**CITY OF PORT ORANGE GENERAL EMPLOYEES' RETIREMENT PLAN**

# QUARTERLY MEETING MINUTES

## August 24, 2020

**ROLL CALL:**

The meeting of the City of Port Orange General Employees' Retirement Plan was called to order by Chairman Ferreira at 2:45 p.m. via Zoom.

The chairman opened the meeting thanking all the Board Members and Vendors for their patience for attending today's meeting in this manner.

**TRUSTEES PRESENT:**

Chairman Peter Ferreira, Vice Chair Cynthia Rivera, Jake Johansson, Scott Neils and Heather Carrizales

Chairman Peter Ferreira welcomed New Trustee Heather Carrizales to the Pension Board.

**ABSENT AND EXCUSED:**

Scott Stiltner

**OTHERS PRESENT:**

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

**APPROVAL OF MINUTES:**

**June 22, 2020 – Regular Meeting**

Chairman Peter Ferreira asked the Members if there were any corrections, additions, or deletions with the minutes of June 22, 2020. Member Johansson moved to approve the minutes as amended. Member Neils seconded the motion and the motion passed.

**PARTICIPANT/PUBLIC PARTICIPATION:**

Jaimie Miller, City Administrative Services Director

## FINANCIALS:

**July 2020- Dave Leonard**

Actuary Dave Leonard reviewed the financials with the Board. It was noted that the market value of the Fund is $36,173,687.01, an increase of $1,156,166.49. Receipts for the month totaled $668,928.49 versus total disbursements of $920,312.51. Payments to retirees and other participants totaled $214,993.38. The balance as of July 31, 2020, was $797,860.85 in the Cash account. Actuary Leonard reported that the yield for the month is 3.67%.

**Highland Capital – Todd Wishnia**

Mr. Todd Wishnia reported that as of June 30, 2020, the City of Port Orange General Employees Retirement Pension Fund's Highland Capital Management balanced account was valued at $4,923,377.00. For the second quarter, the Highland Capital Management balanced portfolio returned 14.17% which was 0.12% lower than the Index of 14.29%. Fiscal Year to Date the Plan earned -11.27% and 4.32% for the past five years on an annualized basis. It was noted that the asset allocation is as follows: 97.8% in Value and 2.2% in Cash/Cash Equivalents. The top three holdings by sector are as follows: Financials, 25.0% of the portfolio and returned 12.2%; Heath Care, 14.3% of the portfolio and returned 7.8%; and Info. Tech., 12.0% of the portfolio and returned 21.9%.

Mr. Wishnia provided a brief report on the economy. Mr. Wishnia reported that the second quarter of 2020 will be remembered for unprecedented events that saw the US in the continuing grips of a pandemic, social upheaval, protests, and the beginning of a recession. The bear market that was entered in March lasted a mere four weeks. There has never been a bear market associated with a recession that lasted such a short time. As unsettling as the events has been, the market managed to rebound strongly from the near 20% drop in first quarter, and posted a gain of 20.5% for second quarter, making it the best quarter since 1998.

**Southeastern Advisors**

Mr. Swanson reviewed the investment performance report for the period ending June 30, 2020. Global markets negatively impacted by the economic implications of the Coronavirus in the first quarter delivered a strong rebound with all asset class enjoying a strong rebound during the second quarter. According to a report by the Federal Reserve Bank of Philadelphia: expectations for real GDP growth this year are approximately -5% with an unemployment rate remaining above 10%. Real GDP was down -5.0% during the first quarter of 2020 as restricted activity due to the Coronavirus weighted heavily on economic growth. The main detractor was personal consumption, the largest component of GDP which was down -6.8% for the quarter. Business spending was down -6.4% on lower fixed investment and the largest inventory drawdown since 2009. Economists are currently forecasting a much larger, double-digit fall in Real GDP for the second quarter.

Mr. Swanson reported that the value of the Fund's portfolio as of June 30, 2020, was $34,804,390. The Total Fund returned 13.6% for the second quarter which was 1.3% higher than the target Index of 12.3% and ranked 22% of Total Public Fund Sponsors, 4.2% for the one year, and 7.7% for the past three years on an annualized basis. The asset allocation is 47.5% Domestic Equity, 18.9% Fixed Income, 10.7% International Equity, 19.8% Real Estate and 3.0% Cash. Total Domestic Equities' return was 24.2% which was 3.7% above the S&P 500 Index of 20.5%. Total Fixed Income returned 5.1% which was 2.2% above to the Barclays Aggregate Index of 2.9%. Total International Equities' return was 22.3% which was 7.4% above to the MSCI EAFE Index of 14.9%. Total Real Estate's return was -1.5% which was 0.5% lower to the NCREIF Property Index of -1.0%.

Mr. Swanson reported that the Manager Allocation is 14.3% managed by Highland Capital, 11.4% managed by Atlanta Cap, 4.5% managed by Euro-Pacific Growth, 6.4% managed by Vanguard Global, 20.0% managed by Principal Real Estate, 23.3% managed by Mellon Company and 20.2% managed by Integrity.

**NEW BUSINESS:**

**Governor's Executive Order 20-193 – Dave Leonard**

Attorney Chudachek reported that Gov. DeSantis issued Exec. Order 20-193, which extended the ability to hold virtual pension meetings per Exec. Order 20-69 until October 1, 2020.

**CONSENT AGENDA:**

**For Ratification:**

**Warrant #159**

| | |
|---|---|
| Benefits USA, Inc. (Admin Fees 7/2020; INV #POG127) | $ 2,500.00 |
| Rice Pugatch Robinson Storfer& Cohen PLLC (Ste 18) | $ 632.50 |
| Southeastern Advisory (Investment Consulting Services: INV #2002) | $ 5,200.00 |
| Integrity Fix Income Management (2nd Qtr. 2020; INV #125752) | $ 4,336.28 |
| Highland Capital Management (3rd Qtr'20 Mgmt. Fees; INV #25347) | $ 6,152.88 |
| First State Trust (2nd Qtr. 2020 Custodial Services) | $ 4,500.00 |
| David G. Leonard A.S.A. (Actuarial Services: INV #20-050) | $ 2,775.00 |
| BNY Mellon, N. A. (2nd Qtr. 2020; INV #130918) | $ 10,055.29 |

**For Approval:**

**Warrant #160**

| | |
|---|---|
| Benefits USA, Inc. (Admin Fees 8/2020; INV #POG128) | $ 2,500.00 |
| Rice Pugatch Robinson Storfer& Cohen PLLC (Ste 19) | $ 660.00 |

Hearing and seeing no changes, Member Carrizales moved to approval Warrant #159 and Warrant #160. Member Rivera seconded the motion and the motion passed.

**REPORT:**

**Comments from Member**

Chairman Peter Ferreira welcomed Ms. Heather Carrizales of HR as a new active members Trustee to fill this position. Ms. Carrizales has worked with the Members' Retirements for a long time and she has rich experience in this area. Chairman Ferreira asked Administrator Mei Fang to send a New Trustees' Packets for Ms. Carrizales, and Chairman Ferreira also wants a copy. Ms. Fang promised she will do so.

**ADJOURNMENT:**

The meeting adjourned at 3:26 p.m.

Pete Fz

**Chairperson**

10/20/20

**Date**