

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
401 NE FOURTH STREET, SUITE 201, FORT LAUDERDALE, FLORIDA
Thursday, October 20, 2022
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: Lynn Wenguer, Chairperson
Jill Prizlee, Vice-Chairperson
Marian Dollard, Secretary
Mark Burnam, Trustee
Douglas Meade, Trustee
Bob McComsey, Trustee

Absent: Susan Grant, Ex-officio
Jeri Pryor, Trustee

Also Present: Richard Dahab, Dahab & Associates
Glenn Thomas, Board Attorney (via teleconference)
Nick Schiess, Pension Administrator

CALL TO ORDER

Ms. Wenguer called the meeting to order and roll call was taken. It was noted that Jeri Pryor was unavoidably occupied with official City business, which was considered an excused absence as prescribed within City Resolution 12-84.

PUBLIC COMMENT

There was not any public comment.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of the meeting held September 15, 2022. **Ms. Dollard made a motion to approve the minutes of the meeting held September 15, 2022. Mr. Meade 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. Ms. Dollard seconded the motion, which was approved unanimously.**

BENEFIT REVIEW

RETIREMENTS

Name/Department	Date	Service	Type
ALTMAN, MICHELLE Sustainable Development	10/22/2022	15 Y, 3 M, 12D	Normal

POST RETIREMENT DEATH

Name	Date
DAVIDSON, BILL Spouse of HOLLY DAVIDSON	09/1/2022

INVESTMENT CONSULTANT REPORT: DAHAB ASSOCIATES

Richard Dahab provided the Board with an interim report on the investment portfolio. While the results for all the individual investment products had not been reported, he advised that the preliminary return for the fiscal year was -12.1% versus -13.5% for the composite index. He expected the ultimate return to be greater than most pension plans and the losses were primarily attributable to economic volatility fueled by inflation.

As requested at a previous meeting, Mr. Dahab provided a detailed review on the emerging markets asset class. He advised that the asset class was important to the overall diversification of the portfolio with a low correlation to domestic equities. Mr. Dahab then reviewed historical investment returns, noting an average return of 7.6% over the last thirty years. He explained that the returns have been low over the last ten years attributable to an unprecedented duration of the strength of the US Dollar, which through currency conversion offsets the net returns. Mr. Dahab advised that their valuations were very low compared to other equities, represented 39% of the overall global equity market and therefore attractive from an opportunity standpoint. He anticipated improved returns prospectively and ultimately recommended continued retention of the asset class at the current target allocation of 9%.

Mr. Dahab provided the Board with the results of the previously requested search for prospective managers of agriculture investment products. He reviewed their fund structures, investment returns, fees, geographical distribution and other factors important to the selection of an investment manager. Mr. Dahab provided modelling of the portfolio to include various allocations of agriculture products. He reiterated that the returns were consistent and non-correlated to the equity market. Mr. Dahab suggested that the asset class was best considered as an alternative to fixed income especially given market conditions and the expectation of little to no return from fixed income in the immediate future. After a very lengthy and careful discussion, the Board decided to continue investigation of the potential asset class and entertain educational presentations from Nuveen, UBS Farmland Investors and US Agriculture at the January 2023 meeting.

Mr. McComsey inquired regarding the merit of real assets within the portfolio including evaluation of commodities within market cycles. Mr. Dahab responded that the portfolio already contained real assets in the form of real estate funds. He added that he was generally not supportive of investment into commodities themselves but instead businesses for profit based upon the use or development of commodities.

NEW BUSINESS

There was no new business.

OLD BUSINESS

There was no old business.

ATTORNEY'S REPORT

Mr. Thomas provided an update on pending legislation that if passed would affect the pension plan.

ADMINISTRATOR'S REPORT

Mr. Schiess provided a report on pension overpayments to beneficiaries Terry Franklin and Gayle Pallans. He discussed the facts and circumstances of the situation as well as verification procedure wherein the pension payments to new retirees and beneficiaries. Mr. Schiess attributed the procedure failure to the major disruptions of relocating the office, transition to the KeyBank system and personnel issues. He advised that a more robust procedure involving redundant verification has been developed. Mr. Schiess reported that an internal audit had been performed and no other discrepancies were identified. A lengthy discussion ensued regarding the recovery of the overpayments. Mr. Thomas advised that overpayment situations, while unfortunate, are not uncommon. He advised that the Board was legally required to make a reasonable attempt to recover the overpayments and then discussed equitable considerations that potentially affect the timing of repayment. After further deliberation, **Ms. Prizlee made a motion to send notification to the affected beneficiaries with the options for repayment to include full repayment, forgo future benefits until full repayment, combination of both methods and most importantly include language to contact the Plan Administrator should any of the options be unacceptable. Mr. Meade seconded the motion, which was approved unanimously.**

Mr. Schiess provided a financial report including account and benefit payment reconciliations, fulfilled and pending capital calls, funding status of the alternative investments, monthly fund asset mix and miscellaneous organizational changes.

Mr. Schiess provided a final report on the search for a replacement administrative assistant, which culminated in the hiring of Anne-Marie Lacroix-Vega effective October 17, 2022.

Mr. Schiess reported that the retirement seminar held September 16, 2022 was successful and had 54 GERS attendees along with some spouses.

Mr. Schiess provided a progress report on the still outstanding internet service for the pension office.

Mr. Schiess reported that work has started on the annual audit and actuarial valuation.

PLEASURE OF THE BOARD

Mr. McComsey distributed articles regarding the transition of monetary policy from central banks to governments and the potential resulting impact upon world markets.

BOARD COMMUNICATION TO THE CITY COMMISSION

There was nothing to communicate to the City Commission.

ADJOURNMENT

The meeting adjourned at 3:01 PM.