CITY OF PORT ORANGE GENERAL EMPLOYEES' RETIREMENT PLAN
QUARTERLY MEETING MINUTES
December 13, 2021

ROLL CALL:

The meeting of the City of Port Orange General Employees' Retirement Plan was called to order by Chairman Peter Ferreira at 2:00 p.m. on December 13, 2021 in the 2nd Floor Training Room, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:

Chairman Peter Ferreira, Jamie Miller, Scott Stiltner, Scott Neils, Heather Carrizales, Michael H. (Jake) Johansson and Robin Hayes

ABSENT AND EXCUSED:

Melissa Hicks

OTHERS PRESENT:

Peter Prior and Mei Fang of Benefits USA, Inc.; Brent Chudachek, Fund Attorney; Dave Leonard, Actuary; Jeff Swanson of Southeastern Advisory

APPROVAL OF MINUTES:

September 27, 2021 – Quarterly Meeting

Chairman Ferreira asked the Members if there were any corrections, additions, or deletions with the minutes of September 27, 2021 Quarterly Meeting. Member Johansson moved to approve the minutes as presented. Member Stiltner seconded the motion and the motion passed.

PARTICIPANT/PUBLIC PARTICIPATION:

There was no participation from the public at this time.

FINANCIALS:

November & October 2021 – Dave Leonard

Chairman Ferreira reviewed the financials with the Board. It was noted that the market value of the Fund is $43,197,075.92, a decrease of ($474,050.39) for the Month. Receipts for the month totaled $2,193,911.54 versus total disbursements of ($1,795,301.94). Payments to retirees and other participants totaled ($214,553.67). The Cash balance as of November 30, 2021, was $936,112.30 in the Cash account. Chairman Ferreira reported that the yield for the month is (0.80%).

Southeastern Advisory – Jeff Swanson

Mr. Swanson reviewed the investment performance report for the period ending September 30, 2021. Consumer sentiment dropped dramatically during the third quarter with the University of Michigan's Consumer Sentiment Index falling to its lowest point in almost a decade. The drop occurred with the August results and followed a six-month period when heading inflation surged 7.7% (annualized), the largest six-month increase in 30 years. Additionally, July brought a surge in Coronavirus infections as the highly contagious delta variant infected even vaccinated individuals. Real GDP grew by an annualized 6.7% during the second quarter of 2021 and is now above its pre-COVID high.

Mr. Swanson reported that the value of the Fund's portfolio as of September 30, 2021, was $42,068,351. The Total Fund returned 0.1% for the second quarter which was 0.7% lower than the target Index of 0.8% and ranked 43% of Total Public Fund Sponsors, 21.6% for the one year, and 11.2% for the past three years on an annualized basis. The asset allocation is 48.5% Domestic Equity, 19.1% Fixed Income, 12.3% International Equity, 18.6% Real Estate and 1.5% Cash. Total Domestic Equities' return was (1.0%) which was 1.6% below the S&P 500 Index of 0.6%. Total Fixed Income returned 0.0% which was 0.1% below to the Barclays Aggregate Index of 0.1%. Total International Equities' return was (2.2%) which was 1.8% below to the MSCI EAFE Index of (-0.4%). Total Real Estate's return was 4.9% which was 0.3% below to the NCREIF Property Index of 5.2%.

Mr. Swanson reported that the Manager Allocation is 16.0% managed by Highland Capital, 13.0% managed by Atlanta Cap, 5.0% managed by Euro-Pacific Growth, 7.4% managed by Vanguard Global, 18.7% managed by Principal Real Estate, 20.4% managed by Newton and 19.4% managed by Integrity.

Mr. Swanson said that Fund Attorney Brent Chudachek will update with the Board about the processing of contracts with TA Realty and Principal investments.

Fund Attorney Brent Chudachek noted that he reviewed hundreds of pages of documents along with emails from the other parties. The TA Realty commingled fund investment is at the forefront because it needs to be completed by the end of this year in order to make the funding deadline so that the Pension Plan receives the bps fee discount and gets into the queue. The TA Realty's fee discount will be 70 basis points instead of 100 points if the Pension Fund completes submission of the Subscription Agreement, its required associated documents therewith and gets approval by TA Realty's counsel. Attorney Chudachek explained that he was still currently negotiating Side Letter terms with TA Realty's lawyers, but he expects to reach agreeable terms by year end as well. He said that he will have a completed Subscription Agreement submitted by the end of week for the Chairman to sign in order to meet the year-end deadline. Attorney Chudachek reported to the Board that TA Realty was asking for indemnification as it relates to the Pension Fund's investment into the TA Realty Core Property Fund, but with no cap as to the dollar amount of indemnification coverage provided by the Board. Attorney Chudachek advised the Board that without capping an indemnification coverage amount, in theory, the Pension Fund could be required to provide an indemnification coverage amount that exceeds its capital commitment amount or comes close thereto. As such, Mr. Chudachek advised the Board that it would be in their best interest to pass and implement a standing policy moving forward that the Board shall limit its indemnification amount exposure as it relates to investments to no more than the actual capital commitment made by the Pension Fund for each investment. After further discussions, Member Stiltner moved to approve the recommendation from Fund Attorney Brent Chudachek to implement for the Pension Fund moving forward, a standing policy limiting the Pension Fund's indemnification coverage amount exposure to no more than the actual capital commitment made by the Pension Fund as it relates to each specific investment made by the Pension Fund. Member Johansson seconded the motion and the motion passed.

Fund Attorney Brent Chudachek noted that completing the TA Realty investment work, he will work on and attempt to do the same thing with the Principal commingled fund investment as well.

NEW BUSINESS:

Deborah Pearson – Normal Retire Payment for Approval

Chairman Ferreira reviewed the documents reflecting the retirement payment for Ms. Catherine Campbell. Member Johansson moved to approve the retirement payment for Ms. Campbell. Member Stiltner seconded the motion and the motion passed.

CONSENT AGENDA:

For Ratification:

Warrant #173

Benefits USA, Inc. (Admin Fees 10/2021)	$ 2,500.00
LORIUM PLLC (Ste 34)	$ 1,925.00
Southeastern Advisory (Investment Consulting Services: INV #2103)	$ 5,272.00
Integrity Fix Income Management (3rd Qtr'21; INV #202486)	$ 4,429.10
Highland Capital Management (4th Qtr'21 Mgmt. Fees; INV 28788)	$ 8,367.22
First State Trust (3rd Qtr'21 Custodial Services)	$ 4,500.00
David G. Leonard A.S.A. (Actuarial Services: INV #21-081)	$ 2,700.00

For Approval:

Warrant #174

Benefits USA, Inc. (Admin Fees 11-12/2021)	$ 5,000.00
LORIUM PLLC (Ste 35&36)	$ 3,245.00

Newton Investment Management North America, LLC (3rd Qtr. 2021; INV #152388)	$ 12,242.71

Hearing and seeing no changes, Member Johansson moved to approve Warrant #173 and Warrant #174. Member Stiltner seconded the motion and the motion passed.

DISTRIBUTIONS:

For Approval:

Voluntary Plan

Deborah Pearson	Total Withdrawal	$ 139,520.05

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

REPORT:

Comments from Committee Members:

Member Heather Carrizales said that she suggested to change Pension Board Meeting from Monthly Meeting to Quarterly Meeting since the GE Pension Fund is a closed Fund, there are fewer items to add on each monthly agenda. Administrator Mei Fang reported that she included the 2022 Meeting schedules arranged Monthly and Quarterly for the Board to discuss. After further discussing, the Chairman moved to table this item for January 24, 2022 Meeting. Member Stiltner seconded the motion and the motion passed.

Member Heather Carrizales ask whether the Board Trustees should evaluate all the Vendors performance? And how often? Annually or every three years. Administrator Mei Fang said the GE Pension Board evaluated the Plan Administrator prior to the contract expiration date. After further discussing, Chairman move to table this item for January 24, 2022 Meeting. Member Stiltner seconded the motion and the motion passed.

Administrator

Mr. Prior provided an update on the January 23-26, 2022 Winter Trustee School and noted that if anyone needs CEU credits, the FPPTA is also having a virtual class as well.

NEXT MEETING DATE:

January 24, 2021@2:00 p.m. – Regular Meeting

ADJOURNMENT:
The meeting adjourned at 2:50 p.m.

2/28/22

Chairperson **Date**