

**CITY OF FORT LAUDERDALE**  
**GENERAL EMPLOYEES' RETIREMENT SYSTEM**  
**BOARD OF TRUSTEES MEETING**  
316 NE FOURTH STREET, SUITE 2, FORT LAUDERDALE, FLORIDA  
Thursday, September 17, 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  
Linda Short, Ex-officio Designee

Absent: Ron Cameron, Trustee

Also Present: Martin LaPrade & Chris Greco, Sawgrass Asset Management  
Glenn Thomas, Board Attorney  
Nick Schiess, Pension Administrator  
Richard Dahab, Dahab Associates  
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 August 13, 2020. **Ms. Dollard made a motion to approve the minutes of the meeting held August 13, 2020. Ms. Prizlee 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 APPROVALS**

**RETIREMENTS**

<b>Name/Department</b>	<b>Date</b>	<b>Service</b>	<b>Type</b>
JEWEL MOORE, MICHELE Sustainable Development	9/12/2020	14 Y, 6 M, 23 D	Normal
GRANT, DARREN Public Works	9/3/2020	21 Y, 11 M, 28 D	Normal
MAYCUMBER, ROLLIN Information Technology	9/16/2020	19 Y, 9 M, 6 D	Early
LYNCH, BENNIE Parks & Recreation	10/2/2020	25 Y, 8 M, 23 D	Normal
BLAKE, ROSE City Manager’s Office	10/1/2020	15 Y, 7 M, 3 D	Normal
LOIACONO, STEVEN Police & Fire	10/1/2020	7 Y, 4 M, 3 D	Commence Vested Deferred

**DROP EXITS**

<b>Name</b>	<b>Date</b>
RIVERA, GINA	8/3/2020
MORRIS, DONALD	8/21/2020
ARTIS, STEPHANIE	8/31/2020

**POST RETIREMENT DEATH**

<b>Name</b>	<b>Date</b>
HOOKER, DEAN Spouse of WALKER, MICHAEL	10/1/2020

**INVESTMENT MANAGER REPORT: SAWGRASS ASSET MANAGEMENT**

Cris Greco and Martin LaPrade provided a report the large cap domestic equity portfolio managed by Sawgrass Asset Management. Mr. Greco provided an organizational update, noting no changes of significance in the firm or portfolio management team. He then reviewed a performance and portfolio summary, noting a return of 16.9% since inception.

Mr. LaPrade discussed relative underperformance against the index. He discussed the intricacies of the index, noting that weighting of the top five holdings comprised 30% of the Russell 1000 Growth Index. While the growth of the index was 109% over the last five years, the growth of the top five holdings was a remarkable 298% while the remainder of the index had growth of just 36%. Mr. LaPrade explained that the relative performance of active managers was directly tied to their weightings of these top holdings. But he advised that it was very imprudent even irresponsible from a risk standpoint to manage a portfolio that was so highly concentrated as the index. Mr. LaPrade advised that historically when markets wind down it tends to happen very quickly and it was unlikely that this degree of concentration would last.

Mr. LaPrade reviewed the investment strategy in great detail, which has yielded a 2.1% outperformance over the index long-term with less risk. Mr. LaPrade anticipated that the next five years would be much different on a risk adjusted basis and serving to support their strategy. He added that active management generally involved construction of investment portfolios with greater consideration of risk and down-market protection, which over the long-term is expected to generate outperformance over passive management net-of-fees. He advised that the index had never been so concentrated with such heavily weighted holdings, which during this pandemic as well as the political uncertainty, increased overall risk including the lesser known risk when excessive trading occurs during market turmoil to meet liquidity demands of the market. Mr. LaPrade concluded his report with a review of portfolio holdings.

### **INVESTMENT CONSULTANT REPORT**

Mr. Dahab provided an interim investment performance report. He reported that, despite all the market turmoil, the fiscal year-to-date return as of August 31, 2020 was 9.2%. Mr. Dahab anticipated attaining the actuarial assumed rate of return by September 30, 2020 barring any unforeseen significant market events.

Mr. Dahab was questioned regarding the underperformance of Sawgrass Asset Management to their benchmark. He discussed their underperformance, noting that it was not severe enough to warrant a demand for their termination but instead was up to the Trustees to determine their level of comfort with the firm and their strategy. It was noted that relative performance was cyclical for managers and very much subject to the timing of its measurement. Mr. Dahab also discussed the underperformance of DePrince Race & Zollo, noting that the overall portfolio was very diversified which served to dampen the effects of any single manager's underperformance.

### **NEW BUSINESS**

Mr. Schiess reviewed the upcoming trustee election materials. It was noted that the process remained unchanged since the previous elections and the Board approved the election materials by consensus.

### **OLD BUSINESS**

Mr. Schiess provided an update on the relocation of the Pension Office. He provided a final version of the proposed lease of the new location, noting that the negotiation process had resulted in the removal of the most contentious and unacceptable provisions. Mr. Schiess then discussed the remaining significant provisions that the prospective landlord refused to remove. The Board objected to the provision allowing the landlord to relocate the office within the same building once within the lease term with ninety-day notice. Mr. Schiess then discussed the terms of an extension of the lease of the current office location until March 2021. The Board considered the proposed rent increase excessive. Mr. Schiess explained that the only alternative was to move to a temporary office and avoiding the costs of that additional move would offset much of the rent increase. Additionally, the burden of an additional move would be alleviated. After further discussion, **Ms. Prizlee made a motion to authorize the extension of the current lease through March 2021 at a maximum rent of \$4K monthly plus expenses and then demand removal of the relocation provision within the proposed lease for the new office and remove the temporary office**

**provisions all with an occupancy date of April 1, 2021. Mr. Burnam seconded the motion, which was approved unanimously.** Mr. Schiess provided the results of a search for moving companies, which was deferred until the extension of the current lease was determined.

Mr. Schiess provided an update on the ongoing project for the preservation of historical records. He then provided an inventory of office assets and requested the Board's direction for disposal of equipment and furniture that was obsolete. He reviewed a schedule of assets for disposal along with recommendations congruent with the disposal practices of the City. The Board directed the Plan Administrator to first post a list of obsolete items on the Laudershare intranet then dispose of the assets as recommended.

### **ATTORNEY'S REPORT**

Mr. Thomas reported that he had nothing new to report to the Board.

### **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 the amount of \$3.5M must be raised to fund benefit obligations, which Mr. Dahab recommended raising from the Russell 1000 Growth Index Fund. Mr. Schiess anticipated receipt of the annual City contribution in the estimated amount of \$6.5M in the beginning of October, which Mr. Dahab recommended splitting evenly between the Russell 1000 Growth Index Fund and the SpruceGrove International Equity Fund.

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 provided a draft Ordinance Amendment that was under consideration by the City to implement the new Florida Retirement System plan. Because it contained language modifying GERS, it must be filed with the State along with an actuarial impact statement between 1<sup>st</sup> and 2<sup>nd</sup> readings by City Commission. Mr. Schiess requested approval from the Board for the actuary to prepare what was anticipated as a no-impact statement. **Ms. Prizlee made a motion to authorize the preparation of an actuarial impact statement. Ms. Pryor seconded the motion, which was approved unanimously.**

### **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.