

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
April 25, 2019**

Approved _____

Approved _____

CITY HALL

The meeting was called to order at 8:38 AM.

1. Roll Call

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

Guests

John McCann – AndCo Consulting
Grant McMurry– Highland Capital
Margie Adcock– Pension Resource Center
Karen Russo – Salem Trust Company

2. Public Comments

There were no public comments.

4. Presentations

A. Highland Capital – Grant McMurry - Quarterly Presentation

Mr. McMurry discussed the market environment for the quarter ending March 31, 2019. He stated that the market sold off very dramatically in the later part of November and in December. He stated that it was triggered by the fact that the Fed raised rates, which was not expected. He noted that 80% of the trades were computer generated trades not investment oriented trades. He discussed the life cycle of investing. He stated that not a lot of people have been jumping into the market. There is not a lot of excitement in the stock market right now. A lot of people are sticking with the life cycle investment strategy. Mr. McMurry stated that earnings are strong. There is a bit of opportunistic trading taking place.

Mr. McMurry reported on performance for the quarter ending March 31, 2019. He stated that the total market value as of March 31, 2019 was \$14,601,956. The asset allocation as of March 31, 2019 was 49.1% in value; 9.2% in international; 37.6% in fixed income; and 4.1% in cash. The total portfolio was up 7.18% for the quarter while the benchmark was up 7.92%. The value portfolio was up 10.94% for the quarter while the benchmark was up 11.93%. Mr. McMurry stated that the last year to a year and a half they have been very defensive. The international portfolio was up 9.04% for the quarter while the benchmark was up 10.31%. The core fixed portfolio was up 2.34% for the quarter while the benchmark was up 2.32%. Mr. McMurry stated that international was the disappointing part. For the fiscal year to date international was down 7.07% while the benchmark was down only 2.34%. He stated that it was primarily a surprise to them because emerging markets did extremely well during that time.

Mr. McMurry stated that he was going to be retiring soon. He stated that he needs to make room for the younger people. He noted that he had been responsible for 40 clients and has brought that down to 10 to 15.

C. Salem Trust Company – Karen Russo

1. Ms. Russo provided the Board with a Press Release dated January 29, 2019 regarding the relocation of the Deerfield Beach office. She stated that Salem had a long term lease with the Deerfield Beach office, which lease was up at the end of March. The management team at Salem decided to consolidate everything to the Tampa office and closed the Deerfield Beach office effective March 1, 2019. She stated that she will continue to provide relationship management support from a remote office in Hollywood, Florida, while being administratively assisted by the Tampa office.
2. Ms. Russo provided a letter dated April 1, 2019 regarding a change in ownership of Salem Trust Company. She stated that effective April 1, 2019 TMI Trust Company acquired 100% of their stock. TMI Trust Company is a Texas chartered trust company with expertise in corporate trusts. She stated that the management has not changed for Salem Trust and the employees have not changed either. She stated that in the short term nothing is changing. There may be some changes over the long term like settlement instructions or banking information. Ms. Russo stated that their legal team has determined that contact changes are not necessary because their name has not changed. If she hears of anything different from Klausner's office on any other fund, she will advise the Board accordingly. Mr. McCann stated that Salem's management team went to AndCo and discussed the change in ownership with the team and AndCo is fine with the change.
3. Ms. Russo provided information regarding their money market sweep vehicles. She stated that she was providing the information for informational purposes and no changes needed to be made. She discussed the money market sweep fund process. When an account is opened, the manager will pick the sweep vehicle for that particular account. She noted that Highland picked the Goldman Sachs Government sweep and Sawgrass and the R&D have the Goldman Sachs Treasury sweep. Mr. McCann stated that he was comfortable with leaving the sweep vehicles as they currently are.
4. Ms. Russo provided the Salem Trust Service Reports as of December 31, 2018. Ms. Russo stated that the Report covers five primary components of service: statements, trade settlements, income processing, cash processing, and corporate actions. She stated that they look at these components monthly and send out quarterly reports. They want to be transparent with their clients. She stated that they have a service pledge whereby if in any quarter they do not meet expectations, they will reach out to the client and talk about the situation and possibly reduce their fee.

B. AndCo Consulting – John McCann – Quarterly Presentation

Mr. McCann reviewed the market environment for the quarter ending March 31, 2019. He stated that all asset classes were positive for the quarter. He stated that all asset classes were positive for the year except for international which was negative.

Mr. McCann reviewed the Fund's performance for the quarter ending March 31, 2019. He stated that the total market value as of March 31, 2019 was \$35,531,795. The Fund was up 7.08% net of fees for the quarter while the benchmark was up 8.96%. Total equities were up 12.04% for the quarter while

the benchmark was up 13.77%. Total fixed income was up 2.52% for the quarter while the benchmark was up 2.32%. Total real estate was up 1.46% for the quarter while the benchmark was up 1.68%.

The total Highland Capital portfolio was up 7.04% net of fees for the quarter while their benchmark was up 9.11%. The total Sawgrass portfolio was up 8.71% net of fees for the quarter while their benchmark was up 10.70%. With respect to equities, Highland Capital was up 11.00% while their benchmark was up 12.68% and Sawgrass was up 12.91% while their benchmark was up 15.09%. With respect to fixed income, Highland Capital was up 2.29% and Sawgrass was up 2.75% while their benchmarks were up 2.32%. American Realty was up 1.46% for the quarter while the NCREIF was up 1.68%. Mr. McCann stated that if the Fund gets bigger he would suggest adding a more aggressive real estate manager. He is not recommending any changes at this time.

The Board asked Mr. McCann regarding the point at which the Plan could diversify more, noting that the Fund is at \$35 million. Mr. McCann stated that the Board could get a dedicated international manager or a dedicated SMID cap core manager. He stated that he sometimes has the view of if it is not broke, don't fix it, but he has no problem bringing the Board information. He stated that it was certainly something to think about. He would recommend investing 10% or \$3.5 million in a dedicated SMID cap core manager by taking 5% from the large cap from both Highland and Sawgrass. Mr. McCann stated that he would bring 3 SMID cap core managers to the next meeting to make presentations.

John McCann, Grant McMurry and Karen Russo departed the meeting.

3. Approval of Minutes Summary for Meeting of January 24, 2019.

The minutes of the meeting of January 24, 2019 were reviewed.

Mr. Berrios made the motion to approve the minutes of the meeting of January 24, 2019. The motion was seconded by Mr. Nacknouch and approved unanimously by voice vote.

5A. Bills and Warrants

A. GRS – For actuarial services for period ending 3/31/19 - \$9,144.00

B. Pension Resource Center–For administrative services for February, March and April 2019 -\$8,032.41

C. FMIT – Renewal of Fiduciary Liability Insurance Policy - \$5,708.00

D. AndCo – Quarterly Fee for period ending 3/31/19 - \$8,196.14

E. Highland Capital Management – Quarterly Fee for period ending 3/31/19 - \$18,257.82

F. Sawgrass Asset Management–Quarterly Fee for period ending 3/31/19- \$22,786.57

G. K. Fisher – Reimbursement for Expenses for January 2018 and February 2019 FPPTA School - \$849.59

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

5B. Benefit Approvals

A. Application to Enter the DROP – Laura Dillon

Mr. Berrios stated that members entering the DROP are having issues unrelated to the Fund. He stated that since this is a closed Plan, non-participants have gone into FRS. When Ms. Dillon entered the DROP, FRS said she was ineligible to enter FRS. Apparently FRS considered her a temporary employee because she went into the DROP. The City disagrees and is waiting to hear back from the Attorney. He stated that at least one member has recanted his decision to enter the DROP because of this issue. He stated that employees prior to 2019 got into FRS but not those after January 1, 2019. Ms. Fisher stated that the City's position and understanding is that all employees are required to be in FRS. She stated that the City is actively working on a resolution.

Ms. Adcock stated that George Garba submitted an Application to Enter the DROP but rescinded his Application due to this issue. The DROP Application provides that he could cancel the effectiveness of his Application upon delivery of a written request for such cancellation up until such time as his Application is approved by the Board. Since the Board had not approved his Application, he effectively cancelled his Application to Enter the DROP.

The Board noted that employees are unable to make informed decisions about their entire retirement if they do not have an answer to the FRS issue. The Board decided it did not want to approve Ms. Dillon's Application to Enter the DROP as they do not know if she was making a decision based on FRS or not.

Ms. Fisher made the motion to table item A. Mr. Nacknoux seconded the motion, which passed unanimously by voice vote.

6. Report on Fund Activity as of March 31, 2019.

The Board was provided an unaudited financial statement as of March 31, 2019. 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 a Memorandum from the Attorney regarding the Power of Attorney – Florida Statue 709 dated January 2019. Ms. Adcock stated that her office received the Memorandum in connection with another mutual client. She stated that it is their office position that any Power of Attorney received will be sent to the Attorney to determine if it is valid. She wanted the Board to be aware of the issue as the Attorney will bill to review any such documents received

B. The Board was provided with a letter from Rodney Bell dated December 20, 2018. Mr. Bell stated that he was in the Plan for about 11 months before moving to the Police Plan and was inquiring about any possible benefit under the Plan. Ms. Adcock stated that she has asked the City for assistance as her office does not have any records from that period of time. Ms. Fisher stated that she would look into the matter.

8. Old Business

9. New Business

- A. There was discussion on an amendment to the Broward County Charter that impacts the way public meetings that are subject to the Florida Statutes Section 286.011 are posted. The amendment provides that for all municipalities the meeting notice, agenda and available backup material must be posted on the City's website at least 48 hours in advance of the meeting. In addition, if there are any updates to the meeting agenda, the website must be updated to reflect the changes. It was noted that Klausner's office has given the opinion to another mutual client that the amendment does not explicitly apply to that municipal pension plan as the amendment does not state that it applies to independent municipal boards. He stated that the amendment refers to the municipality, not a municipal agency. The municipal pension plans are separate and apart from the municipality.
- B. There was discussion on recent ADA compliance issues that have come up recently in various municipalities. It was noted that the best way to comply might be to not put anything online. There was a lengthy discussion. The Board will discuss this further at future meetings as more information about the issue becomes available.

10. Adjournment

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