

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

- 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  
Hattie Brinson, Retiree  
Glen Thomas, Board Attorney (via teleconference)  
Nick Schiess, Pension Administrator  
Victor Zollo & Kurt Wood, DePrince Race & Zollo Inc.  
Rich Dahab, Dahab Associates  
Jane Dyar, Pension & Recording Secretary

**CALL TO ORDER**

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

**PUBLIC COMMENT**

There was no public comment at this time.

**INVESTMENT CONSULTANT REPORT: DAHAB ASSOCIATES**

Mr. Dahab provided the Board with a report on the investment portfolio for the quarter ending December 31, 2017. He reported that the investment return for the quarter was

4.5% net of fees, which ranked in the top 6th percentile of the public fund universe. The return for the fiscal year was 20.0%, which ranked in the top 2nd percentile of the public fund universe.

Mr. Dahab discussed the underlying factors behind recent market volatility. He was questioned regarding market outlook and responded that the market volatility was anticipated to continue short-term but the overall outlook was favorable for market growth.

Mr. Dahab reviewed the performance of all the individual investment products in great detail. He noted all was satisfactory with the exception of the slight underperformance of the Lord Abbett and Company smid cap portfolio and the Sawgrass Asset Management large cap growth portfolio.

Mr. Dahab reviewed the asset allocation, noting that all allocations were within policy.

Mr. Schiess provided a report on several investment related issues. He reported that the fee schedule for the Lord Abbett and Company smid cap portfolio had been lowered attributable to the termination of the small cap product because the blended fee rate was higher than the smid cap product alone. Mr. Schiess then reported that the former custodian Bank of New York had submitted a proposal to maintain an account to receive refunds of foreign tax withholding; however, the cost of maintaining the account exceeded the expected returns. Mr. Dahab recommended abandoning the foreign tax refunds because the cost of acquisition exceeded the proceeds. **Ms. Prizlee made a motion to abandon the foreign tax refunds because the cost of acquisition exceeded the proceeds. Ms. Wenguer seconded the motion. The motion was approved unanimously.** Mr. Schiess advised that that \$3.7 million must be raised to fund benefit payment and capital call obligations and Mr. Dahab recommended raising it from the Russell 1000 Index Fund. **Ms. Prizlee made a motion to raise \$3.7 million from the Russell 1000 Index Fund to fund benefit payment and capital call obligations. Mr. Burnam seconded the motion. The motion was approved unanimously.**

## **PUBLIC COMMENT**

A retiree appeared before the Board to inquire about cost-of-living adjustments for retirees. It was noted that only the City Commission can approve cost-of-living adjustments. A discussion arose regarding the Board's role in the process and Mr. Schiess expressed necessity to formalize a response to inquiries received on this matter. He reported researching past practice in this regard and advised that historically the Board had passed along a reminder and financial condition of the System through the ex-officio Trustee to the City Commission on an annual basis coincident with the receipt of the actuarial valuation. Mr. Herbst advised that a covenant established with the issuance of the pension obligation bond provided that any new benefit improvements be fully funded at the time of implementation and also approved by a super majority of the City Commission. It was noted that language within the Ordinance provides that cost-of-living

adjustments were contingent upon a cumulative investment returns greater the actuarial rate of investment return. A question arose whether excess investment returns could be carved out to fully fund cost-of-living adjustments. A question then arose as to what period should be utilized for the basis for measurement of the cumulative investment return. Mr. Herbst suggested that perhaps an applicable basis would be the year 2003, which is the last year that the System was fully funded. The Trustees agreed to resume consideration of this matter at the next meeting wherein the actual valuation is presented.

**APPROVAL OF MINUTES**

Chairperson Stahl asked the Board to review the minutes of the meetings held January 11, 2018. **Ms. Wenguer made a motion to approve the minutes of the meeting held January 11, 2018. Ms. Prizlee seconded the motion. The motion was approved unanimously.**

**APPROVAL OF CONSENT ITEMS**

The Board reviewed the consent items. **Ms. Wenguer made a motion to approve the consent items. Ms. Prizlee seconded the motion. The motion was approved unanimously.**

**BENEFIT REVIEW**

**RETIREMENTS**

<b>Name/Department</b>	<b>Date</b>	<b>Service</b>	<b>Type</b>
HERNANDEZ, LYNDA Police & Fire	11/1/2028	17 Y, 0 M, 7D	Vested Deferred
ST. LEDGER, REXFORD Police & Fire	1/14/2018	30 Y, 3 M, 10D	Normal
TAPPER, CLAUDIUS Public Works	1/31/2018	14 Y, 11 M, 21D	Normal
COLEHOWER, BEVERLY City Attorney's Office	3/3/2018	16 Y, 0 M, 6D	Normal

**POST RETIREMENT DEATH**

<b>Name</b>	<b>Date</b>
CARROLL, JANE Spouse of HERBERT CARROLL	01/01/18
WILSON, CLAUDINA Spouse of RUDOLPH WILSON	01/01/18
BELL, CHARLES Spouse of SHIRLEY BELL	02/01/18

**DROP EXITS**

<b>Name</b>	<b>Date</b>
PATE, KATHRYN	3/1/2018

## **INVESTMENT MANAGER REPORT: DEPRINCE RACE & ZOLLO INC.**

Kurt Wood and portfolio manager Victor Zollo appeared before the Board on behalf of DePrince Race & Zollo to provide a report on their large cap value portfolio for the quarter ending December 31, 2017. Mr. Wood provided an organizational update, noting great longevity of the firm and no significant organizational changes. He reported that the net of fee investment return for the calendar year was 16.40% versus 13.66% for the benchmark. Mr. Zollo reviewed the investment strategy and process, sector allocations and holdings all in very great detail. Mr. Zollo was questioned regarding market outlook and responded that despite recent volatility he anticipated an 8% return for the fiscal year.

## **ELECTION OF BOARD OFFICERS**

The Board noted the requirement of electing officers for the 2018 year. Ms. Wenguer nominated Mr. Stahl for Chairperson of the Board, which was approved by consensus. Mr. Burnam nominated Ms. Wenguer as Vice Chairperson, which was approved by consensus. Mr. Burnam nominated Ms. Prizlee as Secretary, which was approved by consensus.

## **NEW BUSINESS**

The Board revisited the City's request for ordering an appraisal on the 4800 Building, which was determined at the last meeting to have been unwarranted. Mr. Herbst discussed the requirement within the City Charter prohibiting the sale of property at less than appraised value and suggested that the System use the same guideline. After further discussion, **Mr. Burnam made the motion to commission an appraisal on the 4800 Building. Ms. Dollard seconded a motion. The motion was approved 3 to 2 with Ms. Prizlee and Ms. Wenguer dissenting.** Ms. Wenguer expressed concern that matter was revisited after it failed by motion at the prior meeting but Chairperson Stahl expressed that revisiting the matter was in the interest of due diligence.

Mr. Schiess advised that the change of Trustees and Board officers necessitated revision of signature and incumbency certificates.

## **OLD BUSINESS**

Mr. Schiess reported that in the matter of the conversion of disability benefits to normal retirement benefits, affected member Mike Hittle had engaged legal counsel Ronald Cohen who had requested a continuance to the next meeting and the Board agreed by consensus.

Mr. Schiess provided an update on the status of the relocation of the Pension Office. He discussed the options under investigation and would report back to the Board at the next meeting.

Mr. Schiess distributed the final draft of the Summary Plan Description. A discussion arose regarding distribution options and the Board consensus was to disseminate the document via direct mail along revised designation of beneficiary forms to active members.

Mr. Schiess updated the Board on the beneficiary payment policy, noting that it was awaiting adoption of the pending Ordinance Amendment.

Mr. Schiess provided an update on the sale of the 4800 Building sale, noting that a special meeting was required for the review of final and best purchase offers. After further discussion, a special meeting was tentatively scheduled for February 20, 2018 to be confirmed by the Plan Administrator after the meeting.

### **AUDIT COMMITTEE**

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

### **ATTORNEY'S REPORT**

Mr. Thomas reported 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.

Mr. Schiess provided an organizational update, noting the annual policy review would be scheduled for the March meeting.

Mr. Schiess reviewed proposals for cleaning services for the Pension Office. He explained that the expense would be partially offset by the elimination of the sanitation services currently performed by Enviro-Master Services. The Board authorized Mr. Schiess to engage a service company at his discretion for an amount not to exceed the amount of \$240 monthly, noting the amount fell within the limit of expenses already approved by the Board at the Plan Administrator's discretion.

### **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 was directed to invite the City Manager to attend the next Board meeting as well as the remainder of the 2018 year.

**ADJOURNMENT**

The meeting adjourned at 2:32 PM.