

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Thursday, October 15, 2020
12:00 PM

In response to the situation created by COVID-19, the meeting was held electronically via Zoom as permitted under Governor DeSantis' Executive Order and included measures to provide access to the meeting by the public.

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
Jeri Pryor, Trustee
Mark Burnam, Trustee
Ron Cameron, Trustee
Susan Grant, Ex-officio

Absent:

Also Present: Glenn Thomas, Board Attorney
Nick Schiess, Pension Administrator
Richard Dahab, Dahab Associates
Mark Giovanniello, Copeland Capital Management
Patmon Malcom & Katie O' Connor, Earnest Partners
Jordan Greenhouse & Danielle Baily, Kayne Anderson Rudnick

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 September 17, 2020. **Ms. Prizlee made a motion to approve the minutes of the meeting held September 17, 2020. Ms. Pryor seconded the motion, which was approved unanimously.**

APPROVAL OF CONSENT ITEMS

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

BENEFIT APPROVALS

RETIREMENTS

Name/Department	Date	Service	Type
ADAMS, CHARLES City Manager's Office	10/17/2020	21 Y, 8 M, 23 D	Normal
DENNIS, TWALLA Police & Fire	10/1/2020	16 Y, 11 M, 21 D	Commence Vested Deferred
MOORE, JINA Public Works	10/18/2020	30 Y, 10 M, 8 D	Normal
LITTLE, MATT City Manager's Office	10/24/2020	14 Y, 4 M, 19 D	Normal
KETOR, YVETTE Sustainable Development	10/31/2020	20 Y, 2 M, 8D	Normal
AIDS, THOMAS Parks & Recreation	11/1/2020	24 Y, 9 M, 8D	Normal
SULLIVAN, SANDRA Parks & Recreation	11/3/2020	15 Y, 6 M, 1D	Normal
MAYORS, THOMAS Parks & Recreation	10/24/2020	21 Y, 1 M, 17D	Normal
CHARLES, TERTULIEN Parks & Recreation	10/14/2020	18 Y, 8 M, 3D	Normal
HASKINS, DEBORAH	11/1/2020	18 Y, 6 M, 25 D	Commence Vested Deferred

DROP EXITS

Name	Date
McCrary, James	10/31/2020

DROP ENTRIES

Name	Date	Service
EDDINGTON, BRIAN Public Works	10/1/2020	30Y 0M 12D

POST RETIREMENT DEATH

Name	Date
MCDONALD, RICHARD Spouse of MCDONALD, HELEN	10/1/2020

SMALL/MID CAP DOMESTIC EQUITY INVESTMENT MANAGER PANEL

Mr. Dahab discussed the new format of the investment manager panel consisting of those managers of the small and mid-cap domestic equity products. He explained that instead of a traditional report they would instead be questioned collectively regarding macro-economic and market factors including COVID-19 and expectations prospectively.

The panel was questioned regarding the comparative under-performance of small/mid cap versus large cap equities. Representatives of all managers agreed that the large cap market had structural advantages, including a far greater technology and communications allocation which had actually excelled in the current environment. However, all agreed that growth will arise as higher quality small/mid cap firms should be able increase market share while those with marginal financial positions may not survive so therefore stock selection was crucial.

The panel was questioned regarding the merger and acquisition of small cap firms by large cap firms. The panelists responded that the effect was anticipated to be minimal and far less than the increased market share of quality holdings within the small/mid cap space. Additionally, consolidation and mergers were generally slow and not immediate.

The panel was questioned regarding the anticipated effect of an expected Federal stimulus package. All panelist expressed that stimulus does affect sentiment, but the greater concern was developing a portfolio of holdings that would still excel regardless of stimulus.

The panel was questioned regarding the effect of the upcoming presidential election. The panelists expressed that speculation on a particular outcome would add unnecessary risk and understood that importance of patience as it takes time for new policies to be implemented.

The panel was questioned regarding green initiatives. The panelists expressed that environmental, social and governance investing was a trend that was here to stay and has already started in weave through the fabric of investing.

The panel was questioned regarding the impact of indexing. The panelists agreed that the midcap and small cap allocations have performed better long-term net-of-fees than their respective indexes all with less volatility and greater down-market performance, Additionally, the popularity of indexing has waned.

The Board thanked the panelist for attending and expressed considerable satisfaction with the new format.

INVESTMENT CONSULTANT REPORT

Mr. Dahab provided an interim investment performance report. He reported that the preliminary fiscal year-to-date return as of September 30, 2020 was 7.5%, which was a remarkable recovery given the dramatic economic downturn and market volatility attributable to COVID-19.

Mr. Dahab reported that Aberdeen Investments is restructuring the investment strategy of the Aberdeen International Equity Mutual Fund. He advised that as a replacement Aberdeen Investments proposed consideration of their commingled vehicle that utilizes the same investment strategy as the current mutual fund along but with an added advantage of a 21 basis point reduction in fees. Mr. Dahab discussed the available options and ultimately recommended participation in the proposed commingled fund. **Mr. Burnam made a motion to participate in the proposed Aberdeen Investments EAFE Plus Commingled Fund contingent upon the successful negotiation of an agreement by legal counsel, execution of the agreement by the Chairperson and authorize the Plan administrator to redeem the Aberdeen International Equity Mutual Fund and subsequently purchase the equivalent amount of the Aberdeen Investments EAFE Plus Commingled Fund. Ms. Prizlee seconded the motion, which was approved unanimously.**

NEW BUSINESS

The Board considered receiving a presentation on the Affiliated Development Impact Fund. Mr. Dahab provided an overview of the investment. **Ms. Pryor made a motion to entertain a presentation on the fund. Ms. Dollard seconded the motion. After further and lengthy discussion, Ms. Pryor and Ms. Dollard withdrew the motion, which subsequently died.**

Mr. Schiess proposed consideration of utilizing estimates for the private equity funds for fiscal year end accounting. He explained that their third quarter investor statements are generally not received until January, which dramatically delays preparation of financial statements. Mr. Schiess further explained that the delay is normal for these type of funds, which rely on and compile the investor statements received from the underlying individual holdings. He advised that utilizing estimates is a common and acceptable accounting practice, provided that the practice is consistent from year-to-year, and even the current auditor advised that the use of estimates was acceptable. Mr. Schiess discussed and recommended methodology, specifically utilizing second quarter ending values less any distributions and adding capital contributions within the third quarter. **Ms. Dollard made a motion to utilizing estimates for the private equity funds for fiscal year end accounting and the methodology recommended by the Plan Administrator. Mr. Burnam seconded the motion, which was approved unanimously.**

OLD BUSINESS

Mr. Schiess provided an update on the relocation of the Pension Office. He then provided a final version of the proposed lease updated with the removal of the previously contentious relocation provision. Mr. Schiess also provided a proposed extension of the lease of the current office location until March 2021. Mr. Schiess provided preliminary information on an alternative location that just became available, noting it was anticipated to be very similar in cost and might be advantageous in other ways. He reviewed cost, location, building characteristics, parking and other factors important to the selection of a pension office. Mr. Schiess recommended scheduling a special meeting one week away, which would allow time for Trustees to inspect the location on an individual basis and the Board agreed by consensus.

ATTORNEY'S REPORT

Mr. Thomas reported that the Executive Order issued by Governor DeSantis permitting electronic meetings in response to COVID-19 had been extended again and he would update the Board when the situation changed.

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 the receipt of the annual City contribution in the amount of \$6.5M of which \$2.6M was invested in the SpruceGrove International Equity Fund and the remainder reserved for the November benefit payments and capital call obligations.

Mr. Schiess reported that the 2020 fiscal year audit had commenced and the customary reporting and artifacts were being preparing for the auditor and actuary.

Mr. Schiess reported that the Ordinance Amendment to implement the Florida Retirement System plan passed first reading by City Commission on October 6, 2020 and the second reading was scheduled for October 20, 2020. He advised that an actuarial impact statement had been ordered and shall be submitted to the State along with the proposed Ordinance Amendment before the second reading as required.

Mr. Schiess provided an update on the ongoing project for the preservation of historical records. He requested direction on the retention of meeting recordings, which are of very large file size and go back many years. He explained that, according to statutory public records retention guidelines, recordings may be destroyed two anniversary years after adoption of the official minutes or certification of transcript. After a lengthy discussion, the Board determined the retention period of meeting recordings should be five years.

MONTHLY FUND ASSET MIX

Mr. Schiess reported that all asset allocations were in compliance.

PLEASURE OF THE BOARD

There was no pleasure of the Board.

BOARD COMMUNICATION TO THE CITY COMMISSION

There was nothing to communicate to the City Commission.

ADJOURNMENT

The meeting adjourned at 1:25 PM.