CITY OF PORT ORANGE GENERAL EMPLOYEES RETIREMENT PLAN QUARTERLY MEETING MINUTES
March 23, 2015

ROLL CALL:
The regular meeting of the City of Port Orange General Employees Retirement Plan was called to order by Chairperson Donna Steinebach at 10:00 a.m. on March 23, 2015 in 2nd Floor Training Room, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:
Chairperson Donna Steinebach, Donnie Franklin, Tracy S. Riehm, and Kent Donahue

ABSENT AND EXCUSED:
Vice-Chair Sonya Laney, Council Member Scott Stiltner and Linda Johnson

OTHERS PRESENT:
Mei Fang of Benefits USA, Inc.; Grant McMurray of ICC Capital and Jeff Swanson of Southeastern Advisory

PARTICIPANT/PUBLIC PARTICIPATION:
John Shelley, Retiree and Lori Wolfe, Active Member

APPROVAL OF MINUTES
February 24, 2015 – Regular Meeting
Hearing and seeing no further discussion Member Donahue moved to approve the minutes of February 24, 2015 Regular Meeting as amended. Member Franklin seconded the motion and the motion passed.

FINANCIALS:
February 2015 Financials – Dave Leonard Financials
Chairperson Steinebach reviewed the financials with the Board. The Chair noted the market value of the Fund is $30,445,416.05, an increase of $1,005,365.91. Receipts for the month totaled $830,128.19 versus total disbursements of $790,770.42. Payments to retirees and other participants totaled $168,998.00. The balance as of February 28, 2015 was $1,075,950.02 in the Cash account. Chairperson Steinebach reported that the yield for the month is 3.78%. Member Franklin moved to approve the financial report. Member Donahue seconded the motion and the motion passed.

ICC Capital – Grant McMurray

Mr. Grant McMurray noted ICC Capital Management will be acquired by Highland Capital Management LLC on April 2, 2015. ICC is very excited about this change and feels that it will be to the benefit of everyone.

As of December 31, 2014, the City of Port Orange General Employees Retirement Pension Fund's ICC Capital Management balanced account was valued at $7,693,422.00. $7.0 million was transferred from ICC Company to the Boston Company during the fourth quarter. For the fourth quarter, the ICC balanced portfolio returned 5.98% which was 1.05% higher than the Index of 4.93%; 12.18% for one year on a cumulative basis, and 20.82% for the past three years on an annualized basis. It was noted that the asset allocation is as follows: 92.8% in Value and 7.2% in Cash/Cash Equivalents. The top three holdings by sector are as follows: Financials, 25.5% of the portfolio returning 5.70%; Energy, 12.4% of the portfolio, returned -7.5%; and Health Care, 11.5% of the portfolio returning 15.0%.

Southeastern Advisory – Jeff Swanson

Mr. Swanson reviewed the investment performance report for the period ending December 31, 2014. He reported that the fourth quarter of 2014 found global stock and bond markets presented a mixed picture of U.S. - based investors during all of 2014. The expansion of the U.S. economy has not been accompanied by higher inflation, thanks in part to the worldwide slide in energy prices. At year-end breakeven inflation the market consensus forecast, calculated as the difference between yields on ten-year nominal Treasuries and TIPS-stood at 1.68%, down from 1.98% at the end of the previous quarter. Consumer inflation measured by change in the Consumer Price Index, All Urban Consumers was remarkably muted during 2014; fourth quarter CPI-U only rose 0.76%.

Mr. Swanson reported that the Fund portfolio value as of December 31, 2014 was $29,824,298. The Total Fund returned 3.3% for the fourth quarter which was 0.1% higher than the target Index of 3.2% and ranked 8% of Total Public Fund Sponsors, 7.3% for one year, and 13.2% for the past three years on an annualized basis. The asset allocation is 55.6% Domestic Equity, 27.0% Fixed Income, 9.1% International Equity, 4.8% Real Estate and 3.5% Cash. Total Domestic Equities' return was 4.9% which was equal to the S&P 500 Index of 4.9%. Total Fixed Income returned 1.6% which was 0.2% lower than the Barclays Aggregate Index of 1.8%. Total International Equities' return was -0.2% which was 3.8% higher than the MSCI EAFE Index of -3.6%. Total Real Estate's return was 4.2% which was 1.2% higher than the NCREIF Property Index of 3.0%.

Mr. Swanson reported that the Manager Allocation is 26.0% managed by ICC Capital, 7.5% managed by Atlanta Cap, 4.3% managed by EuroPacific Growth, 4.9% managed by Vanguard Global, 12.9% managed by CS McKee Fixed Income, 4.8% managed by Principal Real Estate, 25.1% managed by Boston Company and 14.6% managed by Integrity.

Mr. Swanson stated this Plan is one of the highest Plans he has, earning 13.2% for the past three years and 9th percentile for 3 years. Real Estate brought 4.2% return to the Fund for this quarter which was more than two times the Fixed Income's return. Mr. Swanson commented on the funding of Bonds suggesting that the Board take money from CS McKee and move $2 million to Integrity Fixed Income. Mr. Swanson explained the process of the wire transfer; it will be the project for second quarter.

NEW BUSINESS:

RFP for POG Custodial Services

Administrator Mei Fang provided a brief introduction for all the candidates based on their proposals. Ms. Fang reviewed the Years of Experience providing Public Fund Custody Service, Service Fees, Insurance and additional services provided by Fifth Third Bank, First State Bank, Key Bank and Regions Bank. Chairperson Steinebach asked whether Fire and Police Pension Fund's Custody Banks included. Ms. Fang stated First State Bank is the City of Port Orange Police Pension's Custody Bank, and she did not receive the information for City of Port Orange Fire & Rescue Pension's Custody Bank. Chairperson Steinebach said it is PNC Bank. After further discussion, the Board decided to move this item to next meeting agenda for the Board to select a short list, since there are three Trustees unable to attend today's meeting. The Board directed the Administration office to include Salem Trust and PNC Bank in the RFP, and eliminated Key Bank due to Fiduciary Responsibility. Mr. Swanson also suggested that all candidates provide one flat fee which includes all of their services, which will make it easier for the Board to compare. Administrator Mei Fang noted she will do so.

Pension Payment Adjustment for Marceda Zurawski

Chairperson Steinebach reviewed the adjusted Distribution Forms for Retiree Marceda Zurawski with the Board. Member Riehm moved to approve the adjusted pension payment for Marceda Zurawski as provided. Member Donahue seconded the motion and the motion passed.

Discussion of Updating the Summary Plan Description

Chairperson Steinebach pointed out this item was a request by her to add on today's agenda, since the Board needs to review/update the Summary Plan Description every two years. Administrator Mei Fang reported the current Summary Plan Description was written in February 2012 due to the approval of an ordinance that was revised on June 2013. After further discussion, the Pension Board decided a correction review would be acceptable and the Attorney and Actuary would not be involved at this time. Chairperson Steinebach asked all of the Trustees to review the current Summary Plan Description and bring corrections and suggestions to the next meeting that could be adopted at the April or May Board meeting

Annual Consultant Reviews

Chairperson Steinebach stated that while attending other city pension boards, it was noted that the other Pension Boards have an annual performance review of their vendors. Chairperson Steinebach suggested that City of Port Orange General Employees Pension Fund establish a performance review schedule for each of the Plans' vendors, with at least one review performed on an annual basis. Chairperson Steinebach directed the Pension Administration office to provide a schedule including all vendors for the April meeting to discuss the matter further. Benefits USA will provide a list of all the vendors for review during the April meeting.

CONSENT AGENDA:
For Approval:
Warrant#101
Benefits USA, Inc. (Admin Fees 03/2015; INV #POG074) $ 2,500.00

Member Franklin moved to approve Warrant #101. Member Riehm seconded the motion and the motion passed.

DISTRIBUTIONS:
Voluntary Plan
For Approval:

Krystal Hopkins-Peace	Total Withdrawal	$18,942.39

Member Donahue moved to approve the distribution for Krystal Hopkins-Peace. Member Riehm seconded the motion and the motion passed.

REPORTS:
Committee Report
Trustee Kent Donahue noted this was his last meeting not the meeting he attended last month. He thanked the Board for their efforts in increasing the level of the Fund. Chairperson Steinebach thanked Trustee Donahue for his time and contribution to the Pension Board for past several years.

NEXT MEETING DATE:
April 27, 2015 @ 10:00 a.m. – Regular Meeting

ADJOURNMENT:
The meeting adjourned at 11:35 a.m.

Chairperson Steinebach

4-28-2015
Date