

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

Approved _____

Approved _____

CITY HALL

The meeting was called to order at 8:33 AM.

1. Roll Call

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

Guests

John McCann – AndCo Consulting
Grant McMurry– Highland Capital
Margie Adcock– Pension Resource Center
Sherry Walker – Finance Director (9:10 AM)

2. Public Comments

There were no public comments.

4. Presentations

A. Highland Capital – Grant McMurry - Quarterly Presentation

Mr. McMurry stated that this was going to be his last meeting as he is retiring at the end of the year. He stated that Steve Stack, their Chief Operation Officer, will mostly likely be taking his place.

Mr. McMurry discussed the market environment for the quarter ending September 30, 2019. He stated that there is a closer relationship between value and growth. He does not think there will be a recession any time soon. He does not see anything on the horizon indicating that there will be a recession. There is day to day volatility in the market. The uncertainty of the election may have something to do with the volatility.

Mr. McMurry reported on performance for the quarter ending September 30, 2019. He stated that the total market value as of September 30, 2019 was \$149,948,188. The asset allocation as of September 30, 2019 was 49.1% in value; 9.2% in international; 38.8% in fixed income; and 2.8% in cash. The total portfolio was up .99% for the quarter while the benchmark was up 1.05%. The value portfolio was up 1.30% for the quarter while the benchmark was up 1.36%. For the fiscal year, the total portfolio was up 3.57% while the benchmark was up 5.14%. The international portfolio was down 2.24% for the quarter while the benchmark was down 1.80%. The core fixed portfolio was up 1.44% for the quarter while the benchmark was up 1.37%. Mr. McMurry stated that the highest performing asset for the quarter and the fiscal year was bonds. For the fiscal year for fixed income, the portfolio was up 7.46% which the benchmark was up 8.17%.

B. SMID Cap Manager Presentations

1. Clarkson Capital Partners

Kurt Terrien appeared before the Board. He stated that he was the Head of Investor Relations. He discussed the firm. The firm was founded by two brothers in January 2005. There are 29 employees. They are

headquartered in Michigan with two offices and are 100% employee owned. They have \$4.14 billion in assets under management. They manage three strategies: SMID cap with about \$2.6 billion; mid cap with about \$200 million; and large cap with about \$500 million. Mr. Terrien discussed their investment philosophy. They believe in quality and value. Quality comes first, and then they look at value. They look at the financial aspects of companies looking for a high balance sheet and low debt. They need to understand the business principle and analyze the management team. He discussed value and stated that they will not invest in a company unless it has outperformed in one third of up periods but also outperformed in 90% of down periods. Mr. Terrien stated that the current allocation is about 60% in mid cap; 20% in small cap; and 20% in cash. The split is about 72% in value and 28% in growth. It is a core portfolio with a value bias. He discussed the fees. For the mutual fund fees are capped at 1%. For a separate account the fees are 80 basis points.

Kurt Terrien departed the meeting. Sherry Walker entered the meeting.

2. The London Company

Paul Foster appeared before the Board. He stated that he was the Head of Consultant Relations. He discussed the firm. The firm was founded 25 years ago. They are headquartered in Richmond, Virginia. It is a majority employee owned firm with ten principals. They have \$25.1 billion under management, with \$1.1 billion in SMID cap. They focus on downside protection. They believe markets are less efficient at assessing risk than reward. They protect client assets in down markets and will deliver superior long term performance. Mr. Foster reviewed their investment approach. It centers on three distinct phases of analysis. They look for high quality businesses with sustainable high returns on capital; balance sheet optimization; and meaningful portfolio construction. He stated that the SMID cap portfolio began in 2009 so it has not seen a full market cycle. However, they have managed the entire capitalization spectrum for 20 years and history suggests that the SMID cap would be similar. Mr. Foster discussed the investment process. It involves idea generation, balance sheet optimization, company analysis, portfolio construction, monitoring and a sell discipline. The turnover is low. The average is about 20% although last year it was only 10%. They currently have 29 holdings. The current allocation is about 60% in mid cap and 40% in small cap. The split is about 60% in value and 40% in growth. He discussed the fees. For the collective trust the fee is an all-inclusive 65 basis points. For a separate account the fees are 85 basis points.

Paul Foster departed the meeting.

3. Great Lakes Advisors

Laurie Watson appeared before the Board. She stated that she is the Managing Director of Client Service and Sales. She discussed the firm. They are headquartered in Chicago, but have an office in Tampa, Florida. Their compliance, legal and operations are in Chicago but the SMID cap is in the Tampa office. They have \$9.6 billion in total assets under management with \$2.3 billion in SMID cap. She reviewed their investment team. The portfolio managers have been managing the portfolio since 2002. Ms. Watson reviewed their investment philosophy. They employ a diverse set of factors. They evaluate relative to multiple peer groups. They adapt to evolving market conditions. They construct a portfolio with an optimal balance of risk and return. She reviewed the investment process which involves value, quality, growth, technical and volatility. Their maximum holdings in the portfolio is 120. Ms. Watson reviewed performance. She stated that they struggled this year relative to their competitors. However, they have outperformed in up and down markets as well as in growth and value market cycles. They have a high up market capture ratio as well as a low down market capture ratio. The current allocation is about 77% in mid cap and 23% in small cap. The split is about 50% in value and 50% in growth. They tend to have slight tilts depending on which style is in favor. She discussed the fees. The fee is 55 basis points.

Laurie Watson departed the meeting.

4. Discussion on SMID Cap Managers

There was discussion on the presentations. It was noted that The London Company was great in a downside market and had a good fee of 65 basis points. However, small cap is a very small portion of their firm. It was noted that Great Lakes had a large number of holdings in their portfolio with a maximum of 120. Clarkston had low turnover. Mr. McCann stated that the Board could go with an index fund for 5 or 6 basis points. He stated that he was not recommending that though because it would be too volatile for this space. He noted that AndCo will charge an additional fee to open a new portfolio. Mr. McCann recommended Clarkston as a SMID cap manager for the Fund. There as further discussion.

Mr. Berrios made the motion to hire Clarkston Capital Partners for a SMID cap mandate with a \$4 million investment. The motion was seconded by Ms. Fisher and approved unanimously by voice vote.

Mr. McCann stated that he would have Clarkston send a contract to the Attorney Adam Levinson. He stated that he would try to have Clarkston in place by the end of the calendar year and would decide where to pull the money from based on the assets.

C. AndCo Consulting – John McCann

Mr. McCann reviewed the market environment for the quarter ending September 30, 2019. He reviewed the Fund's performance for the quarter ending September 30, 2019. He stated that the total market value as of September 30, 2019 was \$36,569,827. The Fund was up 1.13% net of fees for the quarter while the benchmark was up 1.04%. For the fiscal year, the Fund was up 4.73% while the benchmark was up 4.71%. Total equities were up 1.17% for the quarter while the benchmark was up .83%. Total fixed income was up 1.45% for the quarter while the benchmark was up 1.37%. Total real estate was up 1.16% for the quarter while the benchmark was up 1.38%.

The total Highland Capital portfolio was up .85% net of fees for the quarter while their benchmark was up 1.22%. The total Sawgrass portfolio was up 1.37% net of fees for the quarter while their benchmark was up 1.15%. With respect to equities, Highland Capital was up .71% while their benchmark was up 1.17% and Sawgrass was up 1.53% while their benchmark was up 1.07%. With respect to fixed income, Highland Capital was up 1.37% and Sawgrass was up 1.54% while their benchmarks were up 1.37%. American Realty was up 1.16% for the quarter while the NCREIF was up 1.38%.

John McCann departed the meeting.

3. Approval of Minutes Summary for Meeting of July 25, 2019.

The minutes of the meeting of July 25, 2019 were reviewed.

Mr. Berrios made the motion to approve the minutes of the meeting of July 25, 2019. The motion was seconded by Ms. Fisher and approved unanimously by voice vote.

5A. Bills and Warrants

- A. GRS – For actuarial services for period ending 9/30/19 - \$3,534.00
- B. Pension Resource Center–For administrative services for August, September and October 2019 -\$8,488.40
- C. AndCo – Quarterly Fee for period ending 9/30/19 - \$8,196.14
- D. Highland Capital Management – Quarterly Fee for period ending 9/30/19 - \$18,687.69
- E. Sawgrass Asset Management–Quarterly Fee for period ending 9/30/19- \$23,656.39
- F. FPPTA – Registration for October 2019 School for R. Berrios - \$670.00
- G. Sawgrass Marriott – Hotel Reservations for R. Berrios for October 2019 FPPTA School- \$540.00
- H. FPPTA – Registration for October 2019 School for K. Fisher - \$670.00
- I. Sawgrass Marriott – Hotel Reservations for K. Fisher for October 2019 FPPTA School- \$555.00
- J. City of Cooper City – Reimbursement for Expenses for October 2019 FPPTA School - \$136.95

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

5B. Benefit Approvals

- A. Application to Enter the DROP – George Garba
- B. DROP Distributions – Gregory Butler 6/30/19 balance less 10% holdback (\$133,166.05); Robert Martin monthly recurring distribution (\$400.00 beginning June 2019 forward)

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 August 31, 2019.

The Board was provided an unaudited financial statement as of August 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 the Salem Trust Service Report as of June 30, 2019.
- B. The Board was provided with certification from the Resource Centers that they successfully completed their SSAE 16 SOC 1 Audit and received a clean opinion as of June 30, 2019.
- C. The Board was provided with a letter dated October 7, 2019 from the Resource Centers regarding their cyber security measures. There was a lengthy discussion regarding cyber security.

8. Old Business

9. New Business

- A. The Board was provided with a proposed schedule of 2020 meeting dates.

10. Adjournment

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