

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Thursday, September 12, 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
Marian Dollard, Trustee
Jill Prizlee, Secretary
Ron Cameron, Trustee
Mark Burnam, Trustee

Absent: Paul Tanner, Trustee
Nick Schiess, Pension Administrator
Ex-Officio Designee

Also Present: Hattie Brinson, Retiree
Jeri Pryor, City Employee
Glenn Thomas, Board Attorney (via teleconference)
Richard Dahab, Dahab Associates
Brian Kahley & Heather Waddell, Franklin Templeton Trust
Jane Dyar, Pension & Recording Secretary

CALL TO ORDER

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

PUBLIC COMMENT

Hattie Brinson inquired about the status of the proposed cost-of-living adjustments. She questioned whether a response had been issued to the question that had arisen at the City Commission conference meeting as to whether Statute Statutes prohibit use of tax dollars to fund non-bargained benefit improvements. Mr. Thomas reported that he had provided guidance to the City Attorney's office clarifying that either a true cost-of-living adjustment or 13th check were permissible under State Statues. It was noted that the next step for approval was for the funding to be approved through the budget process but it had not appeared within the first draft of the City's budget proposal.

APPROVAL OF MINUTES

The Board reviewed the minutes of the meetings held August 8, 2019 and August 30, 2019. **Ms. Wenguer made a motion to approve the minutes for the meetings held August 8, 2019 and August 30, 2019. Ms. Dollard seconded the motion, which was approved unanimously.**

APPROVAL OF CONSENT ITEMS

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

BENEFIT APPROVALS

RETIREMENTS

Name/Department	Date	Service	Type
PURSELL, MICHAEL Parks & Recreation	10/1/2019	13 Y, 2 M, 26D	Commence Vested Deferred

REFUND OF CONTRIBUTIONS

Name	Date
BROWN, HILTON	8/15/2019

POST RETIREMENT DEATH

Name	Date
BARAN, JOHN Spouse of BARAN, PATRICIA	9/1/2019
WILLIAMS, KIMBERLY Daughter of WILLIAMS, LOYD	9/1/2019
WILLIAMS, FIKISHA Daughter of WILLIAMS, LOYD	9/1/2019

ACTIVE MEMBER DEATH BENEFITS

Name	Date
SALTER, KRYSTAL Beneficiary of SALTER, OLIN	9/1/2019
SMITH, TIFFANY Beneficiary of SALTER, OLIN	9/1/2019
MARTIN, ANTWANETTE Beneficiary of SALTER, OLIN	9/1/2019

INVESTMENT MANAGER REPORT: FRANKLIN TEMPLETON TRUST COMPANY

Brian Kahley and portfolio manager Heather Waddell appeared before the Board on behalf of the Franklin Templeton Trust Company to provide a report on the Franklin Templeton International Equity Fund. Ms. Waddell provided an organizational update including the transition within upper management, noting that the portfolio management team remained intact and unaffected. She reviewed the portfolio's performance, which had been adversely affected by a very prolonged market favor to growth equities versus the deep value style of the strategy. Ms. Waddell explained that the rotation of market favor to value had been long overdue. She then reviewed discussed market and economic conditions, noting that many

indicators are already pointing to the rotation back to value style. Ms. Waddell reviewed the investment strategy and process, sector allocations and holdings all in great detail, noting that the portfolio is properly positioned for a resurgence of market favor to the value style. Mr. Kahley was questioned regarding lowering management fees and he agreed to research the matter and report back before the next Board meeting.

INVESTMENT CONSULTANT REPORT: DAHAB ASSOCIATES

Richard Dahab reviewed a comparative analysis of the market capitalization, investment returns and other indices of domestic, international and emerging market equities. He explained that non-domestic equities comprise a significant and growing portion of the investible universe. Mr. Dahab further explained that the pricing and valuations of international equities, especially emerging market equities, were substantially less than domestic equities. As a follow up to the last meeting, Mr. Dahab expressed conviction that the current asset allocations to both international and emerging market equities targets remained warranted.

Mr. Dahab continued with an analysis of the relative and absolute performance as well as other indices of the Templeton and Aberdeen international equity funds. He then reviewed their correlations to value, growth and core indexes. Mr. Dahab confirmed that the value style has been out of market favor for an extended period of time but has historically outperformed the growth style. He advised that both managers' long-term performance was satisfactory and recent relative performance had been affected by market factors. Mr. Dahab ultimately recommended retention of both managers. He suggested the possibility of reducing each manager's allocation by 50% with the proceeds funding a MSCI index fund with State Street Global Advisors Index Fund. Mr. Dahab explained the option would retain some active management exposure and reduce overall management fees.

Lengthy discussions ensued regarding the overall allocation to international and emerging markets, manager performance and the option of an index fund and ultimately the Board decided to continue the matter at the next meeting with anticipation of a possible fee reduction from the Templeton Franklin Trust Company.

NEW BUSINESS

The Board reviewed and approved by consensus the proposed procedures for the upcoming trustee elections.

OLD BUSINESS

Mr. Thomas further discussed clarification provided to the City Attorney's office regarding impact of State Statutes on cost-of-living adjustments, which was pursuant to the request of the Plan Administrator and as a follow up to questions that arose during a City Commission conference meeting.

ATTORNEY'S REPORT

Mr. Thomas reported that had there was nothing additional to report.

MONTHLY FUND ASSET MIX

Chairman 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 have 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.