

**CITY OF FORT LAUDERDALE**  
**GENERAL EMPLOYEES' RETIREMENT SYSTEM**  
**BOARD OF TRUSTEES MEETING**  
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA  
Thursday, October 10, 2019  
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  
Ron Cameron, Trustee  
Mark Burnam, Trustee  
Paul Tanner, Trustee

Absent: Ex-Officio Designee

Also Present: Eve Bazer, Retiree  
Glenn Thomas, Board Attorney (via teleconference)  
Richard Dahab, Dahab Associates (via videoconference)  
Gregg Gosch & Anthony Brooks, Sawgrass Asset Management  
Nick Schiess, Pension Administrator

**CALL TO ORDER**

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

**PUBLIC COMMENT**

Eve Bazer questioned whether any additional contact had arisen from the City Attorney's office regarding clarification issued to the City Attorney's office concerning provisions within State Statutes on cost-of-living adjustments and funding of non-bargained benefit improvements. Mr. Schiess agreed to follow up with City Attorney's office.

**APPROVAL OF MINUTES**

The Board reviewed the minutes of the meeting held September 12, 2019. **Ms. Wenguer made a motion to approve the minutes of the meeting held September 12, 2019. Ms. Prizlee seconded the motion, which was approved unanimously.**

## **APPROVAL OF CONSENT ITEMS**

The Board reviewed the consent items presented. **Ms. Wenguer made a motion to approve the consent items as amended. Ms. Dollard seconded the motion, which was approved unanimously.**

## **BENEFIT APPROVALS**

### **RETIREMENTS**

<b>Name/Department</b>	<b>Date</b>	<b>Service</b>	<b>Type</b>
BROWN, MARTI Sustainable Development	11/1/2019	8Y, 7M, 5D	Commence Vested Deferred
PARAGONE, JOHN Parks & Recreation	11/12/2019	14Y, 2M, 25D	Normal
PUGLIESE, CYNTHIA Police & Fire	11/1/2019	20Y, 3M, 7D	Commence Vested Deferred

### **DROP EXITS**

<b>Name</b>	<b>Date</b>
HUTCHINSON, KEITH	9/23/2019
DOOLING, BRIAN	10/31/2019
RUARK, ROBERT	10/31/2019

### **DISABILITY CONVERSIONS**

<b>Name</b>	<b>Date</b>
CASTILLO,JULIA	11/1/2019

## **INVESTMENT MANAGER REPORT: SAWGRASS ASSET MANAGEMENT**

Greg Gosch and senior portfolio analyst Anthony Brooks appeared before the Board on behalf of Sawgrass Asset Management to provide a report on the domestic large cap growth equity portfolio for the quarter ending September 30, 2019. Mr. Gosch provided an organizational update, noting no changes of significance in the firm or portfolio management team. Mr. Brooks reported that the investment return for the trailing year was 16.31% versus 11.56% for the index. He then discussed long-term performance and market conditions, noting that the recent strong returns of the market have been largely driven by momentum stocks. Mr. Brooks reviewed the investment strategy and process, noting that the investment strategy was very conservative and therefore excluded large sector or stock weightings that have driven the performance of the index without any consideration of risk or solid fundamental basis. Additionally, the investment strategy was more concerned with consistency of the growth while the market had only favored recent growth. He advised that the investment strategy then reviewed the sector allocations and holdings all in great detail. Mr. Brooks discussed economic and market conditions and anticipated that their investment strategy should produce returns favorable to the index.

Mr. Brooks was questioned regarding the distinction between active versus passive investment management specifically for domestic large cap growth equities. He responded that active management generally involves construction of investment portfolios with greater consideration of risk and down market protection, which over the long-term is expected to

generate outperformance over passive management net-of-fees. Mr. Brooks further explained that the large cap growth index contained many heavily weighted holdings, which increased overall risk including the lesser known risk when excessive trading occurs during market turmoil to meet liquidity demands of the market.

### **NEW BUSINESS**

There was no new business for consideration.

### **OLD BUSINESS**

As a follow up to the last meeting Mr. Dahab reported that the Franklin Templeton Trust Company had offered a commingled fund version of the Franklin Templeton International Equity Fund with a reduction in management fees. Along with another discount available contingent upon a minimum allocation of \$45M the total combined reduction was approximately eighteen basis points. Mr. Dahab reemphasized that asset allocation was far more essential than individual manager selection to overall long-term investment returns and expressed caution against revising the international or emerging market equity asset target allocations. He then advised that the current international equity managers were satisfactory; however, he recognized the optics of retaining underperforming managers noting that the market should again favor their respective investment styles. The Board acknowledged that performance took precedent over optics and many other factors were important to consider. Discussions initiated at previous meetings resumed regarding the underperformance of the Aberdeen International Equity Fund and Franklin Templeton International Equity Fund. A lengthy discussion arose regarding the possibility of reducing each manager's allocation by fifty percent with the proceeds funding a MSCI index fund with State Street Global Advisors Index Fund, which would retain some active management exposure and reduce overall management fees. Further discussion ensued regarding the retention of the Franklin Templeton International Equity Fund. It was noted that their performance relative to their index and peers had suffered for all measured time periods within the last ten years but were satisfactory long-term. Contrarily, relative peer rankings have been observed to be generally inconsistent and even cyclical. Therefore, higher current peer rankings of replacement managers are likely to decrease and oftentimes the manager being replaced enjoys significant improvement in peer rankings. **Mr. Cameron made a motion to reduce the allocations with the Franklin Templeton International Equity Fund and Aberdeen International Equity Fund by fifty percent with the proceeds funding an international equity index fund with State Street Global Advisors to be selected by the Investment Consultant, transition the Franklin Templeton International Equity Fund to their commingled version of the fund, authorize legal counsel to negotiate any necessary agreements, authorize the Board Chairman to execute any necessary agreements between meetings and direct the Investment Consultant to perform a search for an international value equity product. Mr. Tanner seconded the motion, which was approved 6 to 1 with Mark Burnam dissenting.** Mr. Dahab advised that the results of the search would be presented at the meeting scheduled for December 12, 2019.

### **ATTORNEY'S REPORT**

Mr. Thomas discussed recent case law regarding sovereign immunity and implications for trustees of pension boards.

## **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 advised that the current primary focus of the Pension Office is the fiscal year end close and preparation of reporting and providing documents to the auditor and actuary. He provided an update on the archiving all the System's records, noting that the completion goal was well before the anticipated relocation of pension office in October 2021.

Mr. Schiess reported that the City's annual contribution in the amount of \$5.7M was received on October 8, 2019. He advised that \$3.7M must be reserved for the November benefit payments and Mr. Dahab recommended investment of the balance in the emerging market index fund based upon the current asset allocation and the Board agreed.

Mr. Schiess provided a report on the status of the enrollments into the three new private equity funds approved by the Board at a previous meeting.

## **MONTHLY FUND ASSET MIX**

Chairperson Stahl reviewed the monthly asset allocation report, noting all was in compliance with the exception of a slight overage of the real estate allocation for which corrective measures had been implemented.

## **PLEASURE OF THE BOARD**

There was nothing to discuss for pleasure of the Board.

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

There was nothing to send to the City Commission.

## **ADJOURNMENT**

The meeting adjourned at 1:40 PM.