

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Thursday, April 9, 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

- 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
Paul Tanner, Trustee
Ron Cameron, Trustee
Mark Burnam, Trustee
Susan Grant, Ex-officio

Absent: None

Also Present: Glenn Thomas, Board Attorney
Nick Schiess, Pension Administrator
Richard Dahab, Dahab Associates

CALL TO ORDER

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

It was noted that due to the state of emergency created by COVID-19, the meeting was held electronically pursuant to Governor DeSantis' Executive Order Number 20-69 issued on March 20, 2020 wherein local government bodies may utilize communications media technology, such as telephonic and video conferencing, as provided in Section 120.54(5)(b)2. Florida Statutes. It was further noted that special measures were implemented to provide access to the meeting by the public.

Mr. Schiess reviewed a draft of a new Emergency Virtual Public Board Meeting Policy developed for the purpose of governing the use of communications media technology to conduct virtual public Board of Trustees meetings while remaining in compliance with State Statutes including specific provisions for participation by the public. **Ms. Dollard made a motion to**

approve the Emergency Virtual Public Board Meeting Policy. Mr. Cameron seconded the motion, which was approved unanimously.

PUBLIC COMMENT

There was not any public comment.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of the meeting held March 10, 2020. Ms. Pryor made a motion to approve the minutes of the meeting held March 10, 2020. Ms. Prizlee seconded the motion, which was approved unanimously.

APPROVAL OF CONSENT ITEMS

The Board reviewed the consent items. Mr. Tanner 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
BATTA-MURRELL, PAULETTE Finance	4/4/2020	29Y, 3M, 18D	Normal
WEEKS, RICHARD Public Works	3/21/2020	18Y, 3M, 22D	Normal
COCHRAN, BOBBY Parks & Recreation	4/2/2020	28Y, 9M, 29D	Normal
PEREZ, DONNA Information Technology	4/11/2020	16Y, 9M, 26D	Normal
RHODES, KIMBERLY Police & Fire	4/30/2020	30Y, 0M, 14D	Normal
HARTMAN, LESLIE Police & Fire	4/30/2020	30Y, 0M, 14D	Normal
TOBON, MAURICE Public Works	5/1/2020	10Y, 4M, 7D	Commence Vested Deferred
CADORET, LINDA Information Technology	5/9/2020	24Y, 0M, 10D	Normal
SZEPELAK, GARY Transportation & Mobility	5/23/2020	19Y, 0M, 2D	Normal
ERWIN, KEVIN Public Works	5/1/2020	16Y, 9M, 3D	Commence Vested Deferred

DROP EXITS

Name	Date
COHEN, ELIZABETH	4/30/2020

INVESTMENT CONSULTANT REPORT & MARKET COMMENTARY

Richard Dahab discussed the substantial market downturn attributable to the Covid19 pandemic. He reviewed the individual investment products, noting that most had demonstrated significant down market protection. A question arose regarding the underperformance of the large cap value portfolio managed by DePrince Race & Zollo, Inc. Mr. Dahab advised that while down market protection was expected out of active managers it was not always possible especially with an abnormal market event of this magnitude.

Mr. Dahab was questioned regarding repositioning of assets or managers that are most likely to take advantage of a market rebound. He expressed that the only unsatisfactory performance was that of DePrince Race & Zollo, Inc. but he did not recommend their replacement. Mr. Dahab then expressed expectation for all investment products to outperform their respective indexes in a market rebound. He noted that index funds would only provide returns equivalent to the market and therefore increasing their allocation was unwarranted. Mr. Dahab reminded the Board that the international equity product managed by Franklin Templeton was already in the process of being replaced. Mr. Schiess provided an update on the replacement process. He explained that the minimum investment was \$20M, which due to the market downturn was greater than half of the value of the SSGA EAFE index fund which was the original proposed funding source. Mr. Schiess discussed a significant issue with contractual language, which if unresolved will necessitate bringing the matter back to the Board at the next meeting.

Mr. Dahab was questioned regarding the merits of increasing the allocation to private equity. He responded that the currently held secondary private equity funds were opportunistic and should excel in a market downturn with distressed sellers forced to sell for liquidity reasons. It was noted that several of the funds had not closed and therefore the current pending additional commitment of \$5M each could be easily increased. A question arose regarding legal limitations on private equity and it was noted that a prior opinion of a legal limitation had been dispelled and thus the only limitation was that established within the Investment Policy Statement. A discussion arose as to the amount of the proposed increase and Mr. Dahab ultimately recommended an increase in additional commitment for each of the two unclosed funds from \$5M to \$10M. He estimated the target allocation to increase from 6% to 7% in the very unlikely event that all the capital was called for all the private equity products collectively. **Mr. Tanner made a motion to increase the additional funding commitment from \$5M to \$10M each to the Capital Dynamics Global Secondaries Fund V and HarbourVest Dover Street Fund X pursuant to the recommendation of the Investment Consultant. Ms. Dollard seconded the motion, which was approved unanimously.**

Mr. Schiess advised that the amount of \$2.6M must be raised to fund pending benefit payment obligations, which the Investment Consultant recommended raising from the Garcia Hamilton & Associates fixed income portfolio.

NEW BUSINESS

Mr. Schiess provided a report on the status of the pension office through the Covid19 emergency. He advised that the pension office had been physically closed but remained open

remotely. Mr. Schiess discussed all the measures enacted for the conversion including staffing and the announcements for the membership all which were congruent with those of the City and the Police & Fire Pension Office. He advised that staffing had been completed with the primary goal of avoiding contraction of the virus by all staff due because of the adverse potential effect on operations. A discussion arose regarding ability to work remotely, overlap of staff, balancing of staff time in office and operations including those measures and emergency paid leave implemented by the City. A lengthy discussion ensued regarding the future staffing of the office and concerns were expressed with liability and the sharing of office space by multiple staff members. **Mr. Tanner made a motion to excuse Jane Dyar from service for the next two weeks and thereafter to be determined by the Chairperson and Administrator. Mr. Cameron seconded the motion, which was approved unanimously.**

Mr. Schiess provided an update on the search for replacement pension office space. He reviewed the favorable aspects of a likely and least expensive candidate at the 101 Center in downtown Fort Lauderdale. Many questions arose regarding parking and handicap accessibility for staff, Trustees and visitors. Mr. Schiess agreed to research the questions and report back to the Board at the next meeting.

Mr. Schiess reviewed a draft of a new Emergency Procedures Policy developed for the purpose of establishing protocol for the pension office operations during periods of emergency. He explained that the intent was to establish procedures to ensure continuity of operations in the event of not only a pandemic but other disasters such as a hurricane. A few edits were suggested, and Mr. Schiess agreed to bring a revised policy back to the Board at the next meeting.

ATTORNEY'S REPORT

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

OLD BUSINESS

There was not any old business.

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 replacement of the website hosting company Verio. He explained that the website was non-operational twice in as many weeks and the overseas firm was uncooperative in resolving the issue in a reasonable time frame. Mr. Schiess discussed the significance of the special postings required for this virtual meeting, noting that the website becoming non-operational would have likely resulted in the cancellation of this very important meeting. He advised that since the risk was unwarranted and the service terrible the website hosting was moved to a local firm with a great reputation and for the same cost.

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 2:29 PM.