CITY OF PORT ORANGE GENERAL EMPLOYEES' RETIREMENT PLAN
QUARTERLY MEETING MINUTES
December 14, 2020

ROLL CALL:
The meeting of the City of Port Orange General Employees' Retirement Plan was called to order by Chairman Ferreira at 2:02 p.m. on December 14, 2020 in the 2nd Floor Conference Room, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:
Chairman Peter Ferreira, Vice Chair Cynthia Rivera, Scott Stiltner, Scott Neils, Heather Carrizales and Interim City Manager Alan Rosen

ABSENT AND EXCUSED:
None

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

APPROVAL OF MINUTES:
October 19, 2020 – Regular Meeting
Chairman Peter Ferreira asked the Members if there were any corrections, additions, or deletions with the minutes of October 19, 2020. Member Neils moved to approve the minutes as amended (October, 2020 Financial Report). Member Carrizales seconded the motion and the motion passed.

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

FINANCIALS:

November 2020- Dave Leonard

Chairman Peter Ferreira reviewed the financials with the Board. It was noted that the market value of the Fund is $38,978,961.44, an increase of $2,795,450.57. Receipts for the month totaled $986,627.54 versus total disbursements of ($947,609.54). Payments to retirees and other participants totaled $214,993.38. The balance as of November 30, 2020, was $672,422.22 in the Cash account. Actuary Leonard reported that the yield for the month is 8.07%.

Highland Capital – Todd Wishnia

Mr. Todd Wishnia reported that as of September 30, 2020, the City of Port Orange General Employees Retirement Pension Fund's Highland Capital Management balanced account was valued at $5,018,818.00. For the third quarter, the Highland Capital Management balanced portfolio returned 4.39% which was 1.20% lower than the Index of 5.59%. Fiscal Year to Date the Plan earned -7.37% and 6.80% for the past five years on an annualized basis. It was noted that the asset allocation is as follows: 100% in Value and 0% in Cash/Cash Equivalents. The top three holdings by sector are as follows: Financials, 23.5% of the portfolio and returned 2.1%; Heath Care, 13.9% of the portfolio and returned 6.8%; and Industrials, 12.0% of the portfolio and returned 12.6%.

Mr. Wishnia provided a brief report on the economy. Mr. Wishnia reported that the third quarter of 2020 saw the market post a solid return of 8.9% even after suffering the worst September in a decade. After rough first quarter in the markets, the second quarter and third quarter of 2020 registered the best back-to-back two quarter performance for the S&P since 2009 with the S&P gaining over 31% since end of March. NASDAQ has far and away been the biggest winner of 2020 with the index posting a gain of 25.3%. for the YTD the S&P has now gained 5.5%. the third quarter market action was positive with better sentiment as encouraging vaccine news, improving economic date and the expectation of continuing government support helped to buoy the markets.

Southeastern Advisors

Mr. Swanson reviewed the investment performance report for the period ending September 30, 2020. US equities fell from record highs in September on concerns of declining economic momentum. Economic news from the quarter was mixed with a focus on employment conditions remaining a key element of the recovery. An early report suggests that the U.S. added nearly three-fourths of a million jobs in September which was better than expected. However, some major corporations have recently announced significant layoffs. In August the temporary job loss statistic fell while permanent losses rose by a half-million. The delay of another economic stimulus package, uncertainty surrounding earning and the U.S. elections appears to be weighing on investor sentiment. Real GDP was down -31.7% during the second quarter of 2020. Although the drop was massive, historically speaking, it was also expected by forecasters. The main detractor from growth was personal consumption, down -34% for the quarter and GDP forecast points to a rebound of 30%+ during the third quarter.

Mr. Swanson reported that the value of the Fund's portfolio as of September 30, 2020, was $36,310,797. The Total Fund returned 5.5% for the third quarter which was 0.8% higher than the target Index of 4.7% and ranked 29% of Total Public Fund Sponsors, 9.2% for the one year, and 8.5% for the past three years on an annualized basis. The asset allocation is 50.0% Domestic Equity, 17.8% Fixed Income, 11.3% International Equity, 19.0% Real Estate and 1.9% Cash. Total Domestic Equities' return was 9.0% which was 0.1% above the S&P 500 Index of 8.9%. Total Fixed Income returned 1.2% which was 0.6% above to the Barclays Aggregate Index of 0.6%. Total International Equities' return was 9.4% which was 4.6% above to the MSCI EAFE Index of 4.8%. Total Real Estate's return was 0.0% which was 0.7% lower to the NCREIF Property Index of 0.7%.

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 Board should lower the assumed rate of return to 6% based on their current asset allocation. Chairman Peter Ferreira asked how soon it should be done. Mr. Swanson said as soon as possible. Member Neils said that the Fund Actuary should provide a study of changes in contribution levels due to the assumed return rate decreases. Chairman Peter Ferreira ordered Administrator Mei Fang to add this item on the January Board Meeting Agenda, also contact Fund Actuary Dave Leonard to be prepared to attend the January meeting to discuss this item. Ms. Fang promised she will do so.

CONSENT AGENDA:

For Approval:

Warrant #162

Benefits USA, Inc. (Admin Fees 11-12/2020 Plus Postage; INV #POG130)	$ 5,107.00
Rice Pugatch Robinson Storfer& Cohen PLLC (Ste 22&23)	$ 1,622.50
BNY Mellon, N. A. (3rd Qtr. 2020; INV #117046)	$ 11,332.70
American Pension Consultants (Voluntary Fund Fee, INV #7654)	$ 1,280.00

Hearing and seeing no changes, Member Carrizales moved to approval Warrant #162 Warrant. Member Rivera seconded the motion and the motion passed.

REPORT:

Comments from Attorney

Attorney Chudachek reported to the Board that the Florida Governor's Office pursuant to Executive Order 20-52 declared a State of Emergency for the entire State of Florida due to the Novel Coronavirus Disease (COVID-19) and has extended it thereafter most recently per Executive Order 20-276. As such, to reduce and contain the spread of COVID-19 by implementing mitigation strategies as recommended by the United States Centers for Disease Control and Prevention, the Board of Trustees is making this meeting open to the public virtually by Zoom and telephone as well; in addition to in-person attendance.

Comments from Member

Member Heather Carrizales reported that HR is running an election for active members as Chairman Peter Ferreira's term was expired March 31, 2020. Ms. Carrizales explained that the election was delayed because of COVID-19. Ms. Carrizales will advise the Board the election results once the election is complete.

ADJOURNMENT:

The meeting adjourned at 2:49 p.m.

Pete Fe

Chairperson

2/24/21

Date