CITY OF PORT ORANGE GENERAL EMPLOYEES' RETIREMENT PLAN
QUARTERLY MEETING MINUTES
December 16, 2019

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 16, 2019 in the 2nd Floor Training Room, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:
Chairman Peter Ferreira, Vice Chair Cynthia Rivera, Scott Stiltner, Kynah Cockcroft, Jake Johansson and Scott Neils

ABSENT AND EXCUSED:

OTHERS PRESENT:
Pete Prior of Benefits USA, Inc.; Brent Chudachek, Fund Attorney; Todd Wishnia of Highland Capital; Jeff Swanson of Southeastern Advisory

APPROVAL OF MINUTES
October 28, 2019 – Regular Meeting
Chairman Peter Ferreira asked the Members if they have any corrections, additions, or deletions to the minutes. 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.

UNFINISHED BUSINESS:
The Chairman noted that there is no unfinished business at this time.

FINANCIAL

October 2019 – Dave Leonard

Chairman Peter Ferreira reviewed the financials with the Board. It was noted that the market value of the Fund is $35,270,539.32, an increase of $247,484.84. Receipts for the month totaled $1,240,724.93 versus total disbursements of $1,154,376.90. Payments to retirees and other participants totaled $214,404.38. The balance as of October 31, 2019, was $618,482.20 in the Cash account. Chairman Ferreira reported that the yield for the month is 0.93%.

Highland Capital – Todd Wishnia

Mr. Todd Wishnia distributed an additional handout about the performance of the Fund. As of September 30, 2019, the City of Port Orange General Employees Retirement Pension Fund's Highland Capital Management balanced account was valued at $6,006,252.00. For the third quarter, the Highland Capital Management balanced portfolio returned 0.85% which was 0.51% lower than the Index of 1.36%. Fiscal Year to Date the Plan earned 0.91% and 8.38% for the past five years on an annualized basis. It was noted that the asset allocation is as follows: 96.2% in Value and 3.8% in Cash/Cash Equivalents. The top three holdings by sector are as follows: Financials, 26.2% of the portfolio and returned 1.9%; Heath Care, 14.2% of the portfolio and returned -4.0%; and Energy, 11.4% of the portfolio and returned -6.3%.

Mr. Wishnia provided a brief report on the economy. Mr. Wishnia reported that the third quarter of 2019 the top performing sectors were defensives, led by Utilities +8.4%, Real Estate +6.9% and Consumer Staples +5.4%. the market moved toward defensive and yield categories as worries over growth and declining rates increased. In a tough environment boring is good, and Proctor and Gamble gained 14% in third quarter. There was also a shift in September toward value and away from momentum. The under valuation of value as a category relative to growth appears to be extreme, but will likely need a resolution on trade and some confirmation that global growth expectations have bottomed before becoming a more durable trade.

Southeastern Advisors

Mr. Swanson reviewed the investment performance report for the period ending September 30, 2019. Despite two rate cuts by the Federal Reserve as well as continued trade and political issues, market volatility settled in for the third quarter of 2019, extending the strongest year for U.S. equity market since 2013. The one-year return of only 4.3% for the Standard & Poor's 500 Index, highlights the sizeable selloff during fourth quarter 2018. Trade talk with China continue to be an important unknown while the Federal Reserve's possible continued monetary easing has maintained uncertainty in the surrounding markets. The U.S. economy remains sound, especially compared to global economic conditions. Real GDP growth slowed during the second quarter of 2019 at 2.0% annualized. The contributions to growth were significantly different among the components of GDP. Consumer spending was up more than it has been in 18 months with a very strong labor market that includes rising wages. Private spending was down sharply as business investment contracted as did spending on home building and improvements. Many economists believe that 2% growth was up 0.2% for the three months ending August and 1.7% for the one-year period ending September.

Mr. Swanson reported that the value of the Fund's portfolio as of September 30, 2019, was $34,808,635. The Total Fund returned 0.6% for the third quarter which was 0.5% lower than the target Index of 1.1% and ranked 69% of Total Public Fund Sponsors, 3.7% for the one year, and 9.6% for the past three years on an annualized basis. The asset allocation is 48.0% Domestic Equity, 20.2% Fixed Income, 10.2% International Equity, 19.8% Real Estate and 1.8% Cash. Total Domestic Equities' return was 0.3% which was 1.4% below the S&P 500 Index of 1.7%. Total Fixed Income returned 1.4% which was 0.9% below to the Barclays Aggregate Index of 2.3%. Total International Equities' return was -1.0% which was 0.1% below to the MSCI EAFE Index of -1.1%. Total Real Estate's return was 1.6% which was 0.2% higher to the NCREIF Property Index of 1.4%.

Mr. Swanson reported that the Manager Allocation is 17.3% managed by Highland Capital, 12.2% managed by Atlanta Cap, 4.2% managed by Euro-Pacific Growth, 6.0% managed by Vanguard Global, 19.9% managed by Principal Real Estate, 19.8% managed by Mellon Company and 20.6% managed by Integrity.

Mr. Swanson provided an updated IPS to review with the Board. Mr. Swanson said he highlighted the changes for the Board to see. Member Johansson moved to approve the IPS as amended. Member Stiltner seconded the motion and the motion passed. Mr. Swanson will send a copy to the chair for signature.

Mr. Swanson suggested that the First State Bank should maintain a targeted balance of $500,000.00 in the R&D account. Should the balance fall below this level, First State is authorized to contact and request that cash is raised 25% from the Highland Capital Equity Account, 25% from The Boston Company Equity Account and 50% from the Integrity Fixed Income Account. Excess balances above $600,000.00 are to be transferred into the Integrity fixed income account. Mr. Swanson said the board is limited to the frequency of rebalancing between accounts no more than once per quarter. After further discussion, Member Rivera moved to approve the Cash Rebalance Policy. Member Johansson seconded the motion and the motion passed. Mr. Swanson will send a DRAFT Letter to the administration office to process.

NEW BUSINESS:

Walter Lavender – Beneficiary of deceased member Robert Lavender-Payment for Approval
Chairman Peter Ferreira reviewed the documents reflecting the Death Benefit payment for Mr. Walter Lavender who is Beneficiary of deceased member Robert Lavender. Member Johansson moved to approve the Death Benefit payment for Mr. Walter Lavender. Member Neils seconded the motion and the motion passed.

CONSENT AGENDA:

For Approval:
Warrant #152

Benefits USA, Inc. (Admin Fees 11-12/2019; INV #POG121)	$ 5,000.00

Rice Pugatch Robinson Storfer& Cohen PLLC (Ste 10)	$ 1,155.00
BNY Mellon, N. A. (3rd Qtr. 2019; INV #117046)	$ 8,612.23

Hearing and seeing no changes, Member Johansson moved to approval Warrant #152. Member Rivera seconded the motion and the motion passed.

DISTRIBUTIONS:

Mandatory Plan

Frank Yacek **Total Withdrawal** **$10,667.13**

The Members reviewed the paperwork for the above distribution that the paperwork is in order. Members had a question about why Mr. Yacek didn't receive any interest. Administrator Pete Prior noted that once a Member terminates with the City, there is no interest applied to their contribution money. Member Johansson moved to approve the distributions as noted above. Member Rivera seconded the motion and the motion passed

Michael Gaskins **Total Withdrawal** **$ 5,440.10**

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

REPORTS:

Comments from Board Attorney:

Attorney Chudachek asked that he will attend the quarterly meetings in person, what is the next Quarterly meeting that Pension Board wants he to attend, January or March? Chairman Peter Ferreira replied that the next quarterly meeting is March 23, 2020.

Comments from Administrator

Administrator Pete Prior reported that the upcoming FPPTA Winter Trustee School will be January 26-29, 2020 in Orlando. Those that wish to attend please advise Benefits USA as soon as possible to register with the FPPTA and hotel arrangements.

Administrator Pete Prior reported that the 2020 Pension Verification Letters will be sent out and we will continue follow up and report to the Board.

NEXT MEETING DATE:

January 20, 2020@ 2:00 p.m. – Regular Meeting

2020 Meeting Schedules
Member Johansson moved to approve the 2020 Meeting Schedules. Member Stiltner seconded the motion and the motion passed

ADJOURNMENT:
The meeting adjourned at 2:40 p.m.

Cynthia K Rivera
Vice- Chairperson
Cynthia K. Rivera

Date