

**CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING**
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Friday, June 16, 2017
9:00 AM

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, Chairman
Lynn Wenguer, Vice-Chairperson
Pat Long, Secretary
Paul Tanner, Trustee
Jill Prizlee, Trustee
Mark Burnam, Trustee
Ron Cameron, Trustee
Linda Logan-Short, Ex-Officio Designee

Also Present: Paul Bangel, City Attorney's Office
Alan Vordermeier, VMC Realty
Ash Benzo, City Treasurer
Nick Schiess, Pension Administrator
Glenn Thomas, Board Attorney (via teleconference)

CALL TO ORDER

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

PUBLIC COMMENT

There was no public comment.

APPROVAL OF MINUTES

Chairman Stahl asked the Board to review the minutes of the two meetings held April 6, 2017.
Mr. Long made a motion to approve the minutes of the two meetings held April 6, 2017.
Ms. Prizlee seconded the motion. The motion was approved unanimously.

APPROVAL OF CONSENT ITEMS

Chairman Stahl asked the Board to review the consent items.

The Board reviewed the benefit approvals. As a follow up to the last meeting wherein the Board considered the commencement date of the vested deferred of Horace McHugh, the Trustees reviewed correspondence received from Mr. McHugh describing the reasons his application for benefits was delayed. **Ms. Wenguer made a motion to approve the Benefit Review with revised effective date of March 1, 2017 for the vested deferred benefits of Horace McHugh. Mr. Long seconded the motion. The motion was approved unanimously.**

BENEFIT REVIEW

RETIREMENT

Name	Date	Service	Type
Richard Thompson	6/02/17	14y, 5m, 17d	Normal
Anthony Covin	6/03/17	28y, 3m, 21d	Normal
Ingrid Inhulsen	7/08/17	17y, 7m, 10d	Normal
Lloyd Williams	5/11/17	19y, 3m, 29d	Early/10 Year Certain
Horace McHugh	3/01/17	12y, 18d, 0d	Vested Retirement

DROP RETIREMENT

Name	Date	Service
David Smith	7/01/17	30y, 28d, 0d
Robert Ruark	7/01/17	26y, 11m, 26d

POST RETIREMENT DEATH

Name	Date
Audrey Covino	4/14/17
Ruth Bein	4/25/17
William Wilson, Sr.	5/03/17
Vivian Bigney	5/05/17
Jasie Hunter	4/24/17

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

REAL ESTATE LISTING AGENT INTERVIEWS

CBRE

David Wigoda appeared before the Board on behalf of CBRE to provide a presentation on the firm's real estate listing and marketing services. Mr. Wigoda discussed the firm's qualifications and experience, noting that he was proficient in the marketing of medical based properties in South Florida. He then discussed his team and the roles and expertise of the various individuals, noting that they were competitively advantaged to aggressively market the property. Mr. Wigoda then elaborated in great detail the proposed marketing strategy for the property. Mr. Wigoda was questioned regarding market conditions and whether the timing was

favorable to liquidate the property. He discussed current market conditions, noting that the timing was favorable for liquidation. Mr. Wigoda was questioned whether a carve out was acceptable if potential buyers were specifically registered before his firm's engagement and he responded that this should be settled prior to their engagement.

JLL BROKERAGE

William McGee appeared before the Board on behalf of JLL Brokerage to provide a presentation on the firm's real estate listing and marketing services. He discussed the firm's qualifications and experience, noting that the firm was one of the largest real estate brokerages with a considerable existing client base. He discussed in detail marketing of the property. Mr. McGee was questioned regarding market conditions and whether the timing was favorable to liquidate the property. He discussed current market conditions, noting that the timing was favorable. Mr. McGee was questioned whether a carve out was acceptable if potential buyers were specifically registered before the engagement of his firm and he responded that this must be settled prior to their engagement.

VMC REALTY

Alan Vordermeier appeared before the Board on behalf of VMC Realty to provide a presentation on the firm's real estate listing and marketing services. He discussed his firm's qualifications and experience, noting that his familiarity as property manager would afford him a competitive advantage in marketing the property. Mr. Vordermeier was questioned regarding market conditions and whether the timing was favorable to liquidate the property. He discussed current market conditions, noting that the timing was less than favorable. Alan Vordermeier requested the Board's consideration of a carve out if he registered potential buyers prior to the engagement of another listing agent.

REAL ESTATE COMMITTEE REPORT

Mr. Vordermeier updated the Board on the renovations of the 4800 Building. He reviewed proposals received for pressure cleaning and resurfacing the parking lot. **Mr. Long made a motion to engage Mitchel Paving to resurface the parking lot at the 4800 Building contingent upon the approval of an agreement by legal counsel. Ms. Prizlee seconded the motion. The motion was approved unanimously. Mr. Long made a motion to engage Lighthouse Cleaning for pressure cleaning services, or an alternative vendor selected by Mr. Vordermeier at a cost not to exceed \$3,575, at the 4800 Building contingent upon the approval of an agreement by legal counsel. Ms. Prizlee seconded the motion. The motion was approved unanimously.**

Mr. Vordermeier presented a proposed purchase offer for the 4800 Building received from the attorney representing tenant Dr. Kessler. He advised that the offer of \$2M was insufficient and recommended against accepting the offer. A discussion arose whether additional prospective offers from Dr. Kessler might complicate and even delay the pending lease renewal. **Ms. Prizlee made a motion to reject the \$2M purchase offer and not entertain any offers less than \$3.5M at this time. Mr. Long seconded the motion. The motion was approved unanimously.**

REAL ESTATE LISTING AGENT INTERVIEWS (CONTINUED)

The Board reviewed in great detail the presentations by the prospective candidates. A very lengthy and careful discussion ensued regarding qualifications, experience, fees, marketing strategies and other factors important to the selection of real estate listing and marketing services. The individual Trustees then ranked and discussed their respective choices. For the sake of expediency, a brief discussion ensued regarding the selection of a secondary firm in the event that agreement negotiations failed with the primary selection. After further discussion, **Jill Prizlee made a motion to engage the real estate listing services of CBRE contingent upon the successful negotiation of an agreement by legal counsel with VMC Realty as an alternative. Mr. Long seconded the motion. The motion was approved unanimously.** The Board then discussed Alan Vordermeier's request for consideration of a carve out if he registered potential buyers prior to the engagement of another listing agent. **Mr. Long made a motion to entertain offers brought before the Board from Mr. Vordermeier prior to the execution of an agreement with CBRE. Mr. Tanner seconded the motion. The motion was approved unanimously.**

NEW BUSINESS

Mr. Schiess provided the Board with revised Designation of Beneficiary Forms, noting that they were modified to alleviate confusion and communicate nuances regarding death benefits to active members. He recommended distributing the new forms to all active members to update their designations. He noted that life circumstances change and there was a high degree of probability that the information on file was outdated. Mr. Schiess discussed distribution options and ultimately recommended distribution along with the pending revised Summary Plan Description.

Mr. Schiess provided an update on revising the Summary Plan Description, noting that many of the outstanding concerns had already been addressed by legal counsel. He introduced various distribution options including electronic delivery to the active membership, which could be finalized at a subsequent meeting. Favor was expressed for the individual distribution of a hardcopy version. Mr. Schiess agreed to investigate printing and mailing options and report back to the Board.

Mr. Schiess discussed the exposures protected by fiduciary liability insurance and general liability insurance and advised that he was pursuing quotes on the costs of these insurances for the Board's consideration.

Mr. Thomas reported that the Special Tax Notice was in the process of being updated.

OLD BUSINESS

Mr. Schiess provided an update on the pending disability appeal reporting that notice had been sent to the Claimant and their Legal Counsel regarding the special meeting following the regular Board meeting on the date of August 3, 2017 at 3:30 PM.

Mr. Schiess provided an update on the development of the proposed beneficiary payment policy, noting that many of the outstanding concerns had already been addressed by legal counsel.

Mr. Thomas reported that in order to resolve the outstanding DROP account interest crediting issue he would prepare a proposed Ordinance Amendment for consideration by City Commission. Mr. Schiess advised that there were a few unrelated updates that should also be added to the proposed Ordinance Amendment and agreed to furnish those to Mr. Thomas.

Mr. Schiess provided an organizational update.

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 a proposal was received from the incumbent auditor Crowe Horwath to prepare the 2017 fiscal year audit for a cost of \$14,500. He advised that the proposal was very reasonable and discounted because the City had also engaged the firm. Mr. Schiess explained that efficiencies would be gained from their preparing the City's audit and they have experience preparing the System's audit as well. He ultimately recommended their engagement. Mr. Schiess advised that the matter will appear upon the next agenda and the engagement letter provided to legal counsel for review unless the Board requested proposals from alternative vendors.

Mr. Schiess advised the Trustees that their annual Statement of Financial Interests must be filed by July 1, 2017 with the Supervisor of Elections in the County of their residence and the fines are substantial for non-compliance.

Mr. Schiess reported that another request was received by citizen Dr. Goetz for investment information compiled in a specific format. The Board reviewed the request, noting that information requested does not already exist in the requested format and the formatting of the information provided by the Investment Consultant was deemed sufficient. It was noted that public records request laws required providing documents already in existence, not compiling information or creating special reports. Mr. Schiess reminded the Board that those who had previously requested special reporting were advised that the services of the Investment Consultant were available for the preparation of special reports at their expense.

Mr. Schiess reported that Glovista Investments has granted a temporary 30% fee reduction for the remainder of the calendar year. The reduction was negotiated by Dahab Associates across all clients but not for the reason of gross underperformance.

Mr. Schiess discussed the benefits of engaging third party address location and divorce identification services. He reported that research was conducted and he recommended engagement of Persopo for these services at a cost of \$10 monthly.

Mr. Schiess reported that pursuant to the direction of the Board, the emerging market allocation will be trimmed to 9% of the total portfolio by September 30, 2017 and provided the Board with the final target allocation of each of the four fund managers as recommended by the investment consultant. He advised that approximately \$8.5M of the

\$40M proposed allocation to the small cap mandate will be reallocated from emerging markets. The remaining trimming will occur monthly for benefit payments.

Mr. Schiess provided a report on the annual recertification of disability recipients. He explained that two of the three required notices had been sent and all but four disability recipients had responded. Mr. Schiess noted the third notice had intentionally been delayed until the approval of address location services to ensure delivery of the notices. Mr. Schiess discussed the facts and circumstances of one pension offset attributable to monthly Worker's Compensation benefits and recommended further research and review by legal counsel of the matter.

ATTORNEY'S REPORT

Mr. Thomas provided the Board with an update on State legislation affecting governmental pension plans, specifically new provisions regarding public records requests.

Mr. Bangel provided an update on the amendment to the investment management agreement with Lord Abbett and the interim settlement agreement with ExamWorks.

MONTHLY FUND ASSET MIX

Mr. Schiess reviewed the asset allocation as of May 31, 2017. He noted that approximately \$3.4M must be raised to meet benefit payment obligations and upcoming capital calls, which will be raised from the emerging market funds in accordance with the Board's prior decision to reduce the emerging market target allocation from 12% to 9% by fiscal year end. It was noted that the allocation to domestic large cap value equities was slightly overweight attributable to significant investment returns. Mr. Burnam requested consideration of rebalancing the portfolio back within range. Mr. Schiess agreed to discuss the asset allocation with the Investment Consultant and bring a recommendation for rebalancing back to the Board at the next meeting.

PLEASURE OF THE BOARD

There were not any additional concerns expressed by any Trustees.

BOARD COMMUNICATION TO THE CITY COMMISSION

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

ADJOURNMENT

The meeting adjourned at 1:46 PM.