

**CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING**
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Thursday, December 12, 2019
12:01 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
Ron Cameron, Trustee
Mark Burnam, Trustee
Paul Tanner, Trustee
Marian Dollard, Trustee

Absent: Ex-officio Designee

Also Present: Glenn Thomas, Board Attorney (Via Teleconference)
Hattie Brinson, Retiree
Darlene Pfeiffer, Retiree
Jeri Pryor, City of Fort Lauderdale Employee
Jana Hamilton & Jeffrey Detwiler, Garcia Hamilton & Associates
Richard Dahab, Dahab & Associates
Nick Schiess, Pension Administrator
Jane Dyar, Pension & Recording Secretary

CALL TO ORDER

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

PUBLIC COMMENT

Ms. Brinson expressed gratitude for the Trustees' support and attendance at the recent City Commission meeting wherein consideration was given to a proposed cost-of-living adjustment. She expressed disappointment that the adjustment was not granted. Ms. Pfeiffer requested increased promotion by the Board the next time the prerequisite criteria permit another attempt.

APPROVAL OF MINUTES

Chairman Stahl asked the Board to review the draft minutes of the meeting held November 14, 2019. **Ms. Wenguer made a motion to approve the minutes of the meeting held November 14, 2019. Mr. Burnam seconded the motion, which was approved unanimously.**

APPROVAL OF CONSENT ITEMS

Chairman Stahl asked the Board to review the consent items. **Mr. Burnam made a motion to approve the consent items. Mr. Tanner seconded the motion.** As a follow up to the last meeting, Mr. Schiess provided and reviewed information from the Florida Division of Retirement supporting the relevance of the content of their annual conference to the administration of general employee pension plans. While the Board generally agreed that the content was relevant and worthwhile, objections were expressed to approving attendance at the last conference. A very lengthy discussion ensued and ultimately **the motion was approved 4-3 with Ms. Wenguer, Ms. Prizlee and Mr. Stahl dissenting because they objected to approval of a past conference.**

BENEFIT REVIEW

RETIREMENTS

<u>Name/Department</u>	<u>Date</u>	<u>Service</u>	<u>Type</u>
KELLY, DAVID Public Works	12/8/2019	30 Y, 7 M, 0D	Normal
DOBBINS, DEBORAH Sustainable Development	12/14/2019	19 Y, 1 M, 15D	Normal
GANT-THOMPCKINS, SUZETTE Public Works	1/1/2020	17 Y, 4 M, 28D	Normal
ST LOUIS, LAROSNET Parks & Recreation	1/1/2020	18 Y, 4 M, 28D	Normal

POST RETIREMENT DEATH

<u>Name</u>	<u>Date</u>
COLEY, FAY ANN-MARIE Spouse of GIRVAN COLEY	11/1/2019
COLEY, SARAH-ANN Minor Child of GIRVAN COLEY	11/1/2019
FAUL, CAROL Spouse of RONALD FAUL	12/1/2019
NIXON, EDNA Spouse of RONALD NIXON	12/1/2019

INVESTMENT MANAGER REPORT: GARCIA HAMILTON & ASSOCIATES

Jana Hamilton and portfolio manager Jeffery Detwiler appeared before the Board on behalf of Garcia Hamilton & Associates to provide a report on the domestic fixed income portfolio. Ms. Hamilton provided an organizational update, noting the addition of two new partners. Mr. Detwiler reviewed the investment strategy and process, sector allocations, duration measurements and holdings all in great detail. He reported that the net-of-fee investment return

for the fiscal year was 3.36% versus 3.48% for the index with the slight underperformance attributable to unfavorable positioning for the most recent interest rate reduction. Mr. Detwiler reviewed long-term performance, noting it had exceeded the index for all other measurable time periods. He discussed at length market and economic conditions and the positioning of the portfolio.

NEW BUSINESS

Mr. Dahab presented results of the search for an international value equity investment manager inclusive of the prospective firms' qualifications, experience, investment performance and other factors important to the evaluation of an investment manager. After a lengthy and careful discussion the Board, by consensus, agreed to interview finalists Brandes Investment Partners, Spruce Grove Investment Management and HGK Asset Management at the meeting scheduled for February 13, 2020.

Mr. Schiess provided a report on the recent trustee elections, noting that Jeri Pryor and incumbent Jill Prizlee had received the highest number of votes for the two open positions. The ballots and election materials were made available for inspection. **Ms. Wenguer made a motion to certify the election results. Mr. Burnam seconded the motion, which was approved unanimously.**

The Board scheduled the meeting dates and investment manager reports for next year.

Mr. Schiess provided an addendum to the existing agreement with the BTG Pactual upon request by the manager to extend the term of the BTG Pactual Select Timberland Fund for one year. He noted that there were not any objections or concerns expressed by legal counsel or the investment consultant as to form or substance of the addendum. **Ms. Wenguer made a motion to approve the addendum. Mr. Burnam seconded the motion, which was approved unanimously.**

OLD BUSINESS

It was noted that the funding of the proposed cost-of-living adjustments was not approved by City Commission and further consideration deferred until next year. It was further noted that the next Actuarial valuation would be presented at the meeting scheduled for March 12, 2020 at which time the prerequisite criteria will again be evaluated.

ATTORNEY'S REPORT

Mr. Thomas advised that he had nothing outside of the agenda items to report at this time.

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 reported that the Pension Office has received from the Payroll Department on a consistent basis an extraordinary number of returned direct deposit advices after each payment cycle. He advised that this will necessitate the creation of an overall standard for handling these and the return of the actual direct deposits as well.

Mr. Schiess reported the facts and circumstances of the continued direct deposits to retiree Kevin Day after his death. He discussed the resources that the Pension Office utilizes to identify deaths of retirees, noting they are of the highest industry standard and this is deemed as an outlying event. He discussed reclamation procedure and perhaps formal investigation if necessary.

Mr. Schiess provided an update on the research regarding the basis that the current Board inherited for the provision within the Investment Policy Statement limiting the overall allocation to just 5% for private equity. He provided the actual relevant State Statutes and the memorandum from prior legal counsel regarding his questionable interpretation of the statutes. Mr. Dahab was questioned whether he would recommend increasing the allocation to private equity if possible. Mr. Dahab expressed support for slightly increasing the target allocation beyond 5%. He explained that private equity products are rarely ever fully funded and therefore actually achieving the full target allocation was difficult. It was noted that the Board had lowered the investment return assumption upon request by the City for the distinct purpose of reducing risk. Mr. Dahab was questioned whether increasing the allocation to private equity would increase risk and he responded that further diversification of the portfolio should mitigate overall risk. Legal counsel was directed to research this specific statutory limitation and report back to the Board at the next meeting. Mr. Schiess noted that the Board conducts a review of all policies annually every February and depending on the findings of legal counsel may amend the Investment Policy Statement accordingly at that time if so desired.

Mr. Schiess reported that the primary focus of the Pension Office remains the fiscal year end close, preparation of reporting and providing documents to the auditor and actuary. Additionally, the electronic archiving of all records has progressed further with the goal of completion before the relocation of pension office in October 2021.

MONTHLY FUND ASSET MIX

Mr. Schiess reviewed the monthly asset allocation report, noting compliance with the exception of a slight overage of the real estate allocation for which a remedy had already been implemented.

PLEASURE OF THE BOARD

Ms. Wenguer presented a commemorative plaque to Jonathan Stahl and the Board expressed great gratitude for his years of exceptional and dedicated service to the members of the plan.

BOARD COMMUNICATION TO THE CITY COMMISSION

There was nothing to communicate to the City Commission.

ADJOURNMENT

The meeting adjourned at 2:17 PM.