

**CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Monday, March 19, 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, Secretary
Mark Burnam, Trustee

Absent: Ex-Officio Designee
Ron Cameron, Trustee

Also Present: John Herbst, City Auditor
Hattie Brinson, Retiree
Glenn Thomas, Board Attorney (via teleconference)
Nick Schiess, Pension Administrator
Michelle Blackstock, Crowe Horwath, LLP
Alan Vordermeier, VMC Realty
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.

APPROVAL OF MINUTES

Chairperson Stahl asked the Board to review the minutes of the meetings held February 2, 2018, February 8, 2018 and February 20, 2018. **Ms. Wenguer made a motion to approve the minutes of the meetings held February 2, 2018, February 8, 2018 and February 20, 2018. Mr. Tanner seconded the motion. The motion was approved unanimously.**

AUDITOR'S REPORT: CROWE HORWATH

Michelle Blackstock appeared before the Board on behalf of Crowe Horwath LLP to present the Auditor's Report and Audited Financial Statements for the fiscal year ended September 30, 2017. Ms. Blackstock thoroughly reviewed the financial statements of the Plan and issued the Board with a clean unqualified opinion letter on the financial statements, noting that no material weaknesses in the financial statements had been discovered. She discussed testing of internal controls and procedures, noting that no deficiencies were identified. Ms. Blackstock reported that the System's net assets as of September 30, 2017 were \$654.2M, an increase of \$66.9M from the prior year's net assets of \$587.3M, which was primarily attributable to investment returns. She reviewed GASB disclosures and required communications including classification of alternative assets and determination of fair market value of assets. She reported that there were not any instances of non-compliance identified or significant corrections or recommended corrections. **Ms. Wenguer made a motion to accept and approve the 2017 Audit Report and Audited Financial Statements and execute an Audit Management Representation Letter. Ms. Dollard seconded the motion. The motion passed unanimously.**

APPROVAL OF CONSENT ITEMS

Chairman Stahl asked that the Board review the consent items. Ms. Dollard discussed the merits of two trainings offered locally by the Government Finance Officers Association and requested consideration for their addition to the educational calendar. **Mr. Burnam made a motion to approve the consent items with the educational calendar amended to include two trainings offered locally by the Government Finance Officers Association. Ms. Wenguer seconded the motion. The motion was approved unanimously.**

BENEFIT REVIEW

POST RETIREMENT DEATH

Name	Date
KOLOCAS, GREGORY Spouse of YVONNE KOLOCAS	4/1/18

DROP EXITS

Name	Date
ROBERTS, SHERI	4/1/2018

NEW BUSINESS

The Board conducted the annual review of all policies. Mr. Schiess explained that all the policies had been reformatted for consistency and then reviewed each policy individually along with proposed revisions by staff and service providers. He reviewed the Electronic Device Policy, noting that revision was unnecessary. Mr. Schiess reviewed the Media Policy also without any proposed changes. He noted that the policy required collaboration between the Plan Administrator and outside media director in response to requests from the media. He requested clarification on whether this was also applicable to the routine research calls received by investment news organizations with simple investment related

questions such as asset allocation, manager searches and alternative asset classes. The Board clarified that the Media Policy was not applicable to routine investment related questions. Mr. Schiess introduced a new Overpayment Recovery Policy containing procedures in attempt to recover pension overpayments to deceased retirees and discussed the intricacies of recovery. Mr. Schiess then reviewed the Educational Travel Policy and recommended extending the period for the submission of reimbursements, noting that the current period was burdensome and unnecessarily restrictive. A lengthy discussion ensued and the Board ultimately by consensus extended the submission period to 90 days allowing a one-time grace period to submit any outstanding reimbursement requests. Mr. Schiess reviewed minor technical revisions to the Investment Policy Statement recommended by the Investment Consultant that were necessitated primarily by changes in the titling of various indexes. He reported a recent request by the City Manager to remove reference to direct real estate from the Investment Policy Statement. It was noted that removal before the completion of the sale of the 4800 Building was premature. Mr. Schiess expressed uncertainty whether objection to the ownership of direct real estate by the Board was also be applicable to potential property purchased to host the Pension Office. Mr. Herbst clarified that the City did not have any objection to the purchase of property to host the Pension Office. The Board deferred final review of the Investment Policy Statement until the May meeting when the Investment Consultant will be present for his quarterly report. Mr. Schiess then reviewed the Audit Committee Policy and further revision was requested by the Board. Mr. Schiess then reviewed the Disability Payment Policy in great detail. He explained that the Ordinance specified that the Board must conduct periodic review of disability recipients but did not define frequency or the construction of the review. A discussion arose regarding the permanent certification of disability recipients whose medical conditions were irreversible and so severe that the affected member was permanently incapacitated from employment. Another discussion ensued regarding the frequency of disability review and the Board by consensus determined that all disability recipients must submit to disability recertification every two years. Mr. Schiess agreed to revise the Audit Committee Policy and Disability Payment Policy as amended by the Board and submit the final drafts for consideration at the next meeting. **Ms. Dollard made a motion to approve the Portable Electronic Device Policy and Media Policy without revision, the Educational Travel Policy as amended and the new Overpayment Recovery Policy as presented. Ms. Wenguer seconded the motion. The motion was approved unanimously.**

Ms. Prizlee expressed concerns regarding inconsistent attendance at Board meetings and the effect on an inconsistent vote on a recent matter. Mr. Schiess discussed the City attendance policy, noting that the requirements were specifically applied to regular meetings, not special meetings. A discussion then ensued to determine whether regular meetings that were rescheduled were still considered regular meetings for the purpose of measuring attendance. It was noted that the regular meetings were scheduled on an annual basis and therefore were known well in advance whereas rescheduled meetings were scheduled ad-hoc based usually upon the attainment of a quorum not necessarily a full Board. Mr. Schiess discussed explained the difficulties of rescheduling meetings between so many interested parties and cautioned that applying the participation requirements to these meetings will burden the process. The Trustees by consensus determined that rescheduled meetings were not regular meetings with regards to the attendance policy. The

Board requested the Plan Administrator to record attendance and advise Trustees when they are nearing violation of the minimum requirements.

Ms. Prizlee advised that she had been contacted by the Plan Administrator regarding the recent appraisal of the 4800 Building, which was a contentious matter that had been revisited after not being approved by the Board initially. She expressed discomfort with the process and length of time spent on the conversation. Ms. Prizlee questioned whether other Trustees had been contacted and Mr. Schiess reported contacting each Trustee individually regarding the issue. Mr. Herbst advised that the Sunshine Law prohibited contact between Trustees outside of meetings; however, contact from staff or service providers is permissible and even necessary provided that polling is not conducted. Mr. Schiess agreed to be more respectful of Ms. Prizlee's time. Ms. Wenguer expressed a separate concern about procedure and the return of the matter after initial defeat by the Board and a brief discussion regarding Robert's Rules of Order ensued.

OLD BUSINESS

Mr. Schiess provided an update on the status of the relocation of the Pension Office. He discussed research into the options under investigation for rental and would report back to the Board with additional information at the next meeting.

Mr. Schiess provided an update on the sale of the 4800 Building, noting that an agreement was successfully negotiated with the primary buyer selected by the Board and executed on March 5, 2018 which then started the 30 day due diligence period of the sales process. He reviewed a complaint from one of the potential purchasers with the process and it was noted that their particular offer had not been favored by the listing agent regardless.

ATTORNEY'S REPORT

Mr. Thomas reported he would be sending a final 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.

Mr. Schiess discussed organizational changes including new administrative tools. He provided a draft Retirement Guide & Checklist developed to assist and educate new retirees with the retirement process.

Mr. Schiess reported that the matter of the conversion of disability benefits to normal retirement benefits affecting Michael Hittle and Carnal Wilson, was originally scheduled for the March 8, 2018 meeting but that meeting was rescheduled and now the matter was deferred until the meeting scheduled for April 12, 2018.

Mr. Schiess reported that revised Summary Plan Description was in production and would be mailed to active members along with new beneficiary forms.

Mr. Schiess reported the receipt of a new Application for Disability Benefits from an active member, which should be finalized for consideration by the Board at the next meeting.

Mr. Schiess was questioned regarding the status of the research into replacement pension software. He explained that while the software search was important, the lease term for the Pension Office was expiring thus making the search for a replacement office an even higher priority. Ms. Wenguer requested the Plan Administrator to draft the request for proposal to start the process.

MONTHLY FUND ASSET MIX

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

PUBLIC COMMENT

The Board offered retiree Hattie Brinson the opportunity for public comment as she arrived after the meeting started. Ms. Brinson advised that she was conducting in depth research and questioned the factors and mechanisms affecting cost-of-living adjustments. She questioned whether the Board's fiduciary responsibility was to the plan membership or the City. Chairman Stahl responded that the Board's fiduciary responsibility is clearly to the membership. Ms. Brinson then questioned the lack of retiree representation on the Board. Chairman Stahl advised her that the composition of the Board was defined within City Ordinance, which specified that employee Trustees must be actively employed by the City upon election. He noted that because the Plan is closed the retiree population will continue to increase while the active membership decreases therefore the requirements will ultimately require revision. Ms. Brinson requested support from the Board for cost-of living adjustments. It was noted that historically the Board requested has input from the Plan's actuary in conjunction with the presentation of annual actuarial valuation, which was noted to be scheduled for the next meeting.

PLEASURE OF THE BOARD

There were no issues or comment raised by the Trustees.

BOARD COMMUNICATION TO THE CITY COMMISSION

There was not any communications to present to the City Commission at the time.

ADJOURNMENT

The meeting adjourned at 2:54 PM.