CITY OF PORT ORANGE GENERAL EMPLOYEES RETIREMENT PLAN
QUARTERLY MEETING MINUTES
December 17, 2018

ROLL CALL:

The meeting of the City of Port Orange General Employees Retirement Plan was called to order by Vice Chair Peter Ferreira at 1:58 p.m. on December 17, 2018 in the 2nd Floor Training Room, City Hall 1000 City Center Circle, Port Orange, FL.

TRUSTEES PRESENT:

Vice Chairman Peter Ferreira, Lynn Hadley, Jake Johansson (2:59pm), Kynah Cockcroft, Scott Stiltner, Cynthia Rivera and Lori Bockelman

ABSENT AND EXCUSED:

OTHERS PRESENT:

Mei Fang of Benefits USA, Inc.; Jeff Swanson of Southeastern Advisory, Todd Wishnia of Highland Capital, Heather Carrizales of Human Resources and Dave Leonard, Fund Actuary

APPROVAL OF MINUTES

October 22, 2018 – Regular Meeting

Vice Chairman Peter Ferreira asked the Members if there were any issues with the minutes of October 22, 2018, any corrections, additions, or deletions.

Hearing and seeing none Member Stiltner moved to approve the minutes as presented. Member Hadley seconded the motion and the motion passed.

PARTICIPANT/PUBLIC PARTICIPATION:

There were no public participants present at this time.

UNFINISHED BUSINESS:

Matrix for the Vendors' Performance Review

Service Provider Evaluation for First State Trust Company

Vice Chairman Peter Ferreira opened the discussion with the Board, and asked if the Administration office receive all of the completed scoring sheets and an up-dated Contract from First State Trust Company. Ms. Mei Fang answered that Administration office received all six completed scoring sheets from the Board Members, but did not receive the up-dated contract from First State Trust Company yet. Mr. James Robinson of First State Trust Company said that he needs to review the account with his Supervisor to discuss the Custodial Service Fees. The current Contract includes 100 repetitive monthly pension payments and 25 Lump Sum or Expenses' payments. Through November 2018, they processed 36 Expenses' payments and 105 monthly Pension payments. First State bills in arrears, so there would be no change for the 4th quarter, but the up-dated contract will have the different fee schedule.

After further discussion, the Board decided not to evaluate First State until they provide the up-dated contract. Member Stiltner asked Ms. Fang to contact James Robinson of First State Trust Company to add a Memo about what changed from the current contract to the updated contract. Ms. Fang said that she will do so. Member Cockcroft move to table this item until the new clean contract is provided by First State Trust Company. Member Stiltner second the motion and the motion passed.

RFP for POG Legal Services

Vice Chairman Peter Ferreira opened the discussion with the Board to select a Legal Firm providing legal service for General Pension Fund. Member Stiltner said that the Board must make decision today since Fund Attorney James Loper will retire on 12-31-2018. After reviewing the Board Members' reports from their conference calls with the four Law Firms' clients, Member Stiltner motioned to retain Rice, Pugatch, Robinson, Storfer, & Cohen, PLLC to provide Legal service for the City of Port Orange General Employees Retirement Plan. Member Rivera second the motion and motion passed.

FINANCIALS:

October and November 2018 – Dave Leonard

Actuary Dave Leonard reviewed the financials with the Board. It was noted that the market value of the Fund is $33,784,779.45, an increase of $375,104.66. Receipts for the month totaled $1,362,680.33 versus total disbursements of $807,705.16. Payments to retirees and other participants totaled $211,967.11. The balance as of November 30, 2018, was $1,097,785.42 in the Cash account. Actuary Dave Leonard reported that the yield for the month is 1.33%.

Highland Capital – Todd Wishnia

Mr. Todd Wishnia distributed an additional handout about the performance of the Fund. As of September 30, 2018, the City of Port Orange General Employees Retirement Pension Fund's Highland Capital Management balanced account was valued at $6,977,111.00. For the third quarter, the Highland Capital Management balanced portfolio returned 6.41% which was 0.71% higher than the Index of 5.70%. Fiscal Year to Date the Plan earned 11.59% and 11.56% for the past five years on an annualized basis. It was noted that the asset allocation is as follows: 98.4% in Value and 1.6% in Cash/Cash Equivalents. The top three holdings by sector are as follows: Financials, 27.3% of the portfolio and returned 5.3%; Heath Care, 16.3% of the portfolio and returned 17.70%; and Info. Tech, 11.9% of the portfolio and returned 11.80%.

Mr. Wishnia provided a brief report on the economy. Mr. Wishnia reported that as we opened the book on the fourth quarter, we are reminded that October is historically a more volatile month for the market, with the standard deviation of daily price change being 1.44% vs 1.05% for the other months. That doesn't mean that October is necessarily a bad month for returns, as September is historically the worst month in the year. To the contrary, seasonality is usually the best in the fourth quarter, and especially so in mid-term election years, as the market since 1950 has averaged a Q4 return of 7.8%. in all Q4's going back to 1928, the average Q4 gain is 2.7%.

Southeastern Advisory

Mr. Swanson reviewed the investment performance report for the period ending September 30, 2018. Strong corporate earnings reports and a vast majority of U.S. public companies beat consensus earnings estimates to push the U.S. stock market to the strongest quarter in nearly five years. Economic data continues to be strong including the largest increase in real GDP in four years at 4.2%. Although global trade and tariffs continue to be a major issue, the U.S. made positive strides during the quarter with a preliminary, renegotiated trade deal with the European Commission and a finalized deal with South Korea, the first completed pact under the current administration. Most of the major components of economic growth contributed although private investment was down slightly on inventory drawdowns. A major drop in net exports contributed more than 1% to real growth as imports fell and exports moved higher. Government spending was up, as well, and personal consumption added 2.6% to real economic growth during the quarter.

Mr. Swanson reported that the value of the Fund's portfolio as of September 30, 2018, was $35,160,836.00. The Total Fund returned 4.8% for the third quarter which was 1.0% higher than the target Index of 3.8% and ranked in the second percentile of Total Public Fund Sponsors, 12.7% for the one year, and 11.9% for the past three years on an annualized basis. Total Domestic Equities' return was 8.3% which was 0.6% above the S&P 500 Index of 7.7%. Total Fixed Income returned 0.5% which was 0.5% above the Barclays Aggregate Index of 0.0%. Total International Equities' return was 1.5% which was 0.1% above the MSCI EAFE Index of 1.4%. Total Real Estate return was 2.5% which was 0.8% above the to the NCREIF Property Index of 1.7%. The asset allocation is 52.8% Domestic Equity, 19.5% Fixed Income, 10.5% International Equity, 15.8% Real Estate and 1.4% Cash.

Mr. Swanson reported that the Manager Allocation is 20.0% managed by Highland Capital, 11.2% managed by Atlanta Cap, 4.7% managed by Euro-Pacific Growth, 5.8% managed by Vanguard Global, 15.9% managed by Principal Real Estate, 22.6% managed by Boston Company and 19.8% managed by Integrity.

Mr. Swanson noted that he is not making any recommendations to rebalance at this time.

NEW BUSINESS:

Member Jake Johansson arrived at the meeting at 2:59 pm. Administrator Mei Fang noted that the Election of Officers is listed on today's agenda under Call to Order. Ms. Fang suggested to the Board that elections for a New Chairperson and Vice Chairperson can proceed since all seven Board Members are present now.

Election of Officers- Chairperson
Member Rivera nominated Member Peter Ferreira as the Chairperson. Member Johansson seconded the nomination. After seeing and hearing no further nominations Member Peter Ferreira is elected by acclimation.

Election of Officers- Vice Chairperson
Member Johansson nominated Member Lynn Hadley as a Vice Chairperson. Member Ferreira seconded the nomination. After hearing and seeing no further nominations Member Lynn Hadley is elected by acclimation.

CONSENT AGENDA:
For Approval:
Warrant #140

Benefits USA, Inc. (Admin Fees 11&12/2018; INV #POG110)	$ 5,000.00
The Boston Company (3rd Qtr. 2018 Mgmt. Fees; INV #97416)	$ 9,869.21
James Loper (STMT #45 dated 11/30/18)	$ 125.00
FPPTA (2019 Membership Renewal)	$ 600.00

Hearing and seeing no changes, Member Johansson moved to approve Warrant #140. Member Ferreira seconded the motion and the motion passed.

DISTRIBUTIONS:
Mandatory Plan

Edward Curry (for Ratification)	Total Withdrawal	$ 8,320.56

Member Johansson moved to approve Mandatory distribution for Mr. Edward Curry. Member Stiltner seconded the motion and the motion passed.

REPORTS:
Comments from Committee Member:
Member Stiltner said that he is interested in attending the trustee school to get more education. Ms. Fang asked did he want go to the next FPPTA winter Trustee School, it will be at the February 3-6, 2019 in Orlando. If he wishes to attend please advise Benefits USA as soon as possible to register with the FPPTA, after register is done, he can make the hotel arrangement by himself.

Ms. Heather Carrizales of Human Resources reported that she found a box in the City's storage. Ms. Carrizales noted she started reviewing the box and found most of the contents are old Investment Reports. She is wondering what she needs to do with this box. After further discussion, the Board decided to give the box to Benefits USA to deal with. Ms. Fang said their office will review the contents of the box, we will follow State Records Retention Schedule to treat all the documents in that box, and give a summary report to City Clerk. Ms. Heather

Carrizales said if there are any Members' documents, please forward to her. Ms. Fang said that she will do so.

NEXT MEETING DATE:
January 28, 2019@2:00 p.m. – Regular Meeting

ADJOURNMENT:
The meeting adjourned at 3:46 p.m.

Chairperson

1/28/19
Date