

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
April 23, 2020**

Approved _____

Approved _____

The electronic meeting was called to order at 8:30 AM.

1. Roll Call

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

Guests

John McCann – AndCo Consulting
Steve Stack– Highland Capital
Margie Adcock– Pension Resource Center
Sherry Walker – Finance Director

2. Approval of Administrative Policy

The Board reviewed a draft Administrative Policy Governing the Use of Audio-Video Conferencing or Teleconferencing to Conduct Virtual Public Board of Trustee Meetings that was prepared by the Attorney’s Office. It was noted that the Policy governs the use of video conference meetings. The Board has to meet in the Sunshine and have the meetings open to the public so members of the public can attend. When the pandemic started, the Governor adopted an Executive Order to suspend the Sunshine Law’s requirement to meet in person. The Policy governs how the Board will have virtual meetings. It was noted that the Executive Order is due to expire on May 8th but it is expected to be extended.

Mr. Nacknouch made the motion to approve the Administrative Policy Governing the Use of Audio-Video Conferencing or Teleconferencing to Conduct Virtual Public Board of Trustee Meetings. The motion was seconded by Ms. Fisher and approved unanimously by voice vote.

4. Presentations

A. Highland Capital – Steve Stack– Quarterly Presentation

Mr. Stack appeared before the Board. He provided a brief firm update. He stated that they are part of Argent Financial Group and the company is in good shape. He stated that they have not laid anyone off due to COVID -19 and they do not anticipate that anyone will be laid off. There have been no changes on the investment team. There have been no significant changes to the portfolio.

Mr. Stack reviewed the market environment. He stated that there has been over a ten year bull rally. He noted that since the March 9th market low, the markets have rallied back to the peak of February 19, 2020. There was a discussion on oil. It was noted that the crude oil curve is similar to late 2008. People are not driving or traveling right now so the demand is low. There are about twelve million barrels a day in production and eventually there will be nowhere to store all that oil. Mr. Stack reviewed the US recessions and S&P composite showing declines from all-time highs. The longest recession was in 1937 and last 61 months. He noted that we are about one and a half months into this bear duration. He stated that he believes the market will recover and recover strongly.

Mr. Stack discussed the quarter ending March 31, 2020. He stated that small capitalization had the worst returns. He thinks growth will continue to outperform value. During the quarter there were 707 total downgrades of corporations and only 96 upgrades. He noted that 540 went into high yield. The Fed cut rates and started buying bonds to help secure the bond market. Mr. Stack thinks the markets will recover. The biggest pullback this year was 34% but it is at 20% now which shows the markets have rallied. He stated that they started moving away from their defensive position and started adding more aggressive holdings. They are putting money into energy and financials. The corporate debt market froze. It has been a challenging environment but things have reversed some. The market has recovered since the Fed took action. The bond market has stabilized in the last month and is up 2%. Mr. Stack stated that they are not doing anything dramatic. They are selling the stocks that are lagging and adding to what they think will be leaders such as technology and industrials.

B. AndCo Consulting – John McCann

1. Quarterly Investment Report

Mr. McCann reviewed the market environment for the quarter ending March 31, 2020. He stated that the total market value as of March 31, 2020 was \$32,883,979. The Fund was down 11.92% net of fees for the quarter while the benchmark was down 11.92%. Total equities were down 22.42% for the quarter while the benchmark was down 20.49%. Total fixed income was up 1.45% for the quarter while the benchmark was up 2.40%. Total real estate was up 1.54% for the quarter while the benchmark was up .90%.

The total Highland Capital portfolio was down 17.35% net of fees for the quarter while their benchmark was down 15.33%. The total Sawgrass portfolio was down 10.51% net of fees for the quarter while their benchmark was down 11.39%. With respect to equities, Highland Capital was down 28.43% while their benchmark was down 23.28% and Sawgrass was down 17.12% while their benchmark was down 17.69%. With respect to fixed income, Highland Capital was down .20% and Sawgrass was up 3.60% while their benchmarks were up 2.40%. American Realty was up 1.54% for the quarter while the NCREIF was up .90%. Mr. McCann stated that the Board should not do anything different right now. The Board should not make any changes. There was discussion on the future and market changes in restaurants and office space.

Mr. McCann stated that he asked the managers to provide him with market values as of April 21, 2020. He stated that the returns from April 1 to April 21 were very nice. He noted that Clarkston Capital was funded in April with \$4 million. As of April 21, the market value was \$4,221,000 which is an increase of 5.6% in 21 days. He stated that the total Fund was up 4% for 21 days. He stated that even with all of the concerns, the markets are looking ahead. He believes when this virus goes away the market will be optimistic. The Fund is very well diversified, especially since the mid cap manager was added. There was discussion on the need to rebalance. Mr. McMann stated that he is comfortable leaving things as they are now and does not feel it is urgent to move anything around. The Fund is in a very good place with the April update and he thinks all is fine.

2. Agreement for Investment Performance Monitoring and Advisory Services

It was noted that at the last meeting Mr. McCann presented a proposed agreement for investment performance monitoring and advisory services. He stated that their fee was going up due to the addition of Clarkston. He stated that their fee will increase \$5,000 a year. The Board asked that the Attorney review the proposed agreement prior to execution. It was noted that the agreement was reviewed and approved by the Attorney.

Mr. Berrios made the motion to approve the Agreement for Investment Performance Monitoring and Advisory Services. 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 12/31/19 -\$7,241.00
- B. Pension Resource Center–For administrative services for February, March and April 2020 -\$8,103.16
- C. FMIT – Renewal of Fiduciary Liability Insurance - \$5,708.00
- D. AndCo – Quarterly Fee for period ending 3/31/20 - \$8,605.95
- E. Highland Capital Management – Quarterly Fee for period ending 3/31/20 - \$15,800.04
- F. Sawgrass Asset Management–Quarterly Fee for period ending 3/31/20- \$21,756.99

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

5B. Benefit Approvals

- A. Applications to Retire – Theodore Fowler; Celia Kopelakis
- B. DROP Distributions – James Bowman monthly recurring distribution (change to \$125.00 beginning May 1, 2020 forward)

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

3. Approval of Minutes Summary for Meeting of January 23, 2020.

The minutes of the meeting of January 23, 2020 were reviewed.

Mr. Nacknouch made the motion to approve the minutes of the meeting of January 23, 2020. The motion was seconded by Mr. Berrios and approved unanimously by voice vote.

6. Report on Fund Activity as of February 29, 2020.

The Board was provided an unaudited financial statement as of February 29, 2020. 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 December 31, 2019.
- B. The Board was provided with Salem Trust Company Transition Letter No. 5 dated March 10, 2020. .

- C. The Board was provided with a Memorandum from the Attorney regarding the SECURE Act and IRS Limits for 2020. The law increases the required minimum distribution age from 70 ½ to 72 ½ effective January 1, 2020 for those that have not taken distributions. If someone has already started taking distributions, then they are subject to the old rules regarding minimum distribution requirements. The other part of the memorandum dealt with the IRS limitations for the 415 limits which went up from \$225,000 to \$230,000. The amounts for 457 and 401 plans also increased to \$19,500. .
- D. The Board was provided with a Memorandum from the Attorney dated January 2020 regarding Fiduciary Standards for Local Officers. It was noted that the Florida Legislature will be considering HB 1113/SB 1270 which is bill that adds a new section to Chapter 112 of the Florida Statutes establishing a general fiduciary standard for all local officers and appointed public officials. It was noted that this new section may conflict with the fiduciary standards already applicable to public pension plans that is in Section 112.656. As trustees for public pension plans, there is already a fiduciary duty to the participants of the plan, not the governing entity. The Attorney's Office is trying to work out this conflict with the Division of Retirement. The proposed new law would also require five hours of governance training once a term.
- E. The Board was provided with a Memorandum from the Attorney dated January 2020 Regarding Changes to Florida's Notary Public Law. Florida's Public Notary Law was changed effective January 1, 2020 to permit remote online notarizations under certain circumstances. It was noted that there are certain exemptions to the new law, such as not being applicable for change of beneficiaries or change of joint survivor annuitants. Certain forms that are required to be notarized will need to be revised to include the new notary acknowledgment.
- F. The Board was provided with a Memorandum from the Attorney dated April 2020 regarding the Annual Form 1 Filing. He noted that the Form is required to be filed by July 1st of every year.

8. Old Business

9. New Business

2. Public Comments

There were no public comments.

10. Adjournment

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