

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Thursday, May 10, 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
Jill Prizlee, Secretary
Marian Dollard, Trustee
Paul Tanner, Trustee
Mark Burnam, Trustee
Ron Cameron, Trustee
Laura Garcia, Ex - Officio Designee

Also Present: Greg Slagle, Retiree
Eve Bazer, Retiree
Hattie Brinson, Retiree
Frank Snedaker, Retiree
John Panoch, Retiree
Alyse Vishnick, OFI Global
Richard Dahab, Dahab & Associates
Fernando Blanco, Active Member
Steve Hillberg, Active Member
Barbara Howell, Active Member
Alan Vordermeier, VMC Realty
Jim Linn, Board Attorney (via teleconference)
Nick Schiess, Pension Administrator
Jane Dyar, Pension & Recording Secretary

CALL TO ORDER

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

PUBLIC COMMENT

Ms. Brinson and other members appeared before the Board to express discontent with the lack of cost-of-living adjustments for the retirees and the impact on them financially. Chairman Stahl discussed the intricacies and criteria of implementing cost-of-living adjustments, noting that approval was ultimately up to the City Commission. He explained that one of the criteria, specifically whether the System is in a position of cumulative actuarial gain, is evaluated annually by the Board. Historically, notification has been provided to the City when the System was in an actuarial gain position usually accompanied by a recommendation by the Board along with an actuarial cost study on the associated costs. Mr. Stahl advised that the System was in an actuarial gain position this year, actuarial cost studies have been ordered and the matter will be reviewed by the Board at the next meeting.

APPROVAL OF MINUTES

Chairperson Stahl asked the Board to review the minutes of the regular and special meetings held April 12, 2018. **Ms. Wenguer made a motion to approve the minutes of the regular and special meetings held April 12, 2018. Mr. Tanner 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 conversion of disability to normal retirement benefits of Carnal Wilson pursuant to the determination on extensions made by the Board at the last meeting. A question arose regarding possible overpayments and Mr. Schiess agreed to research the matter further and report back to the Board. **Mr. Burnam made a motion to approve the consent items. Mr. Tanner seconded the motion. The motion was approved unanimously.**

BENEFIT REVIEW

RETIREMENTS

| <u>Name/Department</u> | <u>Date</u> | <u>Service</u> | <u>Type</u> |
|--|-------------|-----------------|-------------|
| UPTEGROVE, ROBIN City Commission | 5/2/2018 | 17 Y, 2 M, 17D | Normal |
| PLOTTS, LEIGH Public Works | 5/5/2018 | 17 Y, 4 M, 3D | Normal |
| BLANCHETTE, KELLY Police & Fire | 5/4/2018 | 14 Y, 11 M, 7D | Normal |
| CROASDALE, JOSEPH Sustainable Development | 5/12/2018 | 12 Y, 10 M, 1D | Normal |
| LANE, RICHARD Public Works | 5/15/2018 | 18 Y, 0 M, 13D | Early |
| OWENS, ERIC Public Works | 6/1/2018 | 20 Y, 4 M, 19D | Normal |
| WILLIAMS, TONY Public Works | 6/1/2018 | 30 Y, 3 M, 3D | Normal |
| AUGUSTIN, CHRISTOPHER Sustainable Development | 6/1/2018 | 25 Y, 4 M, 1D | Normal |
| CLARE, MARLA Information Technology | 5/3/2018 | 10 Y, 11 M, 26D | Normal |

DROP ENTRIES

| Name | Date | Service |
|--|-------------|------------------|
| COLARUSSO, YOLANDA Parks & Recreation | 6/1/2018 | 24 Y, 11 M, 26 D |

POST RETIREMENT DEATH

| Name | Date |
|---|-------------|
| ROSINSKI, BERNICE Spouse of ROSINSKI, DANIEL | 5/1/2018 |
| MILLEY, CAROL Spouse of MILLEY, DONALD | 5/1/2018 |
| FRANKENFIELD, MARION Spouse of FRANKENFIELD, RICHARD | 5/1/2018 |

DISABILITY CONVERSIONS

| Name | Date |
|----------------|-------------|
| WILSON, CARNAL | 12/1/2017 |

INVESTMENT MANAGER REPORT: OFI GLOBAL ASSET MANAGEMENT

Alyse Vishnick appeared before the Board on behalf of OFI Global Asset Management to provide a report on the OFIGTC Emerging Markets Equity Fund. She provided an organizational update, noting no significant changes. Ms. Vishnick reviewed the investment strategy and process, sector allocations and holdings all in great detail. She reported that the investment return for the trailing one-year period was 26.48% versus 24.93% for the index and since inception of the account was 7.02% versus 4.69% for the index. Ms. Vishnick was questioned regarding anticipated changes to sector or geographical allocations in response to geopolitical or market risks and she responded that their investment strategy favors the current investment profile. She was questioned regarding the potential negative effects of strained relations with China and North Korea and she responded that the investment strategy considered macro environmental influences and the anticipated effects on the portfolio was minimal. Mr. Dahab discussed pressures within the investment management industry to lower fees and questioned Ms. Vishnick whether the manager had considered lowering fees. She responded that the matter had not been reviewed by the firm but she agreed to forward the question to upper management.

INVESTMENT CONSULTANT REPORT: DAHAB ASSOCIATES

Mr. Dahab provided the Board with a report on the investment portfolio for the quarter ending March 31, 2018. He reported that the investment return for the quarter was 0.1%, which on a relative basis was exceptional given recent market volatility and ranking in the 23rd percentile of the public pension fund universe. The return for the trailing year was 4.6%.

Mr. Dahab reviewed the performance of all the individual investment products in great detail. A discussion arose regarding the underperformance of the Aberdeen Emerging Markets Fund and the smid cap portfolio managed by Lord, Abbett & Company. He reviewed their annualized returns, noting that recent underperformance had brought down their overall performance. He then reviewed their long-term performance, which he considered satisfactory. Mr. Dahab suggested monitoring their future performance closely.

Mr. Dahab then discussed market and economic conditions, noting that the domestic economy grew only at a modest pace.

Mr. Dahab reviewed minor proposed technical revisions to the Investment Policy Statement necessitated primarily by changes in the titling of various indexes and also the gradual lowering of the investment return assumption. Mr. Linn suggested alternative language for the lowering of the investment return assumption. **Mr. Burnam made a motion to approve the revised Investment Policy Statement as amended. Ms. Wenguer seconded the motion. The motion was approved unanimously.**

Mr. Dahab reviewed the asset allocation and cash flow requirements and recommended raising required cash for upcoming obligations including benefit payments from the Aberdeen Emerging Markets Fund. **Mr. Tanner made a motion to raise any necessary cash from the Aberdeen Emerging Markets Fund. Ms. Wenguer seconded the motion. The motion was approved unanimously.**

NEW BUSINESS

Mr. Schiess discussed the State requirement to formally determine the expected rate of investment return. The Board recognized the support of the Investment Consultant and Actuary for the gradual reduction of the investment return assumption from 7.5% to 7.0% in .10% increments over the next five years based upon the current asset allocation. **Ms. Wenguer made a motion to determine that the total expected annual rate of investment return for the System for the next year shall be 7.4%, net of investment related expenses and be reduced .10% every year until it reaches 7.0% for the long-term thereafter and authorize Chairman Stahl to execute the declaration. This determination is made in accordance with Section 112.661(9) Florida Statutes. Mr. Tanner seconded the motion. The motion was accepted unanimously.**

Mr. Schiess provided an update on the actuarial cost studies for cost-of-living adjustments that were commissioned by the Board at the last meeting. He noted that actuarial data was maintained on a fiscal year basis. Mr. Schiess discussed the intricacies of preparing the studies, noting that they required extensive additional effort and expense because they were based upon other than fiscal year end intervals. He advised that the issue would be alleviated and the studies expedited if they were instead aligned with fiscal year end dates. **Ms. Wenguer made a motion to revise the parameters of the cost studies for those retired as of September 30, 2017 and September 30, 2014. Ms. Prizlee seconded the motion. The motion was approved unanimously.**

The Board discussed the process for conducting the annual performance review of the Pension Administrator. Mr. Schiess provided an organizational update including a report on initiatives and projects completed during the last year as well as a list of proposed initiatives. Mr. Stahl distributed review forms to the individual Trustees to be completed and discussed at the next meeting. A discussion arose regarding the performance review for the Pension and Recording Secretary, which Mr. Schiess agreed to perform.

OLD BUSINESS

Mr. Schiess provided an update on the search for alternative office space for the Pension Office. He presented a counter offer for rental rates received from the current landlord. Mr. Tanner provided an additional potential location to research. After further discussion, the Board directed Mr. Schiess to present the current landlord of the Pension Office with a final counter offer of \$20 per square foot with a 2 year term of occupancy.

Mr. Schiess provided an update on the sale of the 4800 Building. He reported that no impediments have arisen and the transaction was expected to close within two weeks. Mr. Vordermeier advised discussed the timing of the renewal on the windstorm insurance and the Board directed him to renew the insurance.

ATTORNEY'S REPORT

Mr. Linn noted that there was not any State legislation that has passed that affected the System or had any other matters to report.

ADMINISTRATOR'S REPORT

Mr. Schiess provided a financial report including account and benefit payment reconciliations, fulfilled and pending capital calls and the funding status of the alternative investments.

Mr. Schiess advised the Trustees that their annual Statement of Financial Interests must be filed by July 1, 2018 with the Supervisor of Elections in the County of their residence and the fines are substantial for non-compliance.

Mr. Schiess announced the revised Summary Plan Description and updated Designation of Beneficiary Forms had been mailed to active participants and the Pension Office was already receiving inquiries and updated beneficiary designations.

Mr. Schiess provided an update on the proposed Ordinance Amendment, noting that it was anticipated to advance soon to the City Commission for consideration.

Mr. Schiess reported an update on the one disability recipient that had still not complied with the Disability Review Procedure adopted by the Board and his benefits had remained suspended. Mr. Schiess discussed the facts and circumstances along with the many communications with the member in this regard. A question arose whether the disability itself impacted the member's ability to comply with the procedure. A discussion then ensued regarding additional measures to assist the member with the procedure and by consensus the Board directed Mr. Schiess to start by requesting a wellness check from the Police Department.

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 report.

BOARD COMMUNICATION TO THE CITY COMMISSION

No communication to the City Commission at this time.

ADJOURNMENT

The meeting adjourned at 2:18 PM.