

**CITY OF FORT LAUDERDALE  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING**  
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA  
Thursday, September 13, 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

Absent: Ron Cameron, Trustee  
Ex-Officio Designee

Also Present: Matt DiNallo & James Cumming, Aberdeen Standard Investments  
Nicole Tully & Tom Maher, Lord Abbett & Company  
Eve Bazer, Retiree  
Hattie Brinson, Retiree  
Nicole Thibaud, Retirement Specialist  
Richard Dahab, Dahab Associates (via videoconference)  
Glenn Thomas, 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**

Chairman Stahl asked for public comment. Eve Bazer and Hattie Brinson provided a report on their recent appearance before the City Commission to present a request for the consideration of a cost-of-living adjustment for retirees. Ms. Hinson announced that the Mayor had requested that the discussion be placed upon a conference agenda. She requested support from the Board to send

notification to retirees regarding the matter that would include their contact information for those that desired to become involved. Ms. Bazer then requested support to follow on the scheduling of the matter along with representation from the Board to attend in the event that any questions arise. Mr. Schiess advised that an alternative to sending a dedicated mailer regarding only this matter would be to send out a general newsletter with updates and important information on the pension plan, which could also include an update on this matter as well. Mr. Schiess agreed to attend the conference meeting on behalf of the Board and a discussion arose regarding the merits of other Trustees attending as well. **Ms. Prizlee made a motion to authorize a mailing of a newsletter to retirees with updates on the pension plan including the City Council conference meeting for consideration of cost-of-living adjustments including contact information for Ms. Bazer and Ms Brinson. Ms. Wenguer seconded the motion. The motion was approved unanimously.** The Board directed Mr. Schiess to prepare the newsletter and follow up on the scheduling of the matter by the City Commission.

Nicole Thibaud requested an audience with the Plan Administrator to solicit investment consulting services. It was noted that this matter was not on the meeting agenda for this meeting and was inappropriate at this time, but she was encouraged to contact the Pension Office during regular business hours.

**APPROVAL OF MINUTES**

Chairperson Stahl invited the Board to review the minutes of the meeting held August 9, 2018. **Ms. Dollard made a motion to approve the minutes of the meeting held August 9, 2018. Ms. Prizlee seconded the motion. The motion was approved unanimously.**

**APPROVAL OF CONSENT ITEMS**

Chairman Stahl requested the Board review the consent items. **Ms. Wenguer made a motion to approve the consent items. Ms. Dollard seconded the motion. The motion was approved unanimously.**

**BENEFIT REVIEW**

**RETIREMENTS**

<b>Name/Department</b>	<b>Date</b>	<b>Service</b>	<b>Type</b>
MATHERSON II, RICHARD Public Works	10/6/2018	18 Y, 6 M, 23D	Normal

**DROP EXITS**

<b>Name</b>	<b>Date</b>
HARVEY, ROBIN	9/8/2018

**POST RETIREMENT DEATH**

<b>Name</b>	<b>Date</b>
VLHA, PATRICIA Spouse of VLHA, EDWARD	10/1/2018
WARNER, ENID Spouse of WARNER, DANIEL	9/1/2018

**DROP ENTRIES**

<b>Name</b>	<b>Date</b>	<b>Service</b>
KEISER, RICHARD Information Technology Services	10/1/2018	17Y 4M 24D

**INVESTMENT MANAGEMENT REPORT: ABERDEEN STANDARD INVESTMENTS**

Matt DiNallo and James Cumming appeared before the Board to provide a report on the Aberdeen International Equity Fund managed by Aberdeen Standard Investments. Mr. Cumming discussed the merger with Standard Life Investments, noting that additional resources had become available to increase support to the investment process and teams. He advised that there were no other organizational changes. Mr. Cumming reviewed the investment strategy and process, sector allocations, geographical allocations and holdings all in great detail. He then reviewed short and long-term performance and discussed the market and environmental factors that attributed to underperformance of the fund versus the index. He explained that the investment strategy was conservative and had lacked the exposure to higher valued holdings that had recently been most rewarded by the market. However, this same conservative strategy afforded considerable down market protection and had demonstrated itself to be successful long-term. Mr. Cumming also explained that the fund's lack of exposure to China had significantly detracted from performance. Mr. Cumming was requested to provide reasoning for the Board to continue holding the fund when the net-of-fee performance lagged their benchmark. He discussed the intricacies of the index, noting that there was no consideration of risks or swift exodus from toxic positions. He advised that active management permitted taking advantage of the many financial opportunities within this asset class and has historically outperformed passive management long-term.

**INVESTMENT MANAGEMENT REPORT: LORD ABBETT & COMPANY**

Nicole Tully and portfolio manager Tom Maher appeared before the Board to provide a report on the smid cap equity portfolio managed by Lord Abbett & Company. Ms. Tully provided an organizational update. Ms. Tully reviewed the history of their management style, noting a slight shift in bias from value to core back in the year 2014, which had reverted back to a value bias upon request from their clients. It was noted that the index used to evaluate their performance had been changed to the core benchmark pursuant to their original request, but not realigned back to the value benchmark. It was further noted that their performance had been evaluated against the core benchmark and had lagged significantly, which was considerably better against the value benchmark. Ms. Tully apologized for any confusion. Mr. Maher reviewed the short and long-term performance against the value benchmark, noting a trend of outperformance with the exception of the years 2012 and 2016 which significantly weakened overall performance. Mr. Maher then discussed in detail the market factors, stock selection and sector misalignments that attributed to the underperformance. He then reviewed the investment strategy and process, sector allocations and holdings all in great detail, concluding that their investment strategy had been successful with the exception of just a few years.

A lengthy discussion ensued regarding the reports received from both investment managers as they were specifically invited to the meeting to discuss their relative underperformance of their respective benchmarks. Mr. Dahab advised that the relative performance of the Lord Abbett & Company portfolio was satisfactory when measured against the value benchmark. He was questioned regarding retention of

the managers. He advised that both were well respected managers with solid investment processes and ultimately recommended the retention of both managers; however, they should be placed on a watch list.

Mr. Dahab discussed raising cash to fund benefit payment obligations and recommended raising \$2M and \$900K respectively from the portfolios managed by Lord Abbett & Company and Sawgrass Asset Management.

### **NEW BUSINESS**

Mr. Schiess provided a draft of a new proposed Beneficiary Payment Policy, which he explained was necessitated by the intricacies and extraordinary complexity of many provisions within the Ordinance. He advised that the policy addressed procedures and benefits payable to beneficiaries under all conceivable situations and was therefore of great significance. **Ms. Wenguer made a motion to submit the draft Beneficiary Payment Policy to legal counsel for review and then bring it back before the Board for consideration.**

### **OLD BUSINESS**

There was not any old business.

### **ATTORNEY'S REPORT**

Mr. Thomas advised that there were no issues 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 provided an update on the replacement of the emerging market fund managed by Aberdeen Standard Investments with an index fund pursuant to the Board's direction at the last meeting. He explained that the Investment Consultant had selected State Street Global Advisors as the provider of the index fund, who also managed the other index funds in the portfolio. Mr. Schiess explained that the State Street Global Advisors insisted on a completely new agreement instead of a simple amendment, which was under negotiation by legal counsel.

Mr. Schiess reported that the annual retirement seminar was scheduled for September 28, 2018.

Mr. Schiess provided an organizational update, noting that a new DROP policy was being created in response to the recent Ordinance Amendment revising the methodology for the crediting of interest. He also advised that all the administrative forms required updating, which would be presented to the Board for review at the next meeting.

Mr. Schiess reported that the educational presentation on class action securities litigation from Saxena White P.A. had been rescheduled to the next meeting due to time constraints.

Mr. Schiess reported that he had attended training on producing documents for the website that were compliant with new requirements of the American with Disabilities Act.

Mr. Schiess provided a report on research conducted into former active member Stacy Norcross' eligibility for credited service in the pension plan. He discussed the facts and circumstances of her reinstatement of employment with the City, noting that a basis existed for her reinstatement in the pension plan. Mr. Schiess reported attending a meeting with City officials resulting in the ultimate conclusion that Ms. Norcross should have been reinstated in the pension plan and proposed terms on restoring her service credit. Mr. Schiess reported conveying the proposed terms inclusive of estimated costs to Ms. Norcross. A lengthy discussion ensued regarding the restoration of credited service and the costs and terms of repayment. Mr. Schiess agreed to follow up with Ms. Norcross and order a cost study from the Plan's actuary of the employer and employee costs to restore Ms. Norcross' service credit once she responds that she is willing to pay her share of the costs based upon the estimate previously provided.

Mr. Schiess provided an update on the negotiation of the lease agreement for the Pension Office.

#### **MONTHLY FUND ASSET MIX**

Mr. Schiess provided a report on the current asset allocation, noting that all will be in compliance after the pending funding of the new emerging market index fund.

#### **PLEASURE OF THE BOARD**

There was nothing to report.

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

There was nothing to report to the City Commission.

#### **ADJOURNMENT**

The meeting adjourned at 2:31 PM.