

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
January 24, 2019**

Approved _____

Approved _____

CITY HALL

The meeting was called to order at 8:35 AM.

1. Roll Call

Barry Schinder – present
Roland Berrios – present
Kerri Anne Fisher – present
James Nacknouck – present
Vacant

Guests

John McCann – AndCo Consulting
Gregg Gosch – Sawgrass Asset Management
Margie Adcock– Pension Resource Center
Melissa Moskowitz & Piotr Krekora-GRS

2. Public Comments

There were no public comments.

4. Presentations

A. Sawgrass Asset – Gregg Gosch– Quarterly Presentation

Mr. Gosch appeared before the Board. He provided a brief firm update. There have been no significant changes to the portfolio.

Mr. Gosch reported on performance for the quarter ending December 31, 2018. The total market value of the portfolio was \$15,296,271 as of December 31, 2018. The portfolio was down 7.5% net of fees for the quarter while the benchmark was down 9.9%. The Diversified Large Cap Growth portfolio was down 10.7% while the Russell 1000 Growth was down 15.9%. The Diversified Small Cap Growth portfolio was down 19.7% while the Russell 2000 Growth was down 21.7%. The Fixed Income portfolio was up 1.3% while the benchmark was up 1.7%.

Mr. Gosch reviewed the market environment. He stated that it was a tough year but a good finish despite of the negative market. He stated that they are looking to manage risk as well as beat the market.

Mr. Gosch reviewed the Diversified Large Cap Growth portfolio. He stated that the quarter ending September 30, 2018 was the strongest market the Russell 1000 Growth Index has had in the last five years. At the beginning of the year the FANG stocks prevailed while in the 3rd quarter it was more of the broad market. He stated that they outperformed because the quarter was more favorable to the broad market. There was a discussion on the government shutdown and the effect on the market. Mr. Gosch stated that in the quarter ending December 31, 2018 there was a lot of geopolitical issues going on such as China slowing down, a lack of a Brexit agreement, and an interest rate hike that the market thought was not going to happen. He stated that there will probably be one rate hike this year. He stated that there are a lot of positive things going on in the market such as strong GDP, wage growth, strong employment, and non-dependent oil companies. However, he thinks we are due for a slowdown and a pullback. Mr. Gosch stated that the portfolio is risk conscious and very defensive. He stated that the portfolio is the most defensive

that it has been in the last five years. The turnover for stocks in the 4th quarter was 100%. At the beginning of the 4th quarter they got smaller in technology which paid off. They are the lightest in technology than they have been in a long time, being at 24% of the portfolio versus the benchmark at 33%. Mr. Gosch noted that corrections are natural and normal. The Russell 1000 Growth Index has had one negative quarter in the last five years while the average is six. It has been a period where the market has been nothing but up. It has been seven years since the market has seen a 20% pullback. Usually there is a 20% pullback every four years.

Mr. Gosch reviewed the Diversified Small Cap Growth portfolio. He reviewed the portfolio holdings and reviewed the portfolio characteristics. He reviewed the sector breakdown and contributions to return.

Mr. Gosch reviewed the fixed income portfolio. He stated that risk was off again. He noted that they underperformed the benchmark for the quarter but outperformed for the year. Their short duration hurt because people were taking risk off the table. He noted that corporate bonds hurt as well, but had helped in the past. He stated that there is a lot of good new right now. They are positioned to perform, but also positioned if things do not go too well.

C. GRS – Actuarial Valuation- Melissa Moskovitz and Piotr Krekora

Ms. Moskovitz and Mr. Krekora presented the Actuarial Valuation as of October 1 2018. Ms. Moskovitz noted that the Valuation sets forth the employer contribution for the fiscal year ending September 30, 2020. She stated that there was not much of a change from last year. The total required contribution is \$946,938 with \$757,491 from the City and \$189,447 from BSO. She noted that BSO pre-paid a contribution amount of \$19,728 for fiscal year ending September 30, 2018 which will be used to offset future BSO required contributions.

Ms. Moskovitz stated that there were no revisions in benefits. She reviewed the revisions in the actuarial assumptions and methods. She stated that the investment assumption was decreased from 6.9% to 6.8%. She noted that the investment assumption will be reduced by .1% each year until the rate reaches 6.5%. It was noted that the amortization of the unfunded actuarial accrued liability was reduced from 21 years to 20 years as of October 1, 2018. This amortization period will continue to be reduced by one year each year. These two changes increased the contribution by \$54,767.

Ms. Moskovitz discussed the actuarial experience. She stated that there was a net actuarial gain of \$299,631 which was primarily due to a recognized investment return above the assumed rate. The investment return was 8.1% based on the actuarial value of assets versus the assumed rate of 6.9%. The investment gain was partially offset by losses due to fewer than expected retiree deaths. The funded ratio was 86.4% versus 85.5% last year. It was noted that the market value of assets exceeded the actuarial value of assets by \$1,196,485. Ms. Moskovitz reviewed the history of the investment rate of return since the fiscal year ending September 30 1981. She reviewed the reconciliation of Plan assets and membership data. She reviewed the unfunded actuarial accrued liability from October 1, 1993 to October 1, 2018. She reviewed GASB Statements Numbers 67 and 68. She stated that the Board has taken good measures to fund the Plan.

Mr. Berrios made the motion to approve the Actuarial Valuation as of October 1, 2018. The motion was seconded by Ms. Fisher and approved unanimously by voice vote.

B. AndCo Consulting – John McCann – Quarterly Presentation

Mr. McCann reviewed a letter from the CEO/President of AndCo. He stated that they monitor over \$94 billion in client assets. They have 89 employees with 15 professionals on their research team. He stated that they have 8 partners, one of which was added this year.

Mr. McCann reviewed the Fund's performance for the quarter ending December 31, 2018. He stated that the total market value as of December 31, 2018 was \$33,596,542. The Fund was down 6.40% net of fees for the quarter while the benchmark was down 7.89%. Total equities were down 12.41% for the quarter while the benchmark was down 14.00%. Total fixed income was up 1.35% for the quarter while the benchmark was up 1.65%. Total real estate was up 1.68% for the quarter while the benchmark was up 1.62%.

The total Highland Capital portfolio was down 7.56% net of fees for the quarter while their benchmark was down 7.93%. The total Sawgrass portfolio was down 7.50% net of fees for the quarter while their benchmark was down 9.93%. With respect to equities, Highland Capital was down 13.12% while their benchmark was down 12.47% and Sawgrass was down 11.95% while their benchmark was down 15.34%. With respect to fixed income, Highland Capital was up 1.44% and Sawgrass was up 1.26% while their benchmarks were up 1.65%. American Realty was up 1.68% for the quarter while the NCREIF was up 1.62%. Mr. McCann stated that it was a tough quarter. He noted that the market in January is starting to come back. He stated that even in a down quarter, things are looking pretty good.

Mr. McCann reviewed a letter from Virtu Financial terminating the agreement dated February 27, 2003. He stated that Virtu Financial was a commission recapture program the Fund used to use. He stated that he spoke with the current investment managers and neither have used Virtu Financial in quite a while. Both managers said that they do not need to use them because they use ConverEx and Abel Nozer. Mr. Gosch stated that they are always using best execution.

John McCann, Gregg Gosch, Melissa Moskovitz and Piotr Krekora departed the meeting.

3. Approval of Minutes Summary for Meeting of October 25, 2018.

The minutes of the meeting of October 25, 2018 were reviewed.

Mr. Berrios made the motion to approve the minutes of the meeting of October 25, 2018. The motion was seconded by Mr. Nacknuck and approved unanimously by voice vote.

5A. Bills and Warrants

A. GRS – For actuarial services for period ending 12/31/18 - \$7,043.00

B. Pension Resource Center – For administrative services for November and December 2018 and January 2019 - \$7,821.27

C. AndCo – Quarterly Fee for period ending 12/31/18 - \$7,805.85

- D. Highland Capital Management – Quarterly Fee for period ending 12/31/18 - \$17,118.92
- E. Sawgrass Asset Management–Quarterly Fee for period ending 12/31/18- \$21,032.37
- F. FPPTA – 2019 Membership Dues - \$600.00
- G. FPPTA – 2018 CPPT Re-Certification Dues for K. Fisher and R. Berrios- \$60.00
- H. FPPTA – Registration for February 2019 School for K. Fisher - \$650.00
- I. Rosen Centre Hotel – Hotel Reservations for K. Fisher for February 2019 FPPTA School - \$560.55
- J. R. Berrios – Reimbursement for Expenses for October 2018 FPPTA School - \$256.54

Mr. Berrios made the motion to approve items A-J. Mr. Nacknouch seconded the motion, which passed unanimously by voice vote.

5B. Benefit Approvals

- A. DROP Distributions –Steve Younghans partial distribution (\$3,000); Patricia Williams 9/30/18 final balance (\$141,913.12); James Bowman monthly recurring distribution (change to \$2,500.00 beginning February 2019 forward)
- B. Application to Retire –Vivian DePazos and Gerald McCartin

Mr. Berrios made the motion to approve items A-B. Ms. Fisher seconded the motion, which passed unanimously by voice vote.

6. Report on Fund Activity as of December 31, 2018.

The Board was provided an unaudited financial statement as of December 31, 2018. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.

7. Plan Administrator –Margie Adcock

- A. The Board was provided with the Salem Trust Service Report as of September 30, 2018.

8. Old Business

9. New Business

- A. It was noted that the agreement with BSO is up for renewal effective September 30, 2019. There was discussion on the contributions to the Fund. The Board wanted to make sure that the City was aware of the BSO liability during negotiations.
- B. It was noted that Bruce Loucks is no longer employed at the City. As such, there is a vacancy on the Board.

10. Adjournment

There being no further business before the Board, motion was made and seconded, and the meeting was adjourned.