

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD**

September 17, 2020

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System September 17, 2020 2:00 p.m., in the Commission Chambers at City Hall.

Present:

Keith Stephens, Chairperson
Caleta Scott, Vice-Chairperson
Johnna Morris
Comm. Tom Perona
Mayor Linda Hudson
Javier Cisneros
Brian Avilla

U.A. General Member
General Member
Director of Finance
City Commission Member
City Commission Member
U.A. Board Appointee
Police Officer Member

Attorney Jim Walker
Christina Paz

Attorney for the Retirement Board, Advisory
Retirement Clerk

Guest by Conference Call:

Weston Lewis and Cody Chapman

Callan Associates

Anne Westbrook, Emi Adachi,
and Blaise Keane

Heitman

Recording:

Queen Thompkins

Executive Assistant to the Director of Finance

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ITEM NO. 1 & 2 ~ ROLL CALL

Mr. Keith Stephens called the meeting to order at 2:00 p.m., the first item on the agenda being the “*Roll Call*”.

ITEM NO. 3 ~ COMMENTS FROM THE PUBLIC

Mr. Stephens, the next item on the agenda was comments from the public. There were no comments from the public.

ITEM NO. 4 ~ APPROVAL OF SUMMARIZED MINUTES OF AUGUST 20, 2020

Mr. Stephens said the next item was the approval of the summarized minutes of August 20, 2020, and the Board asked if there was a motion to approve the minutes. **A motion was made by Ms. Johnna Morris and seconded by Comm. Tom Perona to approve the summarized minutes of August 20, 2020. All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

ITEM NO. 5 ~ ATTORNEY’S REPORT

Mr. Walker said I have nothing. I’m happy to entertain any questions, comments, or concerns.

ITEM NO. 6 ~ PUBLIC HEARINGS ON BENEFIT APPLICATIONS

Mr. Stephens opened the public hearing for comments on the request for Retirement from Jo-Ann Bilyk with 9 years and 4 months of service with the Fort Pierce Utilities Authority. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Mr. Brian Avilla and seconded by Mr. Javier Cisneros to approve the request for retirement from Jo-Ann Bilyk.** Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

Mr. Stephens opened the public hearing for comments on the request for Retirement from Charles D. Connell with 10 years of service with the Fort Pierce Utilities Authority. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Mayor Linda Hudson and seconded by Mr. Javier Cisneros to approve the request for retirement from Charles D. Connell.** Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

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ITEM NO. 7 ~ OLD BUSINESS

a. CONSIDERATION OF BOARD POLICY REGARDING UNAUTHORIZED RECIPIENTS OF BENEFIT PAYMENTS AND RECOVERY OF SUCH PAYMENTS

Ms. Morris said Mr. Walker and I did discuss on yesterday. We are waiting to hear back from FPPTA. I did put the request in and I haven't gotten a response as of yet.

Mr. Stephens asked if we should table this until the next meeting.

Ms. Morris said yes.

ITEM NO. 8 ~ NEW BUSINESS

a. REPORT FROM HEITMAN

Mr. Cody Chapman said I hope everyone is doing well. We're going to hold off from having Heitman dial in until you all are ready for them. Is it okay if I go ahead and let them dial in?

Comm. Perona said maybe if you just get us on the same page with a quick update. Tell us what we expect to hear today. I know it's based on some of the underperformance that we talked about at the last meeting. At least to get us on the same page, you can give us a couple minutes of introduction.

Mr. Chapman said we brought up at the last meeting when we were reviewing performance, Heitman had some underperformance relative to their benchmark; you all are aware of that. That's largely been driven by their retail holdings. They've had good allocation there and certainly retail has been challenged with the pandemic. It's been a bit of a headwind for them. They're working to reposition the portfolio but, certainly transaction activity is very slow right now in the real estate world. It take some on the ground due diligence; transaction has slowed down a bit. It has slowed them down in terms of being able to regroup in the portfolio. That's a work in progress. Another thing we brought to your attention was Heitman has a debt exit to you right now. As you all are aware, they have quarterly liquidity with 90 days of notice but, in the event, they have more demand for redemption than they can meet, they can put up what is called an exit fee. Essentially right now they have more industries wanting to exit in terms of dollar amount than they can readily provide obviously. They can sell property but they are trying to imagine how they going to do that given what's going on with the market. They certainly don't want to sell properties. There's been some underperformance. It's recoverable but we do want you all to be thinking about it on behalf of your beneficiaries. If you did want to make a change, you will not be able to get your investment back fully, probably until the second half of 2021, so we just want to start being proactive with you all in terms of making you aware of this. Let me stop there to make sure I answered your question.

Comm. Perona said thank you.

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Mr. Stephens said we want to verify what you just said. Maybe you said it last time and it didn't click fully with me. You said that they now have more people wanting to get out than they have money to give because real estate is not liquid and they really don't want to sell things, is that correct?

Mr. Chapman said, it's called a redemption que and I'm trying to pull the number up; Weston may have it in front of him.

Mr. Lewis said he doesn't have the number, but yes, that is true. I want to be fully transparent that this is an issue not just for Heitman as it is with a good number of core real estate managers, having redemption que at this time.

Mr. Stephens said he understands. If you can answer this Johnna, what is our percentage and what is our money value that we have.

Ms. Morris said I can't answer that right now.

Mr. Stephens said I know it's a percentage.

Ms. Morris said I'm sure Weston and Callan can tell us. They have our portfolio.

Mr. Stephens said our total investment is with them right now.

Mr. Chapman said it's \$19.8 million as of August 31st.

Mr. Stephens said that is what I want to know.

Mr. Chapman said it's about 8.8% of your overall portfolio. The request at the last meeting from this group was to have Heitman come and present; tell you about what's going on in the portfolio; how they're repositioning it and answer any questions you might have, so they are prepared to do that.

Mr. Stephens said thank you. You can have them dial in.

Mr. Chapman said while we're waiting for Heitman to dial in, I'll give you a quick update on Callan. Things continue to go well for us. We're still working remotely and likely will be until the end of the year, getting back on the road soon and hopefully visiting with you all in early 2021. Things continue to go well working from home. We're doing our best to do our part to keep things under control as to the virus.

Ms. Anne Westbrook dialed in. Hello, this is Anne Westbrook.

Mr. Chapman said hi Anne. This is Cody Chapman.

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Ms. Westbrook said I forwarded your email on to Blaise and Emi and they should be dialing in as we speak.

Mr. Chapman said that would be great. We have Weston here from Callan and you also have everyone from the City of Fort Pierce Retirement Board. Keith, you might want to introduce everybody there to Anne. That might be helpful to her.

Mr. Stephens said we have myself, Keith Stephens, the members, Caleta Scott, Mayor Linda Hudson, Comm. Tom Perona, Brian Avilla, Javier Cisneros, our attorney Mr. Walker, and Johnna Morris, our finance director for the City of Fort Pierce.

Ms. Westbrook said thank you very much. I remember being down there in person last year so I am sad not to be with you in person, but I'm looking forward to providing you with some update HART. Blaise and Emi just dialed in. While you guys were dialing in, we got a brief introduction of the group in the room, which includes broad cross section of the members of the City of Fort Pierce including the Mayor. Just to let you know who is on the phone from the Heitman side, I'm Anne Westbrook, our client and service marketing team, covering the Southeast. Most of us have met each other in the past. I am joined by Blaise Keane, who is the Executive Vice President of the firm and Senior Portfolio Manager of HART. We're also joined by Emi Adachi, who is the Deputy Director of North America Investment Research. She's going to give us a great update on the market and conditions in the market, and also joined by my colleague Mattie Huttinger in the Client Service and Marketing team. We're ready to roll or if there's any other business you'd like to address before we get started, let me know.

Mr. Chapman said I think they're ready to go. We spoke briefly with the group before you all joined so, I think they're up to speed with things from our side. Why don't you give this group an understanding of how the portfolio is positioned; where you're moving it towards going forward, and also just to talk about what's driven some of the underperformance and the action you've taken to lead the portfolio in a positive direction. If we can do all that in 30 minutes, I think that would be good for everyone. Mr. Stephens, is there anything else?

Mr. Stephens said I think we're ready. If we have any questions, the members will let you know.

Ms. Westbrook said please do. That way it makes it easy on us as well. I think we can definitely accomplish all of those objectives. We're prepared to address each one of those issues. Just to set the stage, I'm going to run through an overview of the firm and just a reminder of the fund and we will address the market update and then we'll turn it over to Blaise to really dig into the fund and the performance of the fund and how we're positioned. If you can go to slide 4, and I want to take a minute to remind everyone that Heitman is a 53 year old firm at this point. We currently manage \$42.6 billion across private equity, private debt, and public equity strategies. Private equity is \$33.7 billion, and our largest industry in the private equity area is HART. It is our flagship fund. We currently have 36 partners in the firm that own 100% of the company, which sets us apart from some of our peers, and have 10 offices around the world. That is a quick snapshot of the firm, and again, a reminder, HART is a core open end odyssey benchmark

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fund. We currently have gross assets of \$11.9 billion, net assets value of \$8.7 billion; 115 investments across 382 properties; with a very strong lease percentage of 95%, and a modest leverage of 26% known to value. We currently have 126 institutional investors and a trailing gross dividend. It's just a tip below 4%. With that backdrop, I will turn it over to Emi to give us a current view of the market conditions and Braise will take it after that.

Ms. Emi Adachi said if we could start on slide 8. Before we get into talking about the impact of COVID on the property market, I want quickly to recap some of the big sector changes that were in place before the pandemic, drivers are demographic shifts in new technologies that are changing the way we live and work and interact with real estate, and structural changes to the economy as we switch to our now basic economy. So, the results of this shift, the real estate has been three big things; one is the need for greater flexibility in the space. We've also seen more building on the lines between property sectors as we're use to think of as being extinct and because there has been a convergence of uses; more sectors are becoming less institutional such as retail office, and the tenants want more from their landlords in terms of services amenities provided beyond just the physical space. We've been incorporating these trends into our strategic repositioning to the fund for a couple of years now. Part of this is showing in the graphics on the bottom left of page 8. We think that in general the results is that the property that showing with the arrows pointing up are becoming more institutional while those pointing down are becoming less. On page 9 is assessing COVID property sector impacts. We have this color coded chart which summarizes the immediate and long term effect of the pandemic and on the current situation and the outlook long term for the various popular sectors. It illustrate how affective COVID has been across the property type. While most of them have felt some mid term impact, at least operationally the one original outlook has not necessarily changed for many of the sectors. Moving to page 10 starting with apartments; the immediate impact of COVID has been mixed. One direction has really been surprisingly strong for the most part over the last 6 months. New leasing has rebounded pretty well after the initial dip in the early months of the lockdown. The chart on page 10 illustrates in particular, the blue line is High Rise property; not surprising the negative impact in terms of revenue during COVID. Most importantly the question is what's going to happen now that the stimulus has expired, most importantly the \$600 in extra unemployment benefits per week that was really helping support the income and helping people pay their rent. So far, we haven't seen a major impact since the expiration of those at the end of July but we're keeping an eye on it closing because the longer the lockdown goes on without any stimulus package, the more dangerous it becomes. There will likely be some variation in the location and the kind of multi-family housing people want to rent. For instance, if working arrangements are not laid out on permanent basis after COVID, this may drive demands for larger units and to urban locations, but we don't believe urban locations are dud despite the media headlines. Moving on to slide 11 on retail.

Comm. Perona said before you go on Ami, I have a couple of questions. One is; I know you deal with a certain caliber of tenant, the more you toy on evictions have affected a lot of landlords in our area and may cause a shift of ownership over the next year or so; that's what I'm thinking, have these effects affected the revenue as far as your holdings go?

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Mr. Blaise Keane said this is Blaise to talk about that and answer in response to our specific portfolio, we have begun to see a little bit of an impact in terms of revenue reductions on the apartment side. We don't anticipate that there's going to be significant, but there's certainly a little slowing of demand, particularly for some of the urban apartments where people some optionality to maybe consider less expensive housing. I don't think the eviction moratoria that exist around the country are really going to have that significant of an impact on our australone of tenants. We generally have tenants who can afford the rent and are not paying their rent, but rather there's an optionality or decision to potentially seek less costly housing options, rather that's in some cases folks that are in their thirties or late twenties moving back home or engaging in some roommate relationships, where they may be were on their own in order to save money. We don't think that would be hugely impactful for us. Unsurprisingly, we have seen a little bit of challenge in terms of the rent growth in the recent months.

Comm. Perona said I appreciate that. The second part of my question, according to all of the national news, this migration going on with folks heading out of their mid-western and northern communities and they're looking for some sunny place down here, probably Florida. I heard a statistic that over a thousand people a day a moving to the State of Florida. This shift in this migration may also have a long term impact because they're not just coming down to stay just a couple of months. They're moving lock, stock, barrel, children, and everything else this way. I was just wondering what your thoughts on that was.

Mr. Blaise said we know that's happening but, we probably are hesitant in terms of projecting that as an abandonment of the northern dense urban environments entirely. There's no doubt that at this time we are seeing some of that migration, whether it's because of the pandemic and the economic environment that has ensued whether it's some of the social unrest but, we caution to think that's going to mean that we're going to see tumbleweeds down the street in downtown New York City or Chicago. I think these things have been slower over time; having been in the industry well over 30 years, we've seen these types of trends. I remember reading a headline where suburban office, 25 years ago; took a 6-month trend and extended it out into forever, and I think when you do that, it's a little dangerous. There's no doubt that dynamic is happening. The tax structure in some of the northern cities, whether it's some of the other features I've mentioned or the landscape today, or whatever it is; certainly, seen some of that but hasn't abandon the urban environments entirely.

Comm. Perona said thank you.

Ms. Adachi said I will move on to retail on page 11. That has been impacted the most by COVID. I'm really seeing acceleration of trend in one place before the pandemic. You can see under near-term COVID impact some of the bullet points. We have accelerating demise of tired retailers and shopping centers. Even before COVID we had been reviewing, we knew there was too much retail space that was not needed. There are a lot of retailers that have not adapted to the changing consumer preferences. COVID has really accelerated the process to a pretty amazing degree. It's causing a lot of near-term pain; certainly, for landlords, investors, and retail. One of term, however, has created stress trend process, a positive for the sector in spite of the near-term pain. There will still be winners and losers; physical retail remains essential. The pandemic has shown E-Commerce adaption has accelerated and it is shown on the top right of page

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11. Physical retail is still important. Beyond Amazon and online retailers, there are retailers like Walmart and Target that really have invested heavily, and they strive in this area. It certainly shows physical retail is still important if you pick your spots well. Moving to office on page 12, is one of the most interesting sectors in terms of the COVID impact. The question of what the workplace is going to look like going forward is important to the outlook for other sectors as well. Showing on this slide is to different surveys. These were taken in the pre-early days of the pandemic; I think around April. Most of the people wants to work in the office the majority of their week but there's a crew increase in the desire to work from home more frequently; 2 or more days per week, which is an increase for most office workers. While remote working is likely longer to increase permanently post-COVID in the office doesn't look like it's going away but, the design is going to change in our favor. In the long-term, we've would have to design more spaces if you did have these arrangements because more people are coming into the office 3 days instead of 5. This working from home adaption will vary quite a bit by industry and by job function. Moving to industrial on page 13, we had a strong outlook before COVID and that pretty much unchanged. There has been an incredible opportunity for retailers to shift spending online. A lot of people have moved their shopping to online since the pandemic. Many people who have never tried online grocery ordering have tried it since the pandemic. So, the fund is going to stick to this strategy and want to increase the industrial allocation of the fund and refocus on major population centers and certain logistic locations as well as markets and sub-markets, storage, and medical offices. With that I will turn it over to Blaise.

Mr. Blaise Keane said the chairman and Mr. Chapman wanted me to speak on four particular areas so I will do that in the interest of time. Starting on page 19, we were asked to cover the reason for some of the underperformances of the fund and I think categorize that but the picture of performance is there on page 19, as you can see impacted the one year and the three year numbers. What we're seeing there is one kind of major reason for underperformance and two minor ones. The major reason would be the revaluation of the retail assets in the portfolio that's been unfolding, in fact in advance of COVID to some extent accelerated with the onset of the COVID dynamics and economic environment that has ensued. We believe that revaluation is essential complete. We think our peer group has a little bit of catching up to do with some of the revaluation of their retail portfolio and we may see that play out over the remaining few quarters in the year and into 2021, but we have adjusted the valuation of those assets in a way that we believe reflects the current environment and investor sentiment in regards to the retail sector. In response to that we've reduce our allocation recently. We have some plans to continue to do that in terms of some thoughts and corrective actions relating to the retail part of our portfolio. The minor reasons would be the underweight that had in the industrial sector; a sector that is has performed very well. A few quarters ago, we articulated to the investors that we have intentions of increasing our allocation to that sector. In the category of corrective actions, course corrections for our industrial underweight. We have made progress moving from an allocation of about 10% just a handful of quarters ago to now; greater than 15% with some commitments we have pending for investments in that sector for the fund. The other that I categorized earlier, the minor reason would be an allocation to some of the urban impartment investments that has seen some significant new supply and some real estate tax challenges. Two or three years ago as we begin some of those dynamics unfold impact some of the performances of those assets in our portfolio, our course correction there was to focus more of our recent investment activities; some more of the suburban and what we would call urban infield parts of the major markets and we had seen performance improvements in that

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area as a result of some of those maneuvers I had mentioned. That very briefly covers some of the performance and some of the course correction activities I think staying on that topic and moving into some of your other curiosities, maybe we can move to page 22 and talk about the portfolio positioning at current; maybe some of the benefits in that and then talk about our plans as we move forward over the next several quarters. In terms of portfolio positioning at current, that is depicted on this page, a couple of noteworthy aspects of the current positioning of our portfolio compared to the peer group we think would be very interesting over the short term that lies ahead would be our underweight to the commercial office sector. If you look at the middle part of this page, we have an 18% allocation to commercial office and an 8% allocation to medical office; I'll get to that latter part in a moment, but that 34% pink dot represents where the broader index is in terms of investment in the commercial office sector versus our 18%; about half the weight in the office sector. We like that positioning a lot right now given some of the challenges for that sector Emi briefly touch upon a moment ago. The other noteworthy currently positioning of the dynamic of the fund that would be very important for us to keep in mind here depicted in the pie chart in the upper right and that cross hash portion or the 31% allocation the fund currently to those cross hash portion of our portfolio would include, but we refer to it as our delinked sectors. From left to right you see a 2% allocation to student housing within our apartment allocation, the 8% to our medical office, and then the 21% allocation to the self-storage. Those three sectors make up 30% or more of our portfolio. That positioning should be very favorable and early indication are that it is favorable to the portfolio relative to the peer group. Those are sectors that do not have demand so much dictated by economic vibrancy in the U.S. generally speaking, but more see the demand driven by what I would call the march of life. Doctor visit increase as we age, our population is aging. Self-storage is something that is driven in terms of demand by customers based on life events. It does have some even flow relative to the economy but in fact in downward trajectory economy and economic environments we even see a pickup in demand and some parts of the customer traffic there. We're seeing high collections rates in the sectors versus the traditional sectors of departments, industrial, office, and retails. We believe that the portfolio is extremely well positioned for the current environment, and again we're seeing some of the benefits of that over the course of the last couple of quarters as the economy has slowed considerably. Our plans going forward were detailed in some depth during our recent annual meeting. In short, we entangled the next few quarters to continue to increase our allocation to the industrial sector and to the apartment sector; two sectors that we believe have very good prospects as we move over the next several quarters and handful of years. Our efforts in terms of focusing some of our capital there will be what you will see from us and we will be making selective investments in those categories over time. Some of the benefits of our current portfolio positioning; if we can move to page 23, are depicted in the chart on this page. There's a lot of information, but if I can summarize this quickly; if you remember I just mentioned underweight to the commercial office sector, and we have a significant dedicated allocation to self-storage, some of the magic of that allocation plays out in the dividend that we provide to you and the other investors, which is very robust in comparison to the peer group. What we're showing you here is some slides that essentially summarize the cashflow or dividend advantage that we have over the peer group by virtue of less investment in the office sector where there is a significant requirement on the landlord to allocate cashflow to capital expenditures. Whenever you are rolling over a lease in the office sector, you're typically paying a lot of money to reconfigure the space and to pay lease commissions, and that comes out of the pocket of whatever would go into the pocket of investors in the form of a dividend. For self-storage it's quite the opposite. When the tenant moves out,

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it's really a 30 second broom sweep and you're ready to go. The simplicity of that comparison is what allows us on the top pie chart on that page, on the right the 80% number the 80% of our unleveraged net cashflow can go into the pockets of the investors in the form of a dividend versus, as you see below, the 66% number that the peer group has in that same regard. Again, the reason is that a lot of investment reinvest back into capital expenditures. The left side of this page we're showing over 1, 3, and 5-year periods, the number of additional bases points of return that translate into. Over a long period of time, call that the 5-year number 70 bases points more of cashflow is going to the availability of dividends for the investors of the fund. Page 24 is just laying for the next 6 quarters, including the one that we're in. Some of the movement of capital that we would see occurring in order to execute on the strategic plan that I mentioned a few moments ago that would allow us to increase the allocation to the industrial sector, in the apartment sector through some dispositions of some existing assets and some of the other sectors, we'll be able to accomplish the reallocation of some capital to both new acquisitions as well as to the payment of investors redemption request which you see along the bottom line of the page. The final section of our presentation is on Capital Capacity. There's a number of slides on page 26, 27, and 28 that summarize some of those capital position. In the interest of time I won't go through a detail run through of that material, but wonder whether there's any questions that you might have on either what we have talked about at this point or any questions or curiosity about moving into some of the details on the capital capacity area.

Comm. Perona said I'm interested, and I know you covered it quickly; we're just a small plan with \$20 million, but that's a lot to us and we look at everything a little closer. When you talk about redemptions and disposition of assets and things like that and we know there's a movement, maybe it's a jerk movement of a lot of retirement systems that are out there trying to get their money. It's almost like fantasy football. Everybody is trying to figure out what quarterback is going to win next week. Fort Pierce Retirement System, we don't want to move real fast. We're very slow and methodical. I want to know what this redemption move right now, what short term, long term affect will it have on Heitman?

Mr. Keane said let me give you a little history first off. During the global financial crisis of 10 or 12 years ago, we saw a similar dynamic. What I'm referring to is the end of March this year we saw a crash of the equity's market; significant recovery as we all know, but a significant crash in the stock market, we saw the bond market cave in, in terms of its valuation as well. I don't want to call it knee jerk but I do think your term is correct in that there were a number of funds that moved to engage in redemption request of privately traded funds like ours whether it was in real estate or whether it was in some of the private equity vehicles that they have investment in as well where you have far left liquidity, where you can't pick up the phone and trade a share of stock in this product like you can with your stock and your bond portfolios. So, the only outlet that some of the CIOs across the country and across the globe had in terms of trying to begin that process of rebalancing was to put redemption request for funds like this and some others. We think that some of this moved to the redemption que is the results of rebalancing. We know it is because we've been told that by some of the folks. We've had conversation with some folks about the prospect of them rescinding or requesting a rescinding of their redemption request. We don't know what will happen to those investors over the next couple of quarters, but that's a possibility. While our fund was very young 10 or 12 years ago during the GFC for all of the peer funds at that time, we saw that dynamic. We saw folks move into the redemption que and we saw folks rescind many of those request over the subsequent year to that

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followed when we started to see recovery in other markets. That's a little bit of history. What it means for our fund, it means that we have the obligation to attempt to provide liquidity to some of the investors that are seeking it. How we're going to do that was not to change the strategic plan of the trajectory for the assets in the fund, rather allocate capital, as we do make dispositions of engaging in disposition of properties. We've told investors that we are not going to sell good asset in the fund just simply to redeem a small subsidy of investors that would like liquidity at this time. We understand the need for liquidity. We will honor it over the course of time, but in terms of what it means for the fund to go back to your question, it means we're not going to move in a hasty fashion to sell asset, but rather we're going to go through the process that we always go through, which is a mythological analysis of each asset annually or more frequently to determine whether we have completed the business plan for that asset. If we have, we will move to dispose of it. In the normal course of things, we have done that over time, we will continue to do that. From some of the proceeds would be where we would source the ability to provide redemptions to investors that are seeking liquidity.

Comm. Perona said thank you.

Mr. Keane asked are there any other questions.

Mr. Stephens said there are no other questions.

Comm. Perona said he has a follow up on what Mr. Keane said. Weston and Cody did a really good job explaining the reevaluation of assets that happen. It's been a couple of years now you guys have been working on that. It's a sour pill to take, but thinking that the entire sector, all folks that are involved with these investments are going through the same thing. You mentioned that you didn't think that all the peer groups have completed this reevaluation, so it's causing the skew when we compare you to maybe them. Is that accurate that this isn't a level playing field right now?

Mr. Keane said it's a little bit of two things. Part of it is that and part of it is our specific group of assets, but we need to take some reevaluations on some of our assets, specifically. When I make the comment about the peer group, I'm looking at the valuation from a capric standpoint of our retail portfolio compared to the peer group. I'm seeing a pretty significant differential. Some of that is warranted based on the idiosyncratic details of our portfolio and that's likely something that never gets made up in the way of all those adjusting to us, but maybe our properties are taking a long period of time to recover from the current valuation impairment that they've experienced. Some other part of it is far west; something unable to have extremely keen and detail insight into it. I think there are some funds that need to take a harder look at the valuation of the retail portfolios.

Comm. Perona said I think it will all clear up in the next two years. We'd like to see this succeed and be another bright star in our portfolio.

Mr. Keane said thank you for your support.

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Mr. Stephens said thank you very much. Unless there's a discussion, this is something we can bring up and talk to Cody next month. We did get some things today for us to think about. Do you all fell the same way and we can talk to them next month?

Comm. Perona said this is just a real interest to me; the real estate part of this. I knew the answers to most of that but I wanted them to be able to tell us and give us that indication. There was some really strong language in explaining what they're doing, what their strategies are and that's going to be proved out in the next couple of years. The reason why they were here today is so that we can make that next que if that's what's going on and I think that is important. I'm in no hurry to do anything different than what we've got right now. It's important that we wait this out. We do need to mark in the sand exactly what happened and what and we were told today. If we're doing this again next year, and more importantly two years from now, then we have a major problem when we want to make some adjustments. I expect Cody and Weston to come back to us after hearing what we have gone through and tell us that; I expect them to say we're not really worried about the situation right now and it's best if you guys just take that in. Take the information, move forward with it and hopefully things will work out. All the seeds they've planted, all the reevaluation should start producing a positive influence in their portfolio. From a Board perspective is that we watch this as carefully as we possibly can and probably more than anything else in that portfolio for the next 24 months.

Mayor Hudson said in the next two months we're going to have an election and if you listen to news at all, you know that's going to affect a whole lot of economic indicators.

Comm. Perona said there's something about that company I really like. What you see is what you got and I appreciate that. I think the whole world is going to go through a complete retool on all these things. Those who are going to lose are those that reacted to it before they had all the information.

Ms. Morris said I agree with you Comm. Perona. I had spoken with Weston and Cody last month in detail. We had a phone conversation concerning my concerns with them as well. When you look at the market as a whole and real estate as a whole, the lagging their peers in terms of when the evaluation was done. Their explanation to that and some of the changes that they've made, today explained a lot of that and I too feel comfortable at this point right now and we'll just monitor it as it goes along and look at what's happening economically compared to what's going on as well.

ITEM NO. 9 ~ CONSENT AGENDA

Mr. Stephens said the next item is the Consent Agenda. **A motion was made by Comm. Tom Perona and seconded by Mayor Hudson to approve the refund of member contributions. All those in favor of the motion signified by saying aye. There was no opposition and the motion carried unanimously.**

ITEM NO. 10 ~ CONSIDERATION OF ABSENCES

None.

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD**

September 17, 2020

ITEM NO. 11 ~ BOARD MEMBER COMMENTS

Mr. Cisneros said I'm now sure how this happens, I just need a little education. I noticed the last couple of times, and I'm sure it's related to COVID; when an application is submitted, it was 3 or 4 or 6 months ago that before it comes to the Board, I'm curious how that works because I'd like to get a little bit more education with that.

Ms. Morris said the prior ones did lag due to COVID and not being in the office but there is a timeframe as to when. Sometimes it may be months before the actual date. Sometimes the leave and process after they leave. So, it's whenever it gets to the Board. Any payments are retroactive.

ITEM NO. 12 ~ ADJOURNMENT

The next item was next month's meeting. The next meeting is scheduled for October 15, 2020 at 2:00 p.m.

All those in favor of the motion signified by saying aye. There was no opposition and the motion carried unanimously.

The meeting was adjourned at 3:01 p.m.

ATTEST:

Secretary/Treasurer

Chairperson

Note: These minutes are not verbatim, only important issues and are reproduced in writing for the benefit of the Fort Pierce Retirement and Benefit System members. The recording itself is the official record for the meeting. The meeting tape/cd is available.