

**CITY OF PORT ORANGE GENERAL EMPLOYEES RETIREMENT PLAN  
QUARTERLY MEETING MINUTES  
July 23, 2018**

**ROLL CALL:**

The meeting of the City of Port Orange General Employees Retirement Plan was called to order by Chairperson Linda Johnson at 2:10 p.m. on July 23, 2018 in the 4545 South Clyde Morris Blvd – Police Dept. Training Room

**TRUSTEES PRESENT:**

Chairperson Linda Johnson, Vice Chairman Peter Ferreira, Scott Stiltner, Lynn Hadley, Kynah Cockcroft, Tracy Riehm and Jake Johansson

**ABSENT AND EXCUSED:**

**OTHERS PRESENT:**

Retiree John Shelley; Pete Prior of Benefits USA, Inc.; Fund Actuary Dave Leonard, Jeff Swanson of Southeastern Advisory Services; Grant McMurray of Highland Capital and Heather Carrizales of Human Resources

**APPROVAL OF MINUTES**

**June 18, 2018 – Regular Meeting**

Chairperson Linda Johnson asked the Members if there are any corrections, additions, or deletions to the minutes. Hearing and seeing none, Member Johansson moved to approve the minutes as presented. Member Stiltner seconded the motion and the motion passed.

**PARTICIPANT/PUBLIC PARTICIPATION:**

None at this time.

**UNFINISHED BUSINESS:**

**Matrix for the Vendors' Performance Review**

**Service Provider Evaluation**

The Board asked Mr. Pete Prior to include the final version of the scoring sheet in the meeting packet for next meeting. Mr. Prior said he will do so.

## **FINANCIALS:**

### **June 2018 – Dave Leonard**

Actuary Dave Leonard reviewed the financials with the Board. It was noted that the market value of the Fund is \$34,185,322.05, an increase of \$16,971.63. Receipts for the month totaled \$1,367,031.78 versus total disbursements of \$1,227,904.38. Payments to retirees and other participants totaled \$201,157.30. The balance as of June 30, 2018, was \$1,179,102.41 in the Cash account. Mr. Leonard reported that the yield for the month is 0.41%. Mr. Leonard said that Dusty became a full time Teacher, but she is still doing calculations for City of Port Orange GE Fund.

### **Highland Capital – Grant McMurray**

Mr. Grant McMurray distributed additional handout about the performance of the Fund. As of June 30, 2018, the balanced account was valued at \$6,745,825.00. For the second quarter, the balanced portfolio returned 1.46% which was 0.29% higher than the Index of 1.17%. For Fiscal Year to Date the Plan earned 4.87% and 11.13% for the past five years on an annualized basis. It was noted that the asset allocation is as follows: 95.9% in Value and 4.1% in Cash/Cash Equivalents. The top three holdings by sector are as follows: Financials, 27.7% of the portfolio returned -3.5%; Health Care, 15.0% of the portfolio returned 3.40%; and Info. Tech, 12.3% of the portfolio returned 0.0%.

Mr. Grant McMurray provided a brief report on the economy noting that the second quarter of 2018 did not lack significant news events, spanning the range from nuclear talks with North Korea, G-7 summits, immigration policy, a potentially more hawkish Fed, to tariffs and trade wars. The market reacted to these various events with contained volatility and the S&P 500 was able to end the quarter with a gain of 3.4%, and is up 2.6% for the year to date. The Fed indicated at their June meeting they anticipate raising interest rates 4 times in 2018, and another 3 times in 2019.

### **Southeastern Advisory – Jeff Swanson**

Mr. Swanson reviewed the investment performance report for the period ending March 31, 2018. After a tranquil 2017, volatility returned to the U.S. equity market in February with the worst and third worst point losses for the Wilshire 5000 Total Market Index. While the market never experienced a daily loss of 2.0% or more last year, there were five such down days during the first quarter, including a 4.0% loss in early February. Ironically, it was mostly good news on the economic front that caused much of the volatility. Strong job reports and wage growth had investors rethinking their inflation expectations and led to concerns that the Federal Reserve might accelerate increases in their short-term rate. Real GDP growth was strong during the fourth quarter of 2017 at 2.9% annualized. Economic activity accelerated for the year versus a year prior with growth of 2.3% for 2017. The main contributor for the quarter was personal consumption expenditures, adding 2.8%. Growth in consumer spending was the strongest it has been in three years. However, the trade deficit widened considerably, detracting from domestic growth as imports aided in satisfying consumer demand.

Mr. Swanson reported that the value of the Fund's portfolio as of March 31, 2018, was \$33,466,102. The Total Fund returned 0.0% for the first quarter which was 0.6% higher than the target Index of -0.6% and ranked 41% of Total Public Fund Sponsors, 11.70% for the one

year, and 8.0% for the past three years on an annualized basis. Total Domestic Equities' return was -0.3% which was 0.5% above the S&P 500 Index of -0.8%. Total Fixed Income returned -1.1% which was 0.4% above to the Barclays Aggregate Index of -1.5%. Total International Equities' return was 0.7% which was 2.2% above to the MSCI EAFE Index of -1.5%. Total Real Estate return was 1.9% which was 0.2% above the to the NCREIF Property Index of 1.7%. The asset allocation is 53.3% Domestic Equity, 18.2% Fixed Income, 11.0% International Equity, 15.9% Real Estate and 1.6% Cash.

Mr. Swanson reported that the Manager Allocation is 22.0% managed by Highland Capital, 10.4% managed by Atlanta Cap, 5.1% managed by Euro-Pacific Growth, 5.9% managed by Vanguard Global, 15.9% managed by Principal Real Estate, 22.4% managed by Boston Company and 18.3% managed by Integrity.

Mr. Swanson reported that the performance of the Fund has been outstanding as they have been in the top quartile for the last five years. Mr. Swanson commented on the Boston Company as they are not performing as well and recommends inviting them to the next Quarterly meeting if the Board wishes and he would set it up as well. Chairperson Johnson asked Mr. Swanson to make the invitation. Mr. Swanson advised the Board that the Boston Company will be present at the September meeting.

**First State Trust – James Robinson**

Mr. Robinson did not attend today's meeting because his flight was cancelled due to adverse weather conditions. Chairperson Linda Johnson asked Mr. Prior to contact Mr. Robinson and invite him to attend the 8-27-2018 Meeting. Mr. Prior said he would do so.

**NEW BUSINESS:**

**New Actuarial Service Contract**

Mr. Leonard addressed the Board that he was contacted by Administrator Mei Fang of Benefits USA that his contract was up and to prepare a new contract for the Board to review. Mr. Leonard reviewed the items that are different in the new proposal. He noted that he is attempting to go paperless since all the trustees currently have tablets to review the agenda materials. After further discussions, Member Riehm moved to approve the contract as presented. Member Ferreira seconded the motion and the motion passed.

**CONSENT AGENDA:**

**For Approval: Warrant #137**

Benefits USA, Inc. (Admin Fees 7/2018; INV #POG107)	\$ 2,500.00
First State Trust (2 <sup>nd</sup> Qtr. 2018 Custodial Services)	\$ 4,375.00
David G. Leonard A.S.A. (Actuarial Services: INV #18-038)	\$ 4,575.00
Southeastern Advisory (Investment Consulting Services: INV #1802)	\$ 4,988.00
Integrity Fix Income Management (2 <sup>nd</sup> Qtr. 2018; INV #2277)	\$ 4,299.95
Highland Capital Management (3 <sup>rd</sup> Qtr'18 Mgmt. Fees; INV #18677)	\$ 8,426.56
James Loper (STMT #43 dated 06/1/18)	\$ 325.00
Lynn Hadley (Reimb. For FPPTA Trustee School Travel Expense)	\$ 600.57

Hearing and seeing no changes, Member Hadley moved to approve Warrant #137. Member Ferreira seconded the motion and the motion passed.

**REPORTS:**

**Trustee:**

Ms. Lynn Hadley said that she didn't remember if the Pension Board voted to close the Pension Fund to New Employees. Member Jake Johansson said that the City and the Union were in negotiations and the Union agreed to close the Plan to any new employees. There was consideration at one time to allow the white-collar workers to come back into the Plan but the decision by the Union was to close the Plan. Mr. Prior asked if an Impact Study was completed before the second reading of the change of the ordinance. Mr. Leonard stated he does not recall doing one on the closing of the Plan but remembers the Board discussing the item with Human Resources. Member Johansson questioned if the Board had to have one and Mr. Prior replied that anytime a change to the Ordinance is made, an Impact Statement should be prepared. Mr. Prior was directed to contact the Board attorney on the subject for the next meeting.

**Administrator:**

Mr. Prior advised the Board that the next FPPTA conference will be at the end of September in Bonita Springs. The Board asked if the conference Agenda could be sent in advance of registering for the conference. Mr. Prior stated that as soon as it was available the trustees could see it.

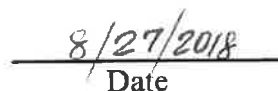
**NEXT MEETING DATE:**

August 27, 2018 – Regular Meeting

**ADJOURNMENT:**

The meeting adjourned at 3:45 p.m.

  
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Chairperson

  
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Date