

*City of Lake Mary Firefighters' Retirement System*  
**Meeting of May 8, 2020**

**I. CALL TO ORDER**

Gabe Vella called the meeting to order at 7:40 A.M. Those persons present included:

TRUSTEES

Gabe Vella, Chair  
Adam Neri, Secretary  
Martin Bel  
Jeff Koltun  
Elizabeth Stack

OTHERS

Pedro Herrera, Attorney (Sugarman & Susskind) by phone  
Frank Wan, Investment Consultant (Burgess Chambers Assoc.)  
Richelle Hayes Cook (American Realty)  
Scott Baur, Administrator (Resource Centers)

Pedro Herrera reviewed a proposed Policy for Electronic Meetings. Governor Desantis by executive order suspended the requirement that the Board meet at a physical location with a physical quorum present. Later executive orders extended the earlier order. He recommended that the Board adopt the proposed Policy as a matter of best practice. He stated that the entire Board did not need to sign the Policy.

**Gabe Vella made a motion to approve the Policy for electronic Board meetings. The motion received a second from Jeff Koltun, approved by the Trustees 5-0.**

**II. APPROVAL OF MINUTES**

The Board reviewed the draft Minutes for February 7, 2020.

**Gabe Vella made a motion to approve the February 7, 2020 Minutes. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.**

**III. REPORTS**

**Manager: American Realty (Richelle Hayes Cook)**

Richelle Cook provided an update regarding American Realty, real estate manager for the Board. The manager now has 561 institutional investors, 120 employees, and \$10.2 Billion in assets under management. The manager has not had any redemptions in the current market environment, but many requests related to rebalancing portfolios. The Board invests in the American Realty Core Real Estate Fund with a 7-9% long term target return. Ms. Cook reported that the firm has a clean complaints record.

Employees at American Realty are now working remotely. The firm so far has one employee who contracted COVID, and the manager had to disinfect one property in New York after a tenant contracted the virus. The Retirement System has invested in the Core Real Estate strategy since 2013 with a \$1 million initial commitment that has now grown to \$1,500,559 as of March 31, 2020. The portfolio returned 1.54% gross and 1.22% net of fees for the quarter compared to 0.98% for the NFI-ODCE benchmark. The portfolio has no exposure to regional malls, helping the portfolio beat the 4.88% benchmark return with a gain of 6.11% gross and 4.94% net for the trailing 12 months. The manager targets 70% of the total return from income generated by the properties.

Gabe Vella asked about rent impacts in New York from the lockdowns and pandemic. Ms. Cook reported that the portfolio holds 3 large buildings in New York, one housing Cantor Fitzgerald, an apartment complex, and a mixed-use building. So far only a couple tenants asked for rent relief, primarily larger companies. She reviewed a breakdown of rents by tenant categories. The manager is reducing office exposure already, since companies may use less space going forward. The demand for industrial space,

meanwhile, is increasing. Ms. Cook stated that so far one particular property in Houston has been most affected. A law firm working for oil companies may vacate the building. The portfolio holds 6 Florida properties currently, with one of those properties for sale. The holdings include 3 shopping centers anchored by Publix and 3 industrial properties. The holdings have a 95.2% lease rate. Ms. Cook also noted that American Realty sold the Apple headquarters. With low debt in the portfolio, the manager has lowered return expectations but believes the portfolio is well positioned for this new environment.

**Investment Consultant (Frank Wan, Burgess Chambers and Associates)**

Mr. Wan started by reporting data for the quarter ending March 31, 2020, noting the country has had similar periods historically. Very rapid market recoveries typically followed declines of 30% in the market. The fixed income market encountered significant difficulties in March, seen in the spread between the Vanguard ETF product and the corresponding mutual fund. The portfolio lost 12.2% for the quarter ending March 31, 2020, in lines with the benchmark to finish the quarter with total assets of \$17,296,507. For the fiscal year to date, the portfolio is almost even now as of April 30.

Frank Wan reviewed the individual manager results for the quarter. Oil prices fell to virtually \$0 during the quarter. He expects oil to recover and value managers to perform better. The index performed well due to gains from technology holdings. Larger companies outperformed smaller companies, and the infrastructure and convertible bond strategies helped reduce the impact of the market downturn to the portfolio. Mr. Wan recommended that the Board take future dividends from American Realty in cash. He also recommended the Board rebalance assets if rents show signs of deteriorating. Given the increasing risk of corporate defaults, Eagle reduced the corporate exposure in the fixed income portfolio. Even as unemployment increases, the market continues to show strength. The Federal Reserve also intervened in the market in extraordinary ways.

The Board considered possible structural issues remaining in the economy and longer lasting impacts as people change their habits in more permanent ways.

**Administrator (Scott Baur, Resource Centers)**

Mr. Baur reported that the verification letter to all retired members and beneficiaries receiving payments from the Retirement System was now on hold during the current pandemic lockdown. The verification form requires a notary, which may put more vulnerable members of the plan by age at risk to complete the process. He also provided an update on the operations of his office, providing details for Board meetings, plan members, and office staff. The firm transitioned very smoothly to a remote working environment, with all the necessary systems in place prior to the onset of the pandemic. Processing of benefit applications and payment of benefits have continued normally during this time.

The Annual Report to the Division of Retirement was filed before the normal March 15 deadline. His office already just received approval of the Annual Report for the Police Officers Retirement System, and he believes the Division will also approve the Annual Report for the Firefighters Retirement System very shortly. He reminded the Trustees to file the annual Form 1 financial disclosure by July 1 with the Supervisor of Elections for the county in which each Trustee resides. Most of the local elections offices will now accept the Form 1 filing electronically or by email.

**Attorney Report (Dave Robinson, Sugarman & Susskind)**

Pedro Herrera reviewed provisions of the CARES Act and the Family First Coronavirus Response Act. He reported that the CARES Act impacted defined contribution plans more than defined benefit plans, with potential relief measures for members taking distributions as the result of coronavirus impacts. The

Family First Act provides assistance to workers required to stay at home, with paid leave time for persons diagnosed or quarantined due to the coronavirus.

Mr. Herrera reported that the Florida legislative session ended with no legislation directly impacting the Florida public defined benefit pension plans.

#### **IV. PLAN FINANCIALS**

The Trustees received, reviewed, and filed the interim financial statement through March 31, 2020.

The Board then reviewed the Warrant dated May 8, 2020 for payment of invoices.

**Gabe Vella made a motion to ratify the payments on the Warrant dated May 8, 2020. The motion received a second from Elizabeth Stack, approved by the Trustees 5-0.**

The Board had no benefits for approval.

#### **V. OTHER BUSINESS**

The Board had no other business for discussion.

#### **VI. PUBLIC COMMENTS**

No members of the public had any comment for the Board. Brent Mason reported that he had difficulty joining the meeting.

#### **VII. ADJOURNMENT**

The next meeting having previously been scheduled for Friday, August 7, 2020, the meeting adjourned at 9:13 AM.

Respectfully submitted,

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Adam Neri, Secretary