

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN  
BOARD OF TRUSTEES MEETING  
SUMMARY OF MEETING MINUTES  
January 28, 2021**

Approved \_\_\_\_\_

Approved \_\_\_\_\_

The electronic meeting was called to order at 8:32 AM.

1. Roll Call

Barry Schinder – present  
Roland Berrios – present  
Kerri Anne Fisher – present  
Vacant  
Vacant

Guests

John McCann – AndCo Consulting  
Margie Adcock – Pension Resource Center  
Richelle Hayes Cook – American Realty  
Piotr Krekora-GRS  
Gregg Gosch & Marty Laprade –  
Sawgrass Asset Management

3. Presentations

A. American Realty –Richelle Hayes Cook

Ms. Cook provided a brief background of the firm. She stated that nothing has changed with the firm. They are headquartered in Los Angeles with 5 offices in the United States. They are 100% employee owned and have 90 employees. They continue to grow in assets and have \$10 billion in assets under management.

Ms. Cook reviewed the performance of the American Core Realty Fund. This is their open-end flagship fund. She stated that there was a nice turnaround in the quarter for real estate. She stated that they have had a queue to get out in the last year. In March 2020 about 40 plans needed to rebalance with everything happening in the market. She stated that they had two negative quarters, the quarters ending June 30 and September 30, but they are back in positive territory with this last quarter. Ms. Cook stated that rent collections have remained strong. They have an average of 94% in rent collections. She stated that they predicted a disruption in the economy two years ago but never predicted a pandemic. Even so, they had started to position the portfolio accordingly.

The American Core Realty Fund is a very diversified portfolio. As of December 31, 2020 the gross asset value was \$6.88 billion. There are 68 investments, and the leased percentage is 94.8. It was noted that no tenants have left except for one in Seattle. Ms. Cook noted that the leveraging is about 23.6% which is a little higher than their usual 19%-21%, but they have added to their line of credit. The contribution queue is \$38 million, and the redemption queue is \$227 million. The redemption queue is only 3.4% of the total fund. That number has stayed the same since May 2020.

The total market value as of December 31, 2020 was \$4,244,879. The total return was 1.34% net of fees for the quarter ending December 31, 2020 while the benchmark was up 1.09%. Ms. Cook stated that they are very positive going forward and expect to get 7% to 9% returns. Ms. Cook discussed the four different sectors. They have a stable and diverse tenancy. She noted that industrial and apartments are hot properties right now. She reviewed the portfolio composition. She reviewed the most recent core transactions. She reviewed the diversification across target markets and property types.

B. Sawgrass Asset – Gregg Gosch & Marty Laprade – Quarterly Presentation

Mr. Gosch and Mr. Laprade appeared before the Board. Mr. Gosch provided a brief firm update. He stated that Chris Greco left the firm about a week ago. He put in his notice right after the New Year. He left to become the President and CEO of a hedge fund firm. He also took with him an analyst and a marketing person. Mr. Gosch stated that they still have in place the team that has always managed the Fund's portfolio for the past 23 years. Nothing has changed and there is nothing impacting the Fund. Mr. Gosch stated that he is committed to Sawgrass as is Mr. Laprade.

Mr. Gosch reviewed the market environment. He stated that 2020 was an election year and the coronavirus took over about three-fourths of the year. There was chaos in the market but it is starting to get back to normal. He noted that the disparity between growth and value and large and small cap has never been so large as it has in the past two years.

Mr. Laprade reported on performance for the quarter ending December 31, 2020. The total market value of the portfolio was \$15,534,580 as of December 31, 2020. The portfolio was up 6.71% net of fees for the quarter while the benchmark was up 9.98%. The Diversified Large Cap Growth portfolio was up 8.40% while the S&P 500 was up 12.15%. The Diversified Small Cap Growth portfolio was up 15.66% while the Russell 2000 Growth was up 29.61%. The Fixed Income portfolio was up .51% while the benchmark was up .48%. Mr. Laprade stated that the numbers are very positive. The Fund benefited from what is happening to stocks and the appreciation in the market. He stated that they have taken advantage of what has happened in the market. He discussed the elite eight stocks over the last two years. There is so much concentration in a handful of stocks that it is a little distorting. The largest eight stocks are up over 252% while the rest of the stocks are up 43%. The top five largest weights in the Index represent more than 30% of the Index. Valuations continue to be stretched. Prices have risen much faster than earnings. Mr. Laprade stated that he feels good on a relative basis with where they are. He thinks moving forward they might see a change and expectations should be tempered. He reviewed the portfolio characteristics. He stated that there have been very strong returns over the last two years. He expects more modest returns going forward. He thinks the market will pull back. He sees a shift in the market going on. He stated that on a relative basis it will serve them well.

D. GRS – Actuarial Valuation- Piotr Krekora

Mr. Krekora appeared before the Board to present the Actuarial Valuation as of October 1, 2020. He stated that the Valuation sets forth the employer contribution for the fiscal year ending September 30, 2022. The total required contribution is \$778,477 with \$665,810 from the City and \$112,667 from BSO. He stated that there was a decrease of about \$200,000 in the contribution amount from the prior year. He reviewed the revisions in the actuarial assumptions and methods. The assumed rate of return was reduced from 6.7% to 6.6%. He noted that the investment assumption will be reduced by .1% each year until the rate reaches 6.5%. It was noted that the amortization of the unfunded actuarial accrued liability was reduced from 19 years to 18 years as of October 1, 2020. This amortization period will continue to be reduced by one

year each year. The mortality table was changed which provided a slightly higher mortality and lowered the liability by about 2%. The combined assumption changes decreased the total required contribution by \$47,715 or 1.87% of the contribution requirement. There was discussion on the BSO contributions. While BSO is making the employee contributions, they stopped making the employer contributions and the City has been making them. The Board asked for an update on the current status of the matter regarding BSO.

Mr. Krekora discussed the actuarial experience. He stated that there was a net actuarial gain of \$354,300 which was primarily due to lower than expected salary increases, fewer than expected retirements, and a recognized investment return above the assumed rate. The investment return was 7.7% based on the actuarial value of assets versus the assumed rate of 6.7%. The funded ratio was 89.2% versus 86.7% last year.

Mr. Krekora reviewed the history of the investment rate of return since the fiscal year ending September 30, 1981. He reviewed the reconciliation of Plan assets and membership data. He reviewed the unfunded actuarial accrued liability from October 1, 1993 to October 1, 2020. He reviewed the liquidation of the unfunded actuarial accrued liability and stated that it is assumed it will be paid off completely in 2028. He stated that next year he expects the contribution amount to increase and then level off for the next ten years.

**Ms. Fisher made the motion to approve the Actuarial Valuation as of October 1, 2020. The motion was seconded by Mr. Berrios and approved unanimously by voice vote.**

C. AndCo Consulting – John McCann

1. Quarterly Investment Report

Mr. McCann provided an update on the firm. He stated that the firm has \$100 billion in client assets under advisement. They have 91 team members. In 2020 they added two more partners for a total of eleven partners.

Mr. McCann reviewed the market environment for the quarter ending December 31, 2020. He reviewed the performance of the Fund for the quarter ending December 31, 2020. He stated that the total market value as of December 31, 2020 was \$41,933,415. The Fund was up 9.85% net of fees for the quarter while the benchmark was up 10.35% net of fees. Total equities were up 16.41% for the quarter while the benchmark was up 16.90%. Total fixed income was up .94% for the quarter while the benchmark was up .48%. Total real estate was up 1.42% for the quarter while the benchmark was up 1.35%.

Mr. McCann reviewed the specific performance of the managers for the quarter ending December 31, 2020. The total Highland Capital portfolio was up 10.99% net of fees for the quarter while their benchmark was up 9.56%. The total Sawgrass portfolio was up 6.70% net of fees for the quarter while their benchmark was up 9.98%. Mr. McCann stated that Sawgrass was a little behind for the quarter but their long-term numbers are better. With respect to equities, Highland Capital was up 16.90% while their benchmark was up 14.54%; Sawgrass was up 10.27% while their benchmark was up 15.20%; and Clarkston was up 23.59% for while their benchmark was up 27.41%. With respect to fixed income, Highland Capital was up 1.35% and Sawgrass was up .57% while their

benchmarks were up .48%. American Realty was up 1.42% for the quarter while the NCREIF was up 1.35%.

John McCann, Richelle Hayes Cook, Gregg Gosch, Marty Laprade, and Piotr Krekora departed the meeting.

#### 4A. Bills and Warrants

- A. GRS – For actuarial services for periods ending 9/30/20 and 12/31/20 -\$6,916.00
- B. Pension Resource Center–For administrative services for November and December 2020, and January 2021 -\$8,260.54
- C. Klausner, Kaufman – For legal services for October 2020 - \$142.50
- D. AndCo – Quarterly Fee for period ending 12/31/20 - \$9,466.00
- E. Clarkston Capital – Quarterly Fee for period ending 12/31/20 - \$11,655.00
- F. Highland Capital Management – Quarterly Fee for period ending 12/31/20 - \$16,133.64
- G. Sawgrass Asset Management–Quarterly Fee for period ending 12/31/20-\$21,360.05

**Mr. Berrios made the motion to approve items A-G. Ms. Fisher seconded the motion, which passed unanimously by voice vote.**

#### 4B. Benefit Approvals

- A. DROP Distributions – James Molaschi 9/30/20 balance less 10% holdback (\$200,184.50); Gerald Williamson partial distribution (\$25,000)

**Mr. Berrios made the motion to approve item A. Ms. Fisher seconded the motion, which passed unanimously by voice vote.**

#### 2. Approval of Minutes Summary for Meeting of October 22, 2020.

The minutes of the meeting of October 22, 2020 were reviewed.

**Mr. Berrios made the motion to approve the minutes of the meeting of October 22, 2020. The motion was seconded by Ms. Fisher and approved unanimously by voice vote.**

#### 5. Report on Fund Activity as of December 31, 2020.

The Board was provided an unaudited financial statement as of December 31, 2020. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.

#### 6. Plan Administrator –Margie Adcock

- A. A. The Board was provided with certification from the Resource Centers that they successfully completed their SSAE 18 SOC 1 Audit and received a clean opinion as of June 30, 2020.
- B. The Board was provided with a Memorandum from the Attorney regarding a New Florida Law Requirement, Section 448.095, Registration and Use of E-Verify dated January 8, 2021. It was noted that the law became effective on January 1, 2021.
- C. The Board was provided with an opinion from the Attorney dated January 20, 2021 regarding the acceptability to hold electronic meetings due to the safety concerns of the coronavirus.

D. The Board was provided with a Notice of Interest that was sent out for the election of the Trustee position currently held by Mr. Berrios. Mr. Berrios stated that he was interested in being re-appointed for another term. It was noted that the City position on the Board that was previously held by Bruce Loucks is still vacant. Ms. Fisher stated that the City Manager is aware of the matter.

7. Old Business

There was no old business.

8. New Business

There was no new business.

9. Public Comments

There were no public comments.

10. Adjournment

There being no further business before the Board, motion was made and seconded, and the meeting was adjourned.