

**CITY OF FORT LAUDERDALE  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING**  
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FL  
Thursday, June 2, 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

Present: Mark Darmanin, Chairman  
Jon Stahl, Vice Chairman  
Pat Long, Trustee  
Ron Cameron, Trustee  
Lynn Wenguer, Secretary  
Linda Logan-Short, Ex-Officio Designee

Absent: Mark Burnam, Trustee  
Paul Tanner, Trustee  
Cole Copertino, Board Attorney

Also Present: Greg Slagle, Retiree  
Brian Casey & Katie Byrne, DePrince Race & Zollo  
Suzanne Vordermeier, VMC Realty  
Chris Niles, UBS  
Nick Schiess, Pension Administrator  
Jane Dyar, Pension & Recording Secretary

**CALL TO ORDER**

Chairman Darmanin called the meeting to order at 12:00 noon. Roll call was taken. Chairman Darmanin opened the floor for public comment. There was no public comment.

**APPROVAL OF MINUTES**

Chairman Darmanin requested the Board to review the minutes of the meeting held May 5, 2016. Mr. Long noted a correction. **Mr. Stahl made the motion to approve the minutes of the meeting held May 5, 2016 as amended. Mr. Cameron seconded the motion.**

**The amended minutes were approved unanimously.** Chairman Darmanin requested the Board to review the minutes of the Audit Committee meeting held May 26, 2016. **Mr. Stahl made the motion to approve minutes of the Audit Committee meeting held May 26, 2016. Ms. Wenguer seconded the motion. The minutes were approved unanimously.**

**CONSENT ITEMS**

Chairman Darmanin requested the Board review the consent items. **Mr. Long made a motion to approve the consent items as presented. Mr. Stahl seconded the motion. The motion passed unanimously.**

**BENEFIT APPROVALS**

**RETIREMENT**

Name	Date	Service Time	Type
Roy Hurley Department of Sustainable Development	7/01/16	30y, 3m, 8d	Conversion from Disability
Ismael Trillo Police	7/15/16	19y, 5m, 13d	Normal

**DROP RETIREMENT**

Name	Date	Service Time
Carrie Keohane Parks & Recreation	7/01/16	30y, 1m, 27d

**POST RETIREMENT DEATH**

Name	Date	
Anna Aberman Beneficiary	5/17/16	No Further Benefit

**INVESTMENT MANAGER REPORT: DEPRINCE RACE & ZOLLO**

Ms. Brynes and portfolio manager Mr. Casey appeared before the Board to provide a report on the large cap value portfolio for the quarter ending March 31, 2016. Mr. Casey discussed the firm, noting no organizational changes. He then reviewed the investment strategy, noting that the firm remained convicted to the strategy despite the underperformance over the last few years. He reviewed long-term performance, noting that the strategy had outperformed the index since inception and over complete market cycles. Mr. Casey reported that the investment return for the calendar year-to-date was 11.30% versus 3.77% for the index.

Ms. Byrnes reviewed the holdings, sector allocations and changes in the portfolio composition in response to market conditions. She noted the expansion into healthcare holdings, which were intentionally omitted in the past. Ms. Byrnes discussed economic and market conditions and anticipated that the portfolio will continue to outperform the index. She was questioned regarding market outlook and responded that the firm was generally optimistic and expected measured investment returns. Ms. Byrnes was requested to report performance net of fees in future reports.

## **LEGAL SERVICE INTERVIEWS**

### **RICE PUGATCH ROBINSON STORFER & COHEN**

Richelle Levy & Brent Chudachek appeared before the Board to provide a proposal for legal services. Mr. Chudachek discussed the firm's qualifications and experience, noting that the firm was general counsel for the Florida Public Trustees' Association. Ms. Levy discussed and emphasized the teamwork approach at the firm. She then discussed the firm's familiarity with all aspects of governmental defined benefit pension plans.

Chairman Darmanin questioned who would be the lead attorney assigned to service the Board and whether that responsibility would be shifted to other attorneys within the firm. Mr. Chudachek responded that Ron Cohen would be the lead attorney unless he was unavailable then either Ms. Levy or himself would service the Board. Chairman Darmanin questioned the cost per billable hour and Mr. Chudachek replied the fee was \$300 per hour for Mr. Cohen and \$275 per hour for Ms. Levy or himself. Chairman Darmanin questioned the anticipated completion time and billable hours for negotiating prospective investment manager agreements. Mr. Chudachek responded that the anticipated turnaround time was several weeks resulting in 2-3 billable hours.

### **SUGARMAN & SUSSKIND**

Pedro Herrera and Robert Sugarman appeared before the Board to provide a proposal for legal services. Mr. Sugarman discussed the firm's qualifications and experience. He discussed in detail the specialized knowledge of the individual attorneys within the firm. Mr. Herrera discussed the firm's familiarity with all aspects of governmental defined benefit pension plans including the intricacies of closed pension plans.

Chairman Darmanin questioned who would be the lead attorney assigned to service the Board and whether that responsibility would be shifted to other attorneys within the firm. Mr. Sugarman responded that either Mr. Herrera or he would service the Board. Chairman Darmanin questioned the cost per billable hour and Mr. Sugarman replied that the fee was \$275 per hour. Chairman Darmanin questioned the anticipated completion time and billable hours for negotiating prospective investment manager agreements. Mr. Herrera responded that the anticipated turnaround time was 2-3 weeks for a standard agreement resulting in 3-4 billable hours for a standard agreement and up to 15 hours for a private equity agreement.

### **KLAUSNER KAUFMAN JENSEN & LEVINSON**

Robert Klausner and Stuart Kaufman appeared before the Board to provide a proposal for legal services. Mr. Klausner discussed the firm's qualifications and experience in great detail. He noted that the firm had served many of the largest pension systems within the country and the Fort Lauderdale Police & Firefighters' Retirement System.

Chairman Darmanin questioned who would be the lead attorney assigned to service the Board and whether that responsibility would be shifted to other attorneys within the firm. Mr. Klausner responded that either Mr. Kaufman or he would service the Board. Chairman Darmanin questioned the cost per billable hour and Mr. Sugarman replied that the fee was \$300 per hour with a retainer available for \$3,000 per month. Chairman Darmanin questioned the anticipated completion time and billable hours for negotiating prospective investment manager agreements. Mr. Klausner responded that the anticipated turnaround time was 2 weeks resulting in 2-8 billable hours for a private equity agreement.

A lengthy and thorough discussion arose regarding the presentations for legal services. A question arose regarding whether the proposed legal services would be in addition or in lieu of legal services already provided by the City. The consensus of the Board was to utilize outside legal services to complement those already provided by the City. Ms. Wenguer discussed her favorable experience with the utilization of outside legal counsel and also the firm of Klausner Kaufman Jensen & Levinson in her role as administrator of the Police & Firefighters' Retirement System. Each Trustee expressed their respective opinion on the qualifications and experience of each firm and ultimately it was the consensus of the Board to select the firm Klausner Kaufman Jensen & Levinson. **Mr. Long made a motion to request the City Attorney to recommend to City Commission to permit the Board, at its own discretion, to engage the firm of Klausner Kaufman Jensen & Levinson to provide legal services to the Board as needed. Mr. Stahl seconded the motion. The motion was approved unanimously.**

#### **REAL ESTATE COMMITTEE REPORT**

Mr. Long reported that it was unnecessary for the Real Estate Committee to meet. He invited Ms. Vordermeier to provide a report on the 4800 Building. Ms. Vordermeier discussed the replacement of the air conditioning equipment, noting that a permit required to install the equipment increased the costs minimally resulting in a total cost of \$6,408. The Board by consensus approved the final cost of the replacement air conditioning equipment. Ms. Vordermeier expressed that the commercial real estate market is healthy and there are no delinquent tenants in the 4800 Building.

#### **AUDIT COMMITTEE REPORT**

Mr. Stahl provided an update on the issues considered at the Audit Committee meeting held May 26, 2016. He reported that the Committee had thoroughly reviewed the Investment Policy Statement and identified several additional provisions that required further research and consideration. He advised that another Committee meeting will be scheduled to address any remaining changes.

Mr. Stahl reported that the Board had reviewed a notification to retirees determined to have received in-service distributions under guidelines issued by the Internal Revenue Service. He explained that the Committee had requested the City to revise the notification to include explanatory information on how the situation occurred or helpful to the affected retirees in resolving their situation. Ms. Logan-Short explained that the notification

actually reviewed by the Committee was only intended for use as a cover letter for the revised 1099R tax reporting forms. The Board reviewed another more detailed notification provided by Ms. Logan Short in advance of the meeting. A lengthy discussion ensued regarding the notification of the affected retirees and conducting an informational session for their benefit. The Board decided by consensus to make available the pension office as the location for an informational meeting between the City and the affected members with Mr. Copertino, Ms. Logan-Short, City Tax Attorney, Mr. Stahl, and Mr. Schiess required to attend. The Board directed Mr. Schiess to personally notify and invite the affected members to the informational session. The Board decided that the detailed written notification should be reviewed by the Audit Committee and distributed to the affected members along with their revised 1099R tax reporting forms at the informational session.

### **ADMINISTRATOR'S REPORT**

Mr. Schiess provided and reviewed a report of receipts and disbursements for May 1, 2016 to date, noting that capital calls were fulfilled for the Deutsche Asset Management and Hamilton Lane investment products of \$5M and \$81K respectively. He reported that Navallier & Associates had been terminated as directed by the Board at the last meeting and \$46M in proceeds resulting from the liquidation of their portfolio was transferred to the index fund managed by State Street Global Advisors. Mr. Schiess reported that \$500K was returned from private equity manager Capital Dynamics as an equalization for new investment partners.

Mr. Schiess provided an updated report on the status of the capital commitments and fulfilled capital calls for the alternative investment products.

Mr. Schiess presented a retirement benefit reconciliation report for May 2016.

Mr. Schiess reported that VMC Realty's April 2016 report and portfolio monitoring firms were available for review in the file room.

Mr. Schiess provided a report on attendance for the upcoming FPPTA conference and distributed informational materials regarding the conference and submission for reimbursement.

Mr. Schiess discussed a public records request from resident Dr. Bill Goetz, noting that the records did not already exist for the special information requested. He advised that the investment consultant had provided a proposal to prepare the information at a cost of \$1K. The Board authorized production of the report for any parties willing to bear the expense.

Mr. Schiess reminded the Trustees to file their annual Statement of Financial Interests.

### **BUSINESS IN PROCESS UPDATE**

Chairman Darmanin advised that the disability appeal hearing for Doris Stenger is scheduled for the next meeting.

### **MONTHLY FUND ASSET MIX**

The Board reviewed the monthly fund asset mix.

### **PLEASURE OF THE BOARD**

Chairman Darmanin inquired if there was anything for the pleasure of the Board. Mr. Cameron questioned the status of the bond issue by the City for the Plan and Ms. Logan-Short advised that it was performing well until the fourth quarter of last year.

### **BOARD COMMUNICATION TO THE CITY COMMISSION**

Board consensus was to allow Chairman Darmanin to address the City Commission and advise them of the request coming forth regarding legal representation.

**Ms. Wenguer made a motion to adjourn. Mr. Stahl seconded the motion. The motion passed unanimously and the meeting adjourned at 3:41 P.M.**