

CITY OF FORT LAUDERDALE
GENERAL EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA
Thursday, June 11, 2020
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
Jeri Pryor, Trustee
Paul Tanner, Trustee
Mark Burnam, Trustee
Susan Grant, Ex-officio

Absent: Ron Cameron, Trustee

Also Present: Glenn Thomas, Board Attorney
Nick Schiess, Pension Administrator
John Mensac, Karen Kwon & Sam Starkey, Schroders Investment Management
Carlos Asilis, Glovista Investment
Nicki Noriega & Peter Montgomery, Invesco Trust Company
Richard Dahab, Dahab Associates
Jane Dyar, Pension & Recording Secretary

CALL TO ORDER

Chairperson 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 and extended under Executive Order 20-123 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.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF MINUTES

The Board reviewed the draft minutes of the meeting held May 21, 2020. **Ms. Dollard made a motion to approve the minutes of the meeting held May 21, 2020. Ms. Prizlee seconded the motion, which was approved unanimously.**

APPROVAL OF CONSENT ITEMS

The Board reviewed the consent items. Mr. Schiess reviewed the facts and circumstances for the death benefits of active member Marcos Girasol. He explained that the co-beneficiaries had requested that their allocation be issued to their mother and widower Simone Girasol instead. Mr. Schiess explained that a similar situation had been previously resolved by allowing co-beneficiaries to permanently disclaim their benefits, which would then allow Ms. Girasol to receive the remaining benefits by default. He also noted the educational calendar was clear due to suspended conferences through to September 2020. A typographical error was noted. **Ms. Pryor made a motion to approve the consent items as corrected along with the death benefits of Marcos Girasol payable to Simone Girasol contingent upon the disclaimer of benefits by the other co-beneficiaries. Ms. Dollard seconded the motion, which was approved unanimously.**

BENEFIT REVIEW

RETIREMENTS

Name/Department	Date	Service	Type
DONATO, DEBRA Finance	5/15/2020	27Y, 11M, 11D	Normal
SWEENEY, COLETTE Transportation & Mobility	7/1/2020	5Y, 0M, 2D	Commence Vested Deferred

DROP EXITS

Name	Date
SMITH, DAVID	6/30/2020

PRE-RETIREMENT DEATH

Name	Date
GIRASOL, SIMONE Spouse of MARCOS GIRASOL	5/13/2020

DROP ENTRIES

Name	Date	Service
MORRIS, DONALD Public Works	7/1/2020	18Y 5M 24D

EMERGING MARKET INVESTMENT MANAGER PANEL

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

The panel was questioned regarding the degree that Covid-19 had weakened complex supply chains, development of new supply routes and the resulting exposure on the investment products. Representatives of all managers responded that supply issues had been encountered worldwide which should eventually subside and there was a general expectation that manufacturing would likely relocate closer to their end consumer markets.

The panel was questioned regarding the anticipated effect of reduced capital inflows into emerging markets on investment returns. All panelists agreed that a reduction of capital inflow will dampen further development of those markets resulting in lower investment returns but none expressed to what degree.

The panel was questioned regarding investment into Brazil. Mr. Asilis noted that Brazil was in a financial and economic crisis with huge amounts of public debt and was unsure whether that would be resolved in the near future. Ms. Noriega responded the firm intentionally avoided Brazil for several reasons. Mr. Mensac expressed concern with their response to COVID-19 and heavy debt.

It was noted that the likely downstream effect of COVID-19 within the United States would be the dampening of overall returns from emerging markets. The panel was questioned regarding a recommendation of whether to trim or add to the allocation given market conditions. Mr. Asilis recommended increasing the allocation because valuations remained significantly lower than valuations of domestic equities and therefore presented greater opportunity. Mr. Mensac also recommended increasing the allocation because emerging markets represent much greater than 9% of the investible universe.

The panel was questioned regarding the merits of trimming the allocation temporarily until it demonstrated rebound and subsequent consistent growth and momentum. Mr. Asilis responded that the current allocation was important from a diversification perspective. Mr. Mensac responded that the strength of the US Dollar had been a significant headwind that had eroded 50% of the investment returns but that trend was not expected to continue. Ms. Noriega cautioned against market timing.

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

NEW BUSINESS

As a follow up to the last meeting, Mr. Schiess provided a draft revised Investment Policy Statement for consideration. He reviewed the single proposed revision of increasing the range of the real estate asset allocation from 13% to 16% to mitigate the effects of aberrant market events

that skewed the allocation out of range and resulting in potential compliance concerns. Mr. Dahab affirmed the current 7% target allocation remained appropriate but increasing the range was warranted. **Mr. Tanner made a motion to adopt the revised Investment Policy Statement. Mr. Burnam seconded the motion, which was approved unanimously.**

Mr. Schiess provided the Board with a request from Bernstein Litowitz Berger and Grossman, LLC. for consideration of pursuing co-lead plaintiff status in a proposed class action securities litigation action against Ryder Systems Inc. The Board requested the scheduling a special meeting for consideration of the action.

Mr. Schiess reviewed a claim submitted by retiree Kimberly Suess for additional service credit in the Plan. He reviewed the facts and circumstances of her employment history, noting the claim was for her first brief term of service from July 31, 1983 through November 4, 1985. Legal counsel advised that the language within the Ordinance did not support bridging of separate terms of service but instead only supported that each term of service must be treated independently on a stand-alone basis with regards to the vesting requirement, which at the time was a minimum of five years. It was also noted that Ms. Suess was provided a formal Notification of Benefits after the termination of her second term of service in the year 2009, which represented service credit for only her second term of service at which time she had an opportunity to dispute totals service credit. **Ms. Pryor made the motion to deny Kimberly Suess' claim for service credit for the period of July 31, 1983 through November 4, 1985 because the duration of service was insufficient to meet the five-year vesting requirement and also the timing of the claim had exceeded statutes of limitations. Ms. Prizlee seconded the motion, which was approved unanimously.**

Mr. Schiess presented the Board with revised Summary Plan Description for approval, noting the requirement of revision every two years. He then discussed the option of electronic distribution, noting one option involved publishing it to the Plan's website and an announcement of its availability made through the new active member newsletter. **Ms. Prizlee made a motion to approve the revised Summary Plan Description. Mr. Burnam seconded the motion, which was approved unanimously.**

Mr. Schiess reviewed a draft of the second annual retiree newsletter and discussed distribution via regular mail. He then reviewed a draft of the first annual active member newsletter, noting that the City communications department had agreed to distribution through the citywide e-mail system, which would result in a significant cost savings. **Ms. Dollard made a motion to approve the new retiree newsletter and authorize distribution through regular mail and also approve the active member newsletter and authorize distribution via e-mail. Ms. Pryor seconded the motion, which was approved unanimously.**

The annual performance review of the Pension Administrator was deferred to the next meeting.

OLD BUSINESS

Mr. Schiess provided an update on the status of the search for the new pension office location. As was requested at the last meeting, he reported conducting an interview with a local third-party expert on the commercial residential market within Fort Lauderdale, noting the expert was a

neutral and independent party acting solely as a favor to Mr. Burnam. Mr. Schiess shared the insight received regarding the pricing within the market, noting that the cost of the primary candidate located at the 101 Centre in downtown Fort Lauderdale was the lowest cost alternative. Mr. Schiess reminded the Board that the primary concern expressed during the last meeting was whether the economic effects of COVID-19 would create downward pressure on the rental market resulting in a significant decrease in rents. Mr. Schiess advised that the expert had expressed anticipation of downward pressure on rents but primarily affecting only the higher rent properties. The expert expressed that the primary candidate was already the economic alternative for which downward rent pressure was expected to be very minimal. Mr. Schiess expressed confidence in the proposed candidate for a new office, noting it was the least expensive option and the proximity to City Hall made the location ideal for active members and City officials attending Board meetings. **Ms. Dollard made a motion to authorize the negotiation of a rental agreement and other details for new office space located at the 101 Centre in downtown Fort Lauderdale. Ms. Pryor seconded the motion, which was approved unanimously.**

ATTORNEY'S REPORT

Mr. Thomas provided an update on 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. He noted it was extended until June 30, 2020.

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 advised that \$3.5M must be raised to fund benefit payment obligations, which the Investment Consultant recommended be raised from the Russell 1000 Index Fund and DePrince Race and Zollo large cap value portfolio.

Mr. Schiess reported that the Pension Office had re-opened to the public requiring all visitors to wear masks. He advised that staff was wearing masks and sanitizing the office regularly. Visitors were scheduled by appointment in order to avoid exposure to other visitors. Furniture was removed from the lobby of the office to prevent congregation and prolonged visitation.

Mr. Schiess reminded the Trustees to complete and submit their annual financial disclosure forms.

Mr. Schiess reported that the new investment manager, STCP North America LLC, that recently took over management of the Latin American Timber Fund had requested all investors' approval of an increase in management fees. It was noted that a majority of investors needed to proceed had already been obtained regardless making the Board's approval irrelevant and supporting an increase in fees might be viewed as imprudent.

MONTHLY FUND ASSET MIX

Mr. Schiess reviewed the monthly asset allocation report, noting compliance with the exception of a slight overage in the real estate allocation, which should be resolved prospectively with the earlier slight revision of the Investment Policy Statement.

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 2:42 PM.