

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Thursday, January 11, 2018
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
Marian Dollard, Trustee
Paul Tanner, Trustee
Jill Prizlee, Trustee
Mark Burnam, Trustee
Ron Cameron, Trustee

Absent: Ex-Officio Designee

Also Present: John Herbst, City Auditor
Greg Slagle, Retiree
Michael & Kathleen Hittle, Retiree & Spouse
Glen Thomas, Board Attorney (via teleconference)
Nick Schiess, Pension Administrator
Joseph Beuparlant, Loomis Sayles & Company
David Wigoda, Caldwell Banker Real Estate
Alan Vordermeier, VMC Realty
Jane Dyar, Pension & Recording Secretary

CALL TO ORDER

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

TRUSTEE ELECTIONS

Mr. Schiess reported that the trustee elections had concluded with Lynn Wenguer and Marian Dollard emerging with the majority of votes. He discussed the integrity of the election process and recommended certification of the election results to formalize the results. Mr. Schiess presented the ballots and count for inspection. **Ms. Prizlee made a**

motion to certify the election results and it was noted that she had personally supervised the counting of ballots. Mr. Tanner seconded the motion. The motion was approved unanimously. It was noted that appointment of Board officers will occur at the February meeting as required by the Ordinance.

PUBLIC COMMENT

The Board reviewed correspondence received from several retirees regarding cost-of-living-adjustments, noting that the last one was received in the year 2005. A discussion arose regarding the Board's role in the process given that only the City Commission could approve cost-of-living adjustments. The necessity of developing a formal and consistent response for future inquiries was identified and noted. Mr. Herbst expressed that it was not the Board's obligation to review or recommend cost-of-living adjustments to the City Commission but instead the request should come from retirees or through collective bargaining.

APPROVAL OF MINUTES

Chairman Stahl asked the Board to review the minutes of the meetings held December 7, 2017. **Ms. Wenguer made a motion to approve the minutes. Mr. Tanner seconded the motion. The motion was approved unanimously.**

APPROVAL OF CONSENT ITEMS

The Trustees resumed their review of the parameters for the extension of disability benefits past normal retirement and the impact on the dates for the conversion of disability benefits to normal retirement for Michael Hittle and Carnal Wilson, which had been deferred from the last meeting to allow additional research. Mr. Schiess discussed the exhaustive research conducted into prior meeting minutes, past practice, archive communications, plan documents and miscellaneous sources pertaining to changes in disability conversion, disability conversion provisions in prior Ordinances, disability pension awarded to Carnal Wilson, basis for the language added within the 2008 Summary Plan Description and interviews conducted with former Trustees. He expressed his conclusion that that the interpretation of the applicable provisions by the prior Board and former Administrator were very intentional in regard to the parameters for the extension of disability benefits and demonstrated through language published within the 2008 Summary Plan Description and past practice. He explained that research into history revealed that in the year 2008 a lawsuit was filed by a group of employees against the City for their exclusion from the participation in the Plan because of age. As a result of the lawsuit, the City allowed the employees to join the Defined Benefit Plan. As a result, the prior Board became very apprehensive about discriminatory practices and acted with an abundance of caution leading to an interpretation that disability benefits should be extended five years regardless of age. Mr. Thomas reviewed the applicable language within the Ordinance concluding that the maximum extension of disability benefits was five years past normal retirement date, the existing language was not age discriminatory, and any other interpretation was not supported and could possibly jeopardize the tax

exempt status of the Plan. Michael Hittle appeared before the Board to request favorable consideration for the extension of disability benefits for five years, which was consistent with the prior Board's prior interpretation of these provisions and the language within the 2008 Summary Plan Description. He also explained that he was advised by the Pension Administrator that the extension was a full five years and received a calculation to that effect. Mr. Schiess explained that his analysis was based on past practice and the language within the 2008 Summary Plan Description. Mr. Thomas advised that the language within the Ordinance prevails over language within the Summary Plan Description, which he expressed was erroneous in this particular case. Mr. Hittle requested deferral of the matter until the next meeting to allow him to engage legal counsel. **Mr. Tanner made a motion to defer the matter until the next meeting pursuant to the request of Mr. Hittle. Ms. Prizlee seconded the motion. The motion was approved with 6 - 1 with Mr. Burnam dissenting.** It was noted that very same issue was applicable to Carnal Wilson and both should be considered collectively.

Chairman Stahl asked the Board to review the remaining consent items. **Ms. Wenguer made a motion to approve the remaining consent items. Ms. Prizlee seconded the motion. The motion passed unanimously.**

BENEFIT REVIEW

RETIREMENTS

Name/Department	Date	Service	
SHEFFERMAN, NEAL Parks & Recreation	1/6/2018	30 Y, 5 M, 11D	Normal
HUTCHESON, CARLTON G. Parks & Recreation	2/1/2018	28 Y, 4 M, 0D	Normal
NANCE, EDWARD Public Works	2/2/2018	30 Y, 0 M, 22D	Normal
FELDER, CHERYL Sustainable Development	2/1/2018	28 Y, 2 M, 5D	Normal
MILANO, LORI Sustainable Development	2/1/2018	15 Y, M, 7D	Vested Deferred

DROP ENTRIES

Name/Department	Date	Service
FORTIER, ROBERT Public Works	2/1/2018	27Y 5M 19D

POST RETIREMENT DEATH

Name	Date
JACKSON, SHIRLEY Spouse of JACKSON, JOSEPH	01/01/18
MIEGL, MARGARET Spouse of MIEGL, RICHARD	01/01/18
BARNES, CLIFTON Spouse of BARNES, MAUREEN	01/01/18

DROP EXITS

Name	Date
MEEHAN, JEFFREY	1/31/2018

INVESTMENT MANAGER REPORT: LOOMIS SAYLES & COMPANY

Joe Beauparlant appeared before the Board on behalf of Loomis Sayles & Company to provide a report on the firm’s Large Cap Growth Equity Strategy Fund for the quarter ending December 31, 2017. He provided an organizational update, noting no significant changes. Mr. Beauparlant reviewed the investment strategy and process, sector allocations and holdings all in great detail. He reported that the investment return since inception of the account was 24.74% versus 15.19% for the index. Mr. Beauparlant was questioned regarding the underweighting of the consumer discretionary and industrial sectors and responded that the firm had simply not identified suitable investment opportunities within these sectors.

NEW BUSINESS

Mr. Schiess reported that the lease for the pension office was valid through October 2018. He provided renewal terms, which were deemed unsatisfactory. He agreed to research alternative office rentals and report back to the Board.

Mr. Schiess provided a proposal from the System’s actuary for preparation of GASB 68 disclosures. He noted uncertainty of whether the City would issue payment but given time restraints suggested approval of payment contingent upon the City’s preference. **Mr. Burnam made a motion to approve the proposal for preparation of GASB 68 disclosures unless the City preferred responsibility for payment. Ms. Wenguer seconded the motion. The motion was approved unanimously.**

OLD BUSINESS

Mr. Wigoda provided and reviewed a draft Offering Memorandum for the 4800 Building prepared by Caldwell Banker Real Estate. He discussed in detail the research and extensive process that was utilized to value the property. A lengthy discussion arose regarding establishing the proposed listing price and Mr. Wigoda recommended a narrow range of pricing. **Mr. Burnam made a motion to approve the Offering Memorandum and listing price of \$2,650,000. Ms. Prizlee seconded the motion. The motion was approved unanimously.** A lengthy discussion ensued regarding the management of offers given the constraints of scheduling special Board meetings and providing proper public notice. **Mr. Burnam made a motion to establish parameters of a minimum offer of \$2,400,000 and/or a recommendation by Mr. Wigoda in order to schedule a special Board meeting. Ms. Prizlee seconded the motion. The motion was approved with 6 – 1 with Mr. Cameron dissenting.** Mr. Vordermeier advised that he had no issues to report on the rental property and his office had cooperated extensively with Mr. Wigoda.

As a follow up to the last meeting, Mr. Schiess provided a final draft of the proposed Ordinance Amendment to remedy the outstanding DROP interest crediting issue and other various housekeeping issues along with the actuarial impact statement prepared by the System's Actuary. He reviewed a few minor revisions that were required to ensure that the proposed changes were truly without financial impact. Mr. Schiess agreed to submit the proposed Ordinance along with cover letter explaining the various changes to the City Manager.

Mr. Schiess provided a draft of the revised Summary Plan Description. Several minor revisions were suggested and Mr. Schiess agreed to update the document along with any other additional suggestions from the Trustees or Legal Counsel and present the final draft to the Board at the next meeting.

Mr. Schiess advised that outstanding task of preparing the new beneficiary payment policy was on hold pending the housekeeping items within the proposed Ordinance Amendment.

AUDIT COMMITTEE

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

ATTORNEY'S REPORT

Mr. Thomas reported all of his assignments had been addressed previously in the meeting and he would be sending a legislative update to Mr. Schiess for distribution to the Trustees.

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. He noted the necessity of raising cash to fund expected upcoming benefit payments and capital calls in the expected amount of \$3.5M and the Investment Consultant had recommended raising cash from the three domestic value accounts equally.

As a follow up to the last meeting, Mr. Schiess reported that notifications had been mailed to active members becoming eligible for DROP this year.

Mr. Schiess provided an update on the class action securities litigation against Sketchers USA, noting that Legal Counsel at Robbins Geller Rudman Dowd had advised that it was now unlikely that the Court would approve the System's status as lead plaintiff. He explained that Legal Counsel had recommended instead the pursuit of joint lead plaintiff status together with another investor that had incurred a larger financial loss. A lengthy discussion ensued regarding the merit of pursuing lead plaintiff status class action lawsuits in general. **Ms. Prizlee made a motion not to pursue joint lead plaintiff status for the class action securities litigation against Sketchers USA. Mr. Burnam seconded the motion. The motion was approved 6 -1 with Chairman Stahl dissenting.**

Mr. Schiess provided an organizational update noting that the annual benefit statements would be produced and the annual review of policies would be scheduled for the March meeting.

MONTHLY FUND ASSET MIX

Mr. Schiess provided a report on the current asset allocations, noting that all were within policy.

PLEASURE OF THE BOARD

There was nothing to discuss for pleasure of the Board.

BOARD COMMUNICATION TO THE CITY COMMISSION

Mr. Schiess will submit the proposed Ordinance Amendment to the City for consideration.

ADJOURNMENT

The meeting adjourned at 4:00 PM.