

**CITY OF FORT LAUDERDALE  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING**  
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA  
Thursday, November 8, 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**

- Fiscal Year Investment Performance Report

**Items Submitted For City Commission Consideration**

- None at this time

Present: Jon Stahl, Chairperson  
Lynn Wenguer, Vice - Chairperson  
Ron Cameron, Trustee  
Jill Prizlee, Secretary  
Marian Dollard, Trustee (Via Teleconference)  
Laura Garcia, Ex-officio Designee

Absent: Mark Burnam, Trustee  
Paul Tanner, Trustee

Also Present: Glenn Thomas, Board Attorney (Via Teleconference)  
Hattie Brinson, Retiree  
Greg Slagle, Retiree  
Eve Bazer, Retiree  
Richard Dahab, Dahab Associates  
John Herbst, City Auditor  
Nick Schiess, Pension Administrator  
Brandon Ladoff & Anthony Xuereb, Polen Capital Management  
Jane Dyar, Pension & Recording Secretary

**CALL TO ORDER**

Chairman Stahl called the meeting to order and roll call was taken. The Board recognized that Trustee Marian Dollard was attending the meeting remotely in accordance with the provisions within City Resolution 12-84.

**PUBLIC COMMENT**

Retiree Hattie Brinson requested an update on the pending cost-of-living adjustment. Mr. Schiess responded that the City Manager's office had been tasked with researching

alternative benefit designs but did not believe that a subsequent staff meeting had been held or scheduled. Mr. Schiess further advised that he had expressed willingness to attend any such meeting along with the System's actuary as a resource. Ms. Garcia reported that the Finance Department had researched and provided cost center allocation information as requested. Ms. Brinson reiterated her request for the specific regulation or statute prohibiting funding a cost-of living adjustment from pension fund assets and that retirees were not interested in a one-time payment or thirteenth check. Mr. Schiess explained that Actuary had been tasked to provide the specific reference, which may require further explanation. Ms. Prizlee expressed concerns over losing track of any of the many moving parts within this challenging issue and that requested it become a reoccurring agenda item until its resolution.

### **APPROVAL OF MINUTES**

Chairman Stahl asked the Board to review the draft minutes of the meetings held October 11, 2018 and October 29, 2018. **Ms. Wenguer made a motion to approve the minutes of the meetings held October 11 and October 29, 2018. Ms. Prizlee seconded the motion. The motion was approved unanimously.**

### **APPROVAL OF CONSENT ITEMS**

Chairman Stahl asked the Board to review the consent items.

Mr. Schiess reviewed the benefit approvals and a supplemental benefit approval for commencement of vested deferred benefits of Salvatore Cupo. **Ms. Wenguer made a motion to approve the consent items with the exception of the supplemental benefit approval. Ms. Prizlee seconded the motion. The motion was approved unanimously.** A lengthy discussion ensued regarding the general eligibility for the early commencement of vested deferred benefits. Mr. Schiess explained that language within the Ordinance clearly supported the early commencement of vested deferred members with at least fifteen years of service at their date of termination. He explained that the language possibly supports early commencement also for those with less than 15 years of service. The Board and legal counsel reviewed and discussed the applicable specific language in great detail. The question of intent for distinction between the two alternatives was partially explained with those eligible for early retirement at termination would be entitled to duration survivorship benefits. A lengthy discussion continued regarding interpretation of the language without success and ultimately the Board requested an opinion from legal counsel. Mr. Thomas advised that the Ordinance language supported that any plan member who is not eligible for a normal, early or disability retirement benefit but who is vested at time the time they terminate employment can either wait until their Normal Retirement Date to begin receiving benefits, or immediately begin receiving a monthly pension subject to the reduction formula for an early retirement pension under section 20-110(b). By its express terms, this language is intended to apply to members who are vested, but not eligible for early or normal retirement. This would by definition include members who have not accrued 15 years of service. It was noted that there was not any reasonable contrary interpretation evident. **Ms. Prizlee made a motion to approve the supplemental benefit as presented. Ms. Dollard seconded the motion. The motion was approved unanimously.**

## **INVESTMENT MANAGER REPORT: POLEN CAPITAL MANAGEMENT**

Anthony Xuereb and Brandon Ladoff appeared before the Board on behalf of Polen Capital Management to provide a report on the large cap growth portfolio. Mr. Xuereb provided an organizational update, noting the hiring of additional analysts. Mr. Ladoff reported that the investment return net- of- fees for the quarter ending September 30, 2018 was 10.39% versus 9.18% for the index and the calendar year-to-date return was 24.20% versus 17.09% for the index. Mr. Atkins reviewed the investment strategy and process, sector allocations and holdings all in great detail.

## **INVESTMENT CONSULTANT REPORT: DAHAB ASSOCIATES**

Mr. Dahab provided the Board with a report on the investment portfolio for the quarter ending September 30, 2018. Mr. Dahab reported that the investment return for the quarter was 3.1% net of fees, which ranked 58<sup>th</sup> in the public fund universe. The return for the fiscal year was 8.9% net-of-fees, which ranked in the top quarter of the public fund universe.

Mr. Dahab reviewed the performance of all the individual investment products in great detail, noting all was satisfactory. Mr. Dahab then discussed market and economic conditions, noting that outlook was for modest growth. Mr. Dahab reviewed the asset allocation. Mr. Schiess reviewed the asset allocation and upcoming funding obligations for capital calls and benefit payments in the amount of \$3.4 million. He explained that the most recent effort to bring the emerging market allocation within range was thwarted by additional market movement and yet another \$3M was needed to bring the emerging market allocation within policy. Pursuant to the recommendation of Mr. Dahab, the Board directed the Plan Administrator to fund another \$3M of the new emerging market index fund managed by State Street Global Advisors and raise any necessary cash equally from the State Street Global Advisors Russell 1000 Growth Fund and the domestic large cap value portfolio managed by Wedge Capital Management.

As a follow up to the last meeting, Mr. Dahab reviewed the results of the domestic mid cap equity manager search including a Russell Mid Cap Value Index Fund. The Board, by consensus, agreed to interview potential candidates Earnest Partners, Fisher Investments, and Smith Graham & Company at the meeting scheduled for January 10, 2019.

## **NEW BUSINESS**

There was no new business.

## **OLD BUSINESS**

Mr. Schiess provided a revised draft of the new Beneficiary Payment Policy introduced at the last meeting with subsequent revisions by legal counsel. A lengthy review ensued. One outstanding consideration remained, which Mr. Schiess agreed research and then bring back to the next meeting.

Mr. Schiess provided proposed revised administrative forms to the Board, noting that they had already been reviewed by legal counsel. The Trustees reviewed the new forms.

Mr. Schiess provided a revised proposed new DROP Administration Policy inclusive of the changes determined at the last meeting. **Ms. Wenguer made a motion to approve the new DROP Administrative Policy and revised administrative forms. Ms. Prizlee seconded the motion. The motion was approved unanimously.**

### **ATTORNEY'S REPORT**

Mr. Thomas advised that there were no additional items aside from those already previously addressed during 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 production of records and data for the 2018 fiscal year audit and valuation had commenced.

Mr. Schiess noted that the proposed lease for the Pension Office was finalized by Lynn Solomon with the City Attorney's office and had been sent to the landlord.

### **MONTHLY FUND ASSET MIX**

The monthly fund asset mix report was previously reviewed during the Investment Consultant's Report.

### **PLEASURE OF THE BOARD**

There was none at this time.

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

Chairman Stahl agreed to share the fiscal year Investment Consultant Report with the City Commission.

### **ADJOURNMENT**

The meeting adjourned at 2:46 PM.