

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Thursday, November 14, 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: Glenn Thomas, Board Attorney (via teleconference)
William Dahab, Dahab Associates (via videoconference)
Karen Kwon & John Mensack, Schroder Investment Managers
Brian Power & Anthony Xuereb, Polen Capital Management
Nick Schiess, Pension Administrator
Jane Dyar, Pension Secretary

CALL TO ORDER

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

PUBLIC COMMENT

There was no public comment.

APPROVAL OF MINUTES

The Board reviewed the minutes of the meeting held October 10, 2019. **Ms. Wenguer made a motion to approve the minutes of the meeting held October 10, 2019. Mr. Burnam seconded the motion, which was approved unanimously.**

APPROVAL OF CONSENT ITEMS

The Board reviewed the consent items presented. Mr. Schiess reviewed the educational calendar updated to incorporate the educational events for next year. Mr. Burnam proposed adding the educational conference sponsored by the Florida Division of Retirement. He advised that while the conference is titled for police and firefighter pension plans that most of the content presented overlapped general employee plan administration and was different than other local state conferences. A lengthy discussion ensued regarding the merit of the conference and concerns were expressed regarding the titling of the conference. Mr. Schiess agreed to research the content of the conference further and report back to the Board at the next meeting. **Ms. Wenguer made a motion to approve the consent items with the exception of the educational calendar. Ms. Dollard seconded the motion, which was approved unanimously.**

BENEFIT APPROVALS

RETIREMENTS

Name/Department	Date	Service	Type
PASCALE, JOSEPH Public Works	11/30/2019	20 Y, 11 M, 3D	Normal
BELLOWS, FRANCINE Transportation & Mobility	12/1/2019	18 Y, 7 M, 22D	Normal

POST RETIREMENT DEATH

Name	Date
BROWN, WILLIE Spouse of CASSANDRA BROWN	10/1/2019

INVESTMENT MANAGER REPORT: POLEN CAPITAL MANAGEMENT

Anthony Xuereb and Brian Power appeared before the Board on behalf of Polen Capital Management to provide a report on the domestic large cap growth equity portfolio. Mr. Xuereb provided an organizational update, noting an increase in employee ownership. Mr. Power reported that the investment return net-of-fees for the fiscal year ending September 30, 2019 was 24.75% versus 23.30% for the index and since inception was 21.40% versus 17.86% for the index. Mr. Power reviewed the investment strategy and process, sector allocations and holdings all in great detail. He emphasized that the portfolio was constructed with their core investment philosophy of preservation of capital. Mr. Power was questioned regarding the anticipated impact of any interest rate swings and responded that the portfolio was fairly insulated from interest rate changes because the investment process yielded only higher quality holdings with low debt on their balance sheets.

INVESTMENT MANAGEMENT REPORT: SCHRODERS INVESTMENT MANAGERS

Karen Kwon and portfolio manager John Mensack appeared before the Board to provide a report on the emerging market international equity fund managed by Schrodgers Investment Managers. Ms. Kwon discussed the firm, noting no organizational changes. She reported that the investment return net-of-fees for the fiscal year ending September 30, 2019 was 0.0%

versus -2.0% for the index and annualized for the past ten years was 4.1% versus 0.7% for the index. Mr. Mensack reviewed the investment strategy and process, country and sector allocations and holdings all in great detail. He discussed the geopolitical environment. Mr. Mensack discussed the intricacies of currency exchanges, noting that the international market performance was inversely related to the strength of the U.S. Dollar. He further explained that the performance of international emerging markets has been suppressed for an unprecedented period of time attributable directly to the prolonged period of the strength of the U.S. Dollar. Mr. Mensack explained that historically the U.S. Dollar's strength is cyclical and therefore anticipated to reverse resulting in improved performance.

Mr. Mensack was requested to express an argument in favor of the international emerging market asset class. He advised that the market was significantly undervalued comparable to domestic equities and represented a very significant opportunity for investment returns. Additionally, the market itself was increasing in both absolute and relative size in comparison to other equity markets.

INVESTMENT CONSULTANT REPORT: DAHAB ASSOCIATES

Bill Dahab provided the Board with a report on the investment portfolio for the quarter ending September 30, 2019. Mr. Dahab reported that the net investment return for the quarter was 0.0% and for the fiscal year-to-date was 2.2%. He reported that the annualized return for the trailing three-year period was 8.7% ranking the performance in the top 6th percentile of the public fund universe and for the trailing five-year period was 6.2% which ranked 30th in the public fund universe. Mr. Dahab then discussed market and economic conditions and anticipated continued volatility.

Mr. Dahab reviewed the performance of the individual investment products in great detail, noting all was satisfactory with the exception of the Franklin Templeton International Equity Fund and Aberdeen Asset Management. He reported that each of their allocation had been trimmed 50% to fund an international equity index fund pursuant to the Board's direction at the last meeting. Mr. Dahab advised that the international value equity manager search was being performed with the results to be presented to the Board at the next meeting scheduled for December 12, 2019.

Mr. Dahab reviewed the asset allocation and recommended raising any cash necessary for benefit payment obligations from the SSGA R1000 Index Fund.

NEW BUSINESS

There was no new business for consideration.

OLD BUSINESS

It was noted that funding of cost-of-living adjustments had failed to make the annual City budget but would be considered separately by the City Commission at a future meeting.

ATTORNEY'S REPORT

Mr. Schiess reported that the prior service credit issue of non-member Stacy Norcross had resurfaced with the Pension Office co-addressed on a request for information from Ms. Norcross' legal counsel. He recapped the matter, noting that the Pension Office had only ever become involved as a courtesy and a resource and the matter was really between Ms. Norcross and the City. Mr. Thomas confirmed that the matter was an employment issue solely between Ms. Norcross and the City. He agreed to contact Ms. Norcross' attorney to explain that the Board was not a party to the dispute.

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 including the new private equity funds and miscellaneous organizational changes.

Mr. Schiess reported that the new international equity index fund had been established with State Street Global Advisors and funded with 50% redemptions of the Franklin Templeton International Equity Fund and Aberdeen International Equity Fund totaling \$49.5M.

Mr. Schiess reported that the trustee election was on schedule with the election closing December 9, 2019 and ballot counting scheduled for December 10, 2019 all before the next meeting scheduled for December 12, 2019.

Mr. Schiess presented a preliminary 2020 meeting schedule for review. A discussion arose regarding scheduling of reports from investment managers. Mr. Schiess agreed to provide a proposed schedule at the next meeting incorporating the recommendations from the Trustees.

Mr. Schiess provided an organizational update, noting that the primary focus of the Pension Office remains the fiscal year end close and preparation of reporting and providing documents to the auditor and actuary. He provided an update on the electronic archiving of all the System's records.

MONTHLY FUND ASSET MIX

Mr. Schiess reviewed the monthly asset allocation report, noting all was in compliance with the exception of a slight overage of the real estate allocation. He reported that the corrective measure of redirecting distributions from reinvestment to cash had already provided some relief and lowered the allocation.

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 2:23 PM.