CITY OF PORT ORANGE GENERAL EMPLOYEES' RETIREMENT PLAN
QUARTERLY MEETING MINUTES
March 29, 2021

ROLL CALL:
The meeting of the City of Port Orange General Employees' Retirement Plan was called to order by Vice Chair Cynthia Rivera at 2:06 p.m. on March 29, 2021 in the 2nd Floor Conference Room, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:
Vice Chair Cynthia Rivera, Scott Stiltner, Scott Neils, Heather Carrizales, Michael H. (Jake) Johansson (2:20 p.m. via Zoom) and Interim Deputy City Manager Jamie Miller

Member Neils made a motion allowing Member Michael H. (Jake) Johansson's vote via Zoom, Member Carrizales seconded the motion and the motion passed.

ABSENT AND EXCUSED:
Chairman Peter Ferreira

OTHERS PRESENT:
Peter Prior and Mei Fang of Benefits USA, Inc.; Brent Chudachek, Fund Attorney; Dave Leonard, Actuary; Todd Wishnia of Highland Capital and Jeff Swanson of Southeastern Advisory

APPROVAL OF MINUTES:
February 22, 2021 – Regular Meeting
Vice Chair Cynthia Rivera asked the Members if there were any corrections, additions, or deletions with the minutes of February 22, 2021. Member Carrizales moved to approve the minutes as presented. Member Neils seconded the motion and the motion passed.

PARTICIPANT/PUBLIC PARTICIPATION:
There was no participation from the public at this time.

FINANCIALS:

February 2021- Dave Leonard

Mr. Leonard reviewed the financials with the Board. It was noted that the market value of the Fund is $40,623,716.20, an increase of $583,928.57. Receipts for the month totaled $1,016,265.59 versus total disbursements of ($987,244.83). Payments to retirees and other participants totaled $213,189.17. The balance as of February 28, 2021, was $681,651.75 in the Cash account. Actuary Leonard reported that the yield for the month of February, 2021 is 2.90%.

Highland Capital – Todd Wishnia

Mr. Todd Wishnia reported that as of December 31, 2020, the City of Port Orange General Employees Retirement Pension Fund's Highland Capital Management balanced account was valued at $5,777,251.00. For the fourth quarter, the Highland Capital Management balanced portfolio returned 17.64% which was 1.39% higher than the Index of 16.25%. Fiscal Year to Date the Plan earned 0.17% and 9.14% for the past five years on an annualized basis. It was noted that the asset allocation is as follows: 98% in Value and 2% in Cash/Cash Equivalents. The top three holdings by sector are as follows: Financials, 25.9% of the portfolio and returned 27.4%; Heath Care, 12.3% of the portfolio and returned 10.6%; and Industrials, 11.6% of the portfolio and returned 19.0%.

Mr. Wishnia provided a brief report on the economy. Mr. Wishnia reported that the market turned in another excellent performance in the fourth quarter with the S&P 500 gaining 12.1% and completing a strong second half of the year that resulted in a full year return of 18.39%. Given the economic and social disruption created by the Covid pandemic starting in the first quarter, the market's performance has been a bright spot in an otherwise forgettable year.

Southeastern Advisors

Mr. Swanson reviewed the investment performance report for the period ending December 31, 2020. The combination of coordinated government stimulus and Fed monetary easing facilitated a remarkable recovery in economic growth and strong equity performance on a global basis especially with emerging and small-cap markets outperforming all developed and large-cap market. Although Coronavirus infections are accelerating and many cities and nations are re-imposing, both consumer and business surveys are moderating at encouraging levels supported by the approval and distribution of multiple vaccines as well as additional government stimulus. However, job growth has slowed dramatically and initial jobless claims remain at what would normally be historic levels. Equities may appear to be "priced for perfection" but are not in 2021. Real GDP was up 33.4% during the third quarter of 2020 as the economy slowly recovered from COVID-19 restriction. The largest contributor to growth was personal consumption, up 41.0% for the quarter which added 25.4% to the increase in real GDP. Residential investment was particularly strong during the quarter while imports outpaced exports, acting as a drag on growth. The economy still contracted (3.4%) from last year, and economic growth is likely to finish in negative territory for the calendar year of 2020. The Market Environment Summary is from Southeastern fourth quarter of 2020 Report.

Mr. Swanson reported that the value of the Fund's portfolio as of December 31, 2020, was $39,828,463. The Total Fund returned 10.7% for the fourth quarter which was 1.2% higher than the target Index of 9.5% and ranked 37% of Total Public Fund Sponsors, 15.1% for the one year, and 10.5% for the past three years on an annualized basis. The asset allocation is 51.8% Domestic Equity, 16.2% Fixed Income, 12.1% International Equity, 17.6% Real Estate and 2.3% Cash. Total Domestic Equities' return was 16.5% which was 4.4% above the S&P 500 Index of 12.1%. Total Fixed Income returned 1.2% which was 0.5% above to the Barclays Aggregate Index of 0.7%. Total International Equities' return was 18.1% which was 2.1% above to the MSCI EAFE Index of 16.0%. Total Real Estate's return was 1.6% which was 0.4% above to the NCREIF Property Index of 1.2%.

Mr. Swanson reported that the Manager Allocation is 14.0% managed by Highland Capital, 11.3% managed by Atlanta Cap, 4.7% managed by Euro-Pacific Growth, 6.7% managed by Vanguard Global, 19.2% managed by Principal Real Estate, 25.2% managed by Mellon Company and 18.9% managed by Integrity.

Mr. Swanson suggested that the Fund revise the Rebalancing Instructions to raise 50% from The Boston Company Equity Account and 50% from the Integrity Fixed Income Account to keeping target $500,00.00 in R&D Account. Excess balances above $600,000.00 are to be transferred into the Integrity Fixed Income Account. Member Rivera moved to approve the Rebalancing Instructions as suggested. Member Carrizales seconded the motion and the motion passed.

UNFINISHED BUSINESS:

Discussion of Lowering the Assumed Rate of Return – Dave Leonard

Mr. Swanson said that he suggested lowering the assumed Rate of Return from 6.75% to 6.00%. Mr. Swanson reviewed the Pension Fund Absolute Return Objective noting it is 7.0% since 2016 which is very close to the current Assumed Rate of Return of 6.75%. Mr. Swanson said he is concerned that if the Market did not perform well, then it is easier lower the rate from the 6.75%, this is the reason that he suggested the Board to lower Assumed Rate of Return from 6.75% to 6.00%. The Board Actuary, Mr. Leonard, reviewed his interest rate study and the impact of a potential change in rates from 6.75% to 6.00%. The one-year change in the contribution rate would be 13.7% of payroll, or about $480,000. The change could be phased in over three or five years and other experience factors would modify the ultimate increase by the end of the phase in period. There was discussion concerning the increase to the City's contribution.

After further discussion, it was decided to discuss this issue at the next quarterly meeting. Member Johansson moved to table this item to next quarterly meeting agenda. Member Carrizales seconded the motion and the motion passed.

NEW BUSINESS:

Confirmation for City of Port Orange GE Pension Fund E-Verify

Administrator Mei Fang reported that she finished the E-Verify Registration for the of City of Port Orange General Employees' Pension Fund. Verification for registration was included in today's meeting packets for information purposes.

Catherine Campbell – Early Retire Payment for Approval

Vice Chair Cynthia Rivera reviewed the documents reflecting the retirement payment for Ms. Catherine Campbell. Member Johansson moved to approve the retirement payment for Ms. Campbell. Member Neils seconded the motion and the motion passed.

Merry B Day – Beneficiary of Deceased Member Robert Day Payment for Ratification

Administrator Mei Fang reported that Deceased Member Robert Day's Beneficiary is his wife Merry B Day, the payment was set up for her, but all the documents need Pension Boards' Ratification. Member Johansson moved to approve the Beneficiary payment for Ms. Day. Member Neils seconded the motion and the motion passed.

CONSENT AGENDA:

For Ratification:

Warrant #165

Brown & Brown of Florida Inc. (Fiduciary Liability Insurance; File#74315; 2021 Installment)	$ 3,851.00

For Approval:

Warrant #166

Benefits USA, Inc. (Admin Fees 3/2021; INV #POG133)	$ 2,500.00
Rice Pugatch Robinson Storfer& Cohen PLLC (Stmt. 27)	$ 2,007.50
James Moore (2020 Audit INV #725131)	$ 6,000.00
David G. Leonard, A.S.A. (INV #21-013)	$ 12,500.00

Hearing and seeing no changes, Member Neils moved to approval Warrant #165 and Warrant#166. Member Johansson seconded the motion and the motion passed.

DISTRIBUTIONS:

Voluntary Plan

Mary Parker	Total Withdrawal	$ 282,474.81

The Members reviewed the paperwork for the above distribution that the paperwork is in order. Member Carrizales moved to approve the distributions as noted above. Member Neils seconded the motion and the motion passed.

<u>REPORT:</u>

Comments from Attorney

Attorney Chudachek reported to the Board that their Firm is getting a new name: Lorium PLLC. Lorium is being created from the partnership of Rice Pugatch Robinson Storfer & Cohen PLLC and Marshall Grant PLLC. The two, growing and complementary, law Firms are uniting to form the newly branded Lorium PLLC. We will now have attorneys in Ft. Lauderdale, Boca Raton, Chicago, and Pensacola. Attorney Chudachek said that our Firm now be comprised of 21 attorneys and experienced support members, with business-minded practice areas including bankruptcy, restructuring, creditor's rights, commercial litigation, commercial and high-end residential real estate transactions, corporate law/M&A, public pension and employee benefits, intellectual property, labor, employment, and data privacy. This merger gives our Firm a bigger footprint statewide and nationally now, as well as more resources and legal services for our clients. With that being said, our pension group remains firmly intact and won't change in any facet. Our clients won't notice a change in anything other than our firm name.

Member Johansson asked whether the Board need to resign the Legal Contract with the changed name? Attorney Chudachek said that he will check with his Firm and bring the answer to the next meeting.

<u>ADJOURNMENT:</u>

The meeting adjourned at 3:10 p.m.

Chairperson

5/24/21

Date