

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Tuesday, March 10, 2020
12:02 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

- Update on COLA Eligibility & Actuarial Valuation

Items Submitted For City Commission Consideration

- None at this time

Present: Lynn Wenguer, Chairperson
Jill Prizlee, Vice-Chairperson
Marian Dollard, Secretary
Jeri Pryor, Trustee
Paul Tanner, Trustee
Susan Grant, Ex-officio

Absent: Ron Cameron, Trustee
Mark Burnam, Trustee

Also Present: Glenn Thomas, Board Attorney (via teleconference)
Nick Schiess, Pension Administrator
Melissa Moskowitz & Piotr Krekora, Gabriel Roeder Smith
Michelle Blackstock & Sam Josepher, Crowe Horwath LLP
William Dahab, Dahab Associates (via teleconference)
Jane Dyar, Pension & Recording Secretary

CALL TO ORDER

Ms. Wenguer called the meeting to order and roll call was taken.

PUBLIC COMMENT

There was not any public comment.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of the meeting held February 13, 2020. **Ms. Pryor made a motion to approve the minutes of the meeting held February 13, 2020. Mr. Tanner seconded the motion, which was approved unanimously.**

APPROVAL OF CONSENT ITEMS

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

BENEFIT REVIEW

RETIREMENTS

Name/Department	Date	Service	Type
CROSS, RENEE Transportation & Mobility	4/1/2020	8Y, 2M, 24D	Commence Vested Deferred

POST RETIREMENT DEATH

Name	Date
LAW, CAROL Spouse of Gus Law	3/1/2020

AUDITOR’S REPORT: CROWE HORWATH

Michelle Blackstock appeared before the Board on behalf of Crowe Horwath LLP to present the Auditor’s Report and Audited Financial Statements for the fiscal year ended September 30, 2019. Ms. Blackstock thoroughly reviewed the financial statements of the Plan and issued the Board with a clean unqualified opinion letter on the statements. Ms. Blackstock reported that the System’s net assets as of September 30, 2019 were \$666.9M, a decrease of \$17.4M from the prior year’s net assets of \$684.3M, which was primarily attributable to lower than expected investment returns. She reviewed GASB disclosures and required communications including classification of alternative assets and determination of fair market value of assets. She reported that there were no identified instances of non-compliance or deficiencies in internal controls and procedures. Ms. Blackstock noted an immaterial typographical error. **Mr. Tanner made a motion to accept and approve the 2019 Audit Report and Audited Financial Statements as corrected. Ms. Prizlee seconded the motion, which was approved unanimously. Ms. Prizlee made a motion to approve and execute an Audit Management Representation Letter. Ms. Dollard seconded the motion, which was approved unanimously.**

ACTUARY’S REPORT: GABRIEL ROEDER SMITH

Melissa Moskowitz and Piotr Krekora appeared before the Board along with on behalf of Gabriel Roeder Smith to present the Actuarial Valuation for fiscal year ending September 30, 2019. Ms. Moskowitz reported that for the 2021 fiscal year, the City’s funding requirement would be \$9.35M, an increase of \$0.80M from the prior year. She reviewed in great detail the actual experience of the System versus the actuarial assumptions, noting that the increase in funding requirements was primarily attributable to lower investment returns offset by lower salary increases and retirements than expected. Ms. Moskowitz reported the investment return assumption was lowered from 7.3% to 7.2% and would continue to be lowered to 7.0% in 0.1% increments each year, which increased the annual funding requirements. She reported that the funding ratio of 95.5% decreased from 96.9% for the prior year. Ms. Moskowitz discussed the

merits of performing an experience study, which is a detailed analysis of actual experience versus the actuarial assumptions used to develop the funding requirements of the System. **Mr. Tanner made a motion to approve the 2019 Actuarial Valuation. Ms. Dollard seconded the motion, which was approved unanimously.**

Ms. Moskovitz reviewed the criteria necessary for the consideration of a cost-of-living adjustment for the retirees by the City. It was noted that unfortunately one of the criteria had not been met, specifically the provision within the Ordinance requiring an excess investment return over the actuarial rate of return in the most recent actuarial valuation.

Mr. Schiess discussed the State requirement to formally determine the expected rate of investment return on an annual basis. The Board recognized the support of the Investment Consultant and Actuary for current 7.2% investment return assumption, which was the current interval of the gradual reduction of the investment return assumption from 7.5% to 7.0% in .10% increments over five years based upon the current asset allocation. **Ms. Pryor made a motion to determine that the total expected annual rate of investment return for the System for the next year shall be 7.2%, net of investment related expenses and be reduced .10% every year until it reaches 7.0% for the long-term thereafter and authorize Chairman Wenguer to execute the declaration made in accordance with Section 112.661(9) Florida Statutes. Mr. Tanner seconded the motion, which was accepted unanimously.**

NEW BUSINESS

As a follow up to the last meeting, Mr. Dahab reviewed a memorandum containing the details and recommendation for an additional funding commitment of \$5M each to the three new private equity funds. A discussion ensued regarding the terms and conditions including additional interest expense, which Mr. Dahab advised was customary and usual. **Paul Tanner made a motion to approve the additional funding commitment of \$5M each to the Capital Dynamics Global Secondaries Fund V, Hamilton Lane Secondary Fund V and HarbourVest Dover Street Fund X pursuant to the recommendation of the Investment Consultant. Ms. Pryor seconded the motion, which was approved unanimously.**

Mr. Schiess reported that the firm engaged to file for proceeds of class action securities litigations for those investment holdings prior to the engagement of Comerica Bank has determined it necessary to increase fees to 4% of the proceeds. He reviewed prior research conducted into services and fees from alternate providers and ultimately recommended continuance of the services provided by Kessler Topaz Meltzer & Check. **Ms. Dollard made a motion to authorize execution of the addendum proposed by Kessler Topaz Meltzer & Check increasing fees to 4% contingent upon review and approval of legal counsel. Mr. Tanner seconded the motion, which was approved unanimously.**

Mr. Schiess advised that the amount of \$3.1M must be raised to fund pending benefit payment obligations, which the Investment Consultant recommended raising from the Garcia Hamilton & Associates fixed income portfolio.

ATTORNEY'S REPORT

Mr. Thomas reported that the consideration was being given to temporarily waive the requirements of a physical quorum for public meetings in response to the Corona Virus emergency, which would enable Board meetings to be conducted electronically.

Mr. Thomas provided a legislative update, noting that there was not any pending State legislation that would affect the Plan.

OLD BUSINESS

Mr. Schiess reminded the Board that, although the previously proposed cost-of-living adjustments were not approved by the City, the Board's direction was to retain the matter on the agenda for future discussion. Since the System no longer met the eligibility requirements for a COLA, the Board determined that retention of the matter as a recurring item on future agendas was no longer necessary and might even lead to confusion for retirees.

The Trustees concluded the annual review of existing Board policies with a review of the final draft of the new proposed Returned Direct Deposit Advice Policy and the Disbursement Payment Policy. Mr. Schiess reviewed the revisions requested at prior meetings. **Ms. Dollard made a motion to approve the new Returned Direct Deposit Advice Policy and the Disbursement Payment Policy. Ms. Prizlee seconded the motion, which was approved unanimously.**

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 provided an update on the pending annual items of the retiree newsletter and Summary Plan Description. He suggested consideration of the potential option for electronic delivery of the Summary Plan Description once completed.

Mr. Schiess advised that the search for alternative office space had commenced.

Mr. Schiess provided an organizational update, noting the archiving project had progressed further with a goal of completion before relocation of the pension office in October 2020.

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. He reported that the remedy implemented had already dramatically lessened the overage, which should fully resolve the matter barring any market turmoil.

PLEASURE OF THE BOARD

There was no pleasure of the Board.

BOARD COMMUNICATION TO THE CITY COMMISSION

The Board directed the Plan Administrator to update the City Commission with the recent Actuarial Valuation and ineligibility for a COLA.

ADJOURNMENT

The meeting adjourned at 2:26 PM.