

**CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING**
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Thursday, December 7, 2017
12:00 PM

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: Jon Stahl, Chairperson
Lynn Wenguer, Vice - Chairperson
Pat Long, Secretary
Paul Tanner, Trustee
Jill Prizlee, Trustee
Mark Burnam, Trustee
Ron Cameron, Trustee
Laura Garcia, Ex-Officio Designee

Also Present: John Herbst, City Auditor
Michael & Kathleen Hittle, Retiree & Spouse
Joe & Nicole Parrish, Retiree & Spouse
Glen Thomas, Board Attorney (via teleconference)
Ash Benzo, City Treasurer
Nick Schiess, Pension Administrator
Gilbert Garcia, Yvette Dumas & Ruby Duenya, Garcia Hamilton & Associates
Andrew Burkly & Brian Kahley, Franklin Templeton Trust Company
Jane Dyar, Pension & Recording Secretary

CALL TO ORDER

Chairman Stahl called the meeting to order and roll call was taken.

PUBLIC COMMENT

Joe Parrish appeared before the Board to express discontent with requirement under the annual disability review to obtain annual recertification from a physician that he remains disabled. He explained that his disability was permanent and irreversible and the requirement to a yearly physical examination was unnecessary, costly and inconvenient. Chairman Stahl explained that the Ordinance requires the periodic review of disability

recipients. He thanked Mr. Parish for his input and advised him that it would be considered by the Board when the disability review policy is revisited early next year.

Michael Hittle appeared before the Board to address a notification he had received regarding the conversion of his disability benefits to normal retirement benefit effective January 1, 2018. Mr. Hittle explained that he was advised that the disability benefit was be payable for five years and would then convert to a normal retirement benefit but instead the conversion after only six months of disability payments represented a significant decrease in his benefits. Mr. Schiess advised that he had conducted a thorough review of every disability pension along with their respective conversion dates and benefit calculations inclusive of the additional accrual of service credit. He discussed the questions that had arisen regarding the extension of disability benefits beyond the normal retirement date, which affected Mr. Hittle and another disability recipient Carnal Wilson. Mr. Schiess explained the nuance affecting conversion dates and the applicable language within the Ordinance and Summary Plan Description. He advised that the notice to Mr. Hittle had been sent only after review of the matter with legal counsel. Mr. Schiess discussed additional information that had recently come to light and recommended that no action be taken until then next meeting to allow additional time for more research and consideration. The Board agreed and Mr. Hittle was advised that his benefit would not be altered until the matter was revised at the next meeting scheduled for January 11, 2018.

APPROVAL OF MINUTES

Chairman Stahl asked the Board to review the minutes of the meetings held November 2, 2017 and corrections were noted. **Mr. Long made a motion to approve the minutes as amended. Ms. Wenguer seconded the motion. The motion was approved unanimously.**

APPROVAL OF CONSENT ITEMS

Chairman Stahl asked the Board to review the consent items. **Mr. Long made a motion to approve the Benefit Review with the exception of the approval the conversion of disability benefits for Mike Hittle. Ms. Prizlee seconded the motion. The motion was approved unanimously.**

The Board reviewed the remaining consent items. **Mr. Burnam made a motion to approve the remaining agenda consent items. Mr. Long seconded the motion. The motion was approved unanimously.**

BENEFIT REVIEW

DROP EXITS

Name	Date
ROGERS, EDDIE	12/30/2017

RETIREMENTS

Name/Department	Date	Service	
WALSH, PATRICIA Sustainable Development	11/2/2017	12Y, 0M, 23D	Normal Retirement
HAMMEL, JOHN Public Works	12/1/2017	15Y, 4M, 3D	Vested Deferred
BROWN, DAVID Parks & Recreation	12/2/2017	20Y, 2M, 25D	Normal Retirement
EVANS, WILLIAM Police & Fire	12/4/2017	30Y, 2M, 0D	Normal Retirement
KELLEY, LINDA Police & Fire	1/1/2018	20Y, 3M, 17D	Normal Retirement
VALDERRAMA, MILDRED Police & Fire	1/6/2018	11Y, 9M, 25D	Normal Retirement
BROWN, JAMES G. Public Works	1/6/2018	15Y, 11M, 29D	Early Retirement
DREESEN, SHARON Transportation & Mobility	1/13/2018	15Y, 5M, 1D	Normal Retirement
GASKIN, ADJEW Public Works	1/14/2018	18Y, 8M, 4D	Early Retirement

POST RETIREMENT DEATH

Name	Date
PACHECO, GEORGIANNA Spouse of PACHECO, ANGELO	10/01/17
MIGLIONICA, BETTY Spouse of MIGLIONICO, ANTHONY	12/01/17
HOLLAND, FRANCES Spouse of HOLLAND, SCOTT	12/01/17

DISABILITY CONVERSION

Name	Date
CADY, ROY	10/31/2017

INVESTMENT MANAGER REPORT: GARCIA HAMILTON & ASSOCIATES

Gilbert Garcia, Ruby Dang and Yvette Duenya appeared before the Board on behalf of Garcia Hamilton & Associates to provide a report on the fixed income portfolio for the quarter ending September 30, 2017. Mr. Garcia provided an organizational update and discussed the significant recent investment in systems. Mr. Garcia reviewed the investment strategy and process, allocations and holdings all in great detail. He explained that the portfolio was conservatively and defensively positioned containing no derivatives, Yankee Bonds, options or even BBB rated fixed income securities. Mr. Garcia was questioned regarding the response in the event that a current holding was downgraded to a BBB rating. He explained that, although they were still widely accepted as investment grade, historically their yields did not warrant investment and therefore liquidated when trading was favorable. Mr. Garcia reported that the investment return net of fees for the quarter ending September 30, 2017 was 0.50% versus 0.25% for the index and for the trailing five year period was 2.62% versus 1.74% for the index.

INVESTMENT MANAGER REPORT: FRANKLIN TEMPLETON INVESTMENTS

Brian Kahley and Andy Burkly to the Board appeared before the Board on behalf of Franklin Templeton Trust Company to provide a report on the Franklin Templeton International Equity Fund for the quarter ending September 30, 2017. Mr. Kahey provided an organizational update and announced the retirement of lead portfolio manager Cindy Sweeting. He discussed the qualifications and experience of her replacement, Tony Docal, noting he was the backup portfolio manager for the last sixteen years who had also promoted to president of the firm. Mr. Burkly reported that the investment return net of fees for the fiscal year ending September 30, 2017 was 19.73% versus 20.15% for the index with the slight underperformance attributable to the value bias of the fund during a period when the market favored growth equities. He reviewed historical performance, noting significant outperformance of the fund over the index over the long-term. Mr. Burkly concluded his report with a review of the investment strategy and geographical allocations all in great detail.

NEW BUSINESS

The Board reviewed the proposed meeting schedule for next year, noting a change of the regular meetings from the first Thursday to the second Thursday each month. **Mr. Long made a motion to approve the proposed 2018 meeting schedule. Ms. Prizlee seconded the motion. The motion was approved unanimously.** The Board requested the Plan Administrator to schedule investment manager reports at his discretion based upon the amount of assets under management and the length of time since the managers' last reports.

OLD BUSINESS

As a follow up to the last meeting, Mr. Schiess provided for execution a Certification and a Retainer Agreement with Robbins Geller Rudman & Dowd to engage the firm's legal services in pursuit of lead plaintiff status in a class action securities litigation against Sketchers USA. He noted that the Agreement had already been reviewed and approved by legal counsel and City Commission had approved engagement of the firm. **Mr. Long made a motion to execute the Certification and the Retainer Agreement with Robbins Geller Rudman & Dowd. Ms. Prizlee seconded the motion. The motion was approved unanimously.**

As a follow up to the last meeting, Mr. Schiess reviewed a revised proposal from Gabriel Roeder Smith & Associates to prepare the new electronic reporting required by the State. **Ms. Wenguer made a motion to approve the revised proposal from Gabriel Roeder Smith & Associates to prepare the new electronic reporting required by the State. Mr. Long seconded the motion. The Board approved the motion unanimously.**

Mr. Schiess provided an update on the trustee elections, noting that the election would conclude at the end of the week with ballots counted early next week.

Mr. Schiess reported that an Offering Memorandum under preparation by Caldwell Banker Real Estate for the 4800 Building was nearly finalized and would be presented to the Board at the next meeting.

Mr. Schiess reviewed the final draft of a proposed Ordinance Amendment to remedy the outstanding DROP interest crediting issue along with other various housekeeping issues. He discussed the merits of obtaining an actuarial impact statement to accompany the proposed Ordinance before submission to the City for consideration. **Mr. Burnam made a motion to authorize the preparation of an actuarial impact statement for the proposed Ordinance Amendment. Ms. Wenguer seconded the motion. The motion passed unanimously.** Mr. Schiess noted that the outstanding task of preparing the new beneficiary payment policy had been on hold pending the housekeeping items within the proposed Amendment.

Mr. Schiess reported that proposed revised Summary Plan Description was nearly finalized and would be presented to the Board at the next meeting.

REAL ESTATE COMMITTEE REPORT

Mr. Long reported that it was unnecessary for the Real Estate Committee to meet. He reported that Mr. Vordermeier had advised that tenant Dr. Kessler was pleased with the recent building renovations completed in conjunction with his lease renewal.

AUDIT COMMITTEE

Chairman Stahl reported that it was unnecessary for the Audit Committee to meet but the audit for the fiscal year was in process.

ATTORNEY'S REPORT

Mr. Thomas reported all of his assignments had been addressed previously in the meeting.

ADMINISTRATOR'S REPORT

Mr. Schiess provided a financial report including account and benefit payment reconciliations, fulfilled and pending capital calls, funding status of the alternative investments and miscellaneous organizational changes.

Mr. Schiess reported that the annual retirement seminar had been conducted and was well received with thirty four active members attending.

Mr. Schiess discussed the renewal of membership trade associations. He requested direction on the renewal with the National Pension Education Association and provided a historical usage report. The Board did not express interest in renewing the membership given low utilization.

Mr. Schiess presented for execution a revised signature card for Comerica Bank necessitated by a transition of authorized signors.

MONTHLY FUND ASSET MIX

Mr. Schiess reviewed the current asset mix, noting that all allocations were within policy. He reported discussing raising cash to fund expected upcoming benefit payments and capital calls in the expected amount of \$3.5M with the Investment Consultant, who had recommended raising cash from the Russell 1000 Index Fund. The Board agreed by consensus.

PLEASURE OF THE BOARD

The Trustees expressed gratitude to Pat Long for his dedicated service to the Board and Members and presented him with a commemorative plaque.

BOARD COMMUNICATION TO THE CITY COMMISSION

There was nothing to communicate to the City Commission at the time.

ADJOURNMENT

The meeting adjourned at 3:02 PM.