bucci asked the Board if they wanted him to remain on the Resolution which authorizes GERS officials to sign documents on behalf of GERS. Chairman Darmanin said he'd like to keep Mr. Bucci on the document, mainly for training purposes. Board consensus agreed.
- VMC Realty's February report is available for review in the file room.
- GERS and Police & Fire Pension Systems are planning the annual Retirement Seminar which will take place on Friday, September 23, 2016 in the City's Commission Chambers.
- Portfolio monitoring firm reports are available for review in the Interim Administrator's Office.

ATTORNEY'S REPORT

Mr. Dunckel said a disability appeal hearing is scheduled for July 7, 2016 and he would suggest the Board hold a special meeting due to the intricacies of the case. He said the in-service distribution list is still being reviewed. Ms. Logan-Short said they should have the list completed by the next GERS Board meeting.

The real estate investment contract with Deutsche Asset & Wealth Management and private equity investment contracts with Hamilton Lane and HarbourVest are still under Board Attorney review.

BUSINESS IN PROCESS UPDATE

Chairman Darmanin said the two items cited on the agenda under this category have already been discussed.

MONTHLY FUND ASSET MIX

Mr. Bucci said the Monthly Fund Asset Mix reflects closing balances as of March 31, 2016. On April 1, 2016 the Plan paid \$3.1 million in benefits and invested \$10 million with Invesco Real

Estate. He noted that the cash account at the Bank of New York Mellon was down to about \$1.8 million and he would need to transfer funds for May's benefit payments and to fund pending capital calls previously approved by the Board. In March he had to raise money to fund Invesco's capital call by obtaining \$5 million from Wedge Capital Management and another \$5 million from Navellier. **Mr. Cameron made a motion to affirm the action previously taken by Mr. Bucci to raise the \$10 million needed for Invesco's capital call. Mr. Stahl seconded the motion. The motion passed unanimously.** Chairman Darmanin requested input about the source of May's benefit payments and any other capital calls that may be exercised. Mr. Dahab suggested following the original plan to reduce large cap equities to 20% of the total portfolio. He recommended taking another \$5 million from Wedge and \$5 million from Navellier. A short discussion ensued and it was noted that \$10 million may not be enough. **Mr. Cameron made a motion to take \$6.5 million from Navellier and \$6.5 million from Wedge and if more money is needed to go to the State Street Global Index Fund for the balance. Mr. Long seconded the motion. The motion passed unanimously.**

Mr. Dahab asked what the Board would like to do about the Custodial Bank. He recommended that the new Pension Administrator and he visit the Bank of New York Mellon to discuss Board concerns. He said he has other clients who use their custodial services without any issues but they use branches in Pittsburgh and New York. **Mr. Cameron made the motion to authorize Mr. Schiess and Mr. Dahab to work together and engage in discussions with the Bank of New York Mellon. Mr. Burnam seconded the motion. The motion passed unanimously.**

COMMUNICATION TO THE COMMISSION

By consensus, the Board agreed there was nothing to report at this time.

Mr. Long made a motion to adjourn. Mr. Cameron seconded the motion. The motion passed unanimously and the meeting adjourned at 2:38 p.m.