

**CITY OF PORT ORANGE
POLICE OFFICERS' PENSION BOARD
SEPTEMBER 19, 2019**

The Port Orange Police Officers' Pension Board of Trustees met in special session on Thursday, September 19, 2019 in the Police Department Training Room, 4545 Clyde Morris Boulevard, Port Orange, Florida.

MEMBERS PRESENT: Chairman Warren Carman (fifth member)
Andrew McKay (police member)
Drew Bastian (resident member)
Brian Cobb (resident member)

MEMBERS ABSENT: Secretary William Proctor (police member)

CONSULTANTS: Karan Rounsavall, Plan Administrator
Tyler Grumbles, Investment Consultant (AndCo)

Chairman Carman called the meeting to order at 9:00 a.m. A quorum was in attendance.

The purpose of the meeting was to: (1) update on redemption options for UBS/Trumbull Property Fund; and (2) receive presentation on core real estate manager search.

At its quarterly meeting on August 22, 2019, the Pension Board voted to exit its holdings in the UBS Trumbull Real Estate Fund due to ongoing underperformance and higher exposure to retail leases. At that meeting, Mr. Grumbles explained that it could take up to two years to fully liquidate the UBS position and recommended that the Board submit a redemption request right away. The Fund's holdings in UBS Trumbull would be liquidated on a prorated basis. At that time, Attorney Harrison had suggested rebalancing the position as he felt that doing so could possibly expedite the release of funds. Mr. Grumbles did not want to lose the allocation to real estate but was agreeable to exploring the attorney's suggestion.

Pursuant to direction at the August 22nd meeting, Mr. Grumbles investigated the redemption alternatives. He advised that partial redemptions, as mentioned by the attorney, were limited to ten percent. It would be in the best interest of the retirement fund to submit a request for a full redemption understanding that it could take up to two years to fully redeem all investment in the UBS Trumbull real estate fund.

In accordance with the consultant's recommendation, Member McKay moved to direct Mr. Grumbles (AndCo) to submit for a full redemption of the pension fund's position with UBS Trumbull Real Estate Fund. Member Bastian seconded the motion and it carried unanimously.

Board members were in receipt of a handout prepared by AndCo Consulting examining four real estate managers to replace UBS Trumbull as the portfolio gradually exited that position. The search reviewed potential managers for an allocation to a core real estate strategy. Mr. Grumbles explained that core real estate strategies focused on industrial, multi-family, office, and retail properties. Leverage was relatively low, typically less than 30 percent. The long-term target return was in the six to eight percent range. The primary component of total return was current income (i.e. leases).

Mr. Grumbles went on to present an evaluation of each of the vetted funds: American Core Realty Fund, ASB Allegiance Fund, Clarion Lion Properties Fund, and Stockbridge Smart Markets Fund. He also discussed key differentiators and trailing returns. Stockbridge was a relatively new fund with higher leverage and significant overweight to industrial properties. American Realty Advisors had a local presence (Orlando) with lower leverage. ASB Capital had the lowest leverage with a focus on larger assets in urban markets. Each of the funds required a \$1 million minimum investment.

If the Board preferred to select a single real estate manager, Mr. Grumbles recommended American Realty or Clarion Partners. Because of its more focused approach, he recommended that Stockbridge be paired with another fund.

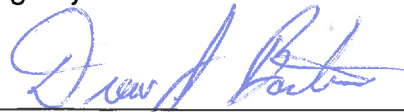
Chairman Carman expressed concern about over exposure to retail, particularly traditional shopping malls. He liked Stockbridge given its warehousing emphasis and felt it would pair well with ASB Allegiance.

Member Cobb moved to direct the attorney to prepare the appropriate agreement with ASB Capital Management for a \$1 million investment in its ASB Allegiance Fund and to request a presentation from Stockbridge at the next quarterly meeting. The allocation to ASB would be funded by rebalancing the portfolio back to target. Member Bastian seconded the motion and it carried unanimously.

Mr. Grumbles added that the first redemption from UBS Trumbull was expected in January 2020.

Member McKay further moved to authorize the chairman to execute the agreement with ASB Capital pending legal review and preparation. Member Cobb seconded the motion which carried on an all yes vote.

There was no public comment. The meeting adjourned at 9:50 a.m.



Warren Carman, Chairman



Karan Rounsavall, Plan Administrator