

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

Approved _____

Approved _____

The electronic meeting was called to order at 8:32 AM.

1. Roll Call

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

Guests

John McCann – AndCo Consulting
Margie Adcock – Pension Resource Center
Sherry Walker – Finance Director
Karen Russo – Salem Trust Company
Gregg Gosch, David Furfine & Marty Laprade –
Sawgrass Asset Management

3. Presentations

A. Sawgrass Asset Management – Gregg Gosch, David Furfine & Marty Laprade –
Quarterly Presentation

Mr. Gosch, Mr. Furfine and Mr. Laprade appeared before the Board. Mr. Gosch provided a brief firm update. He stated that there have been no changes on the investment team. There have been no significant changes to the portfolio. He reviewed the performance of the portfolio for the quarter ending June 30, 2020.

Mr. Laprade stated that the quarter ending June 30, 2020 was the strongest quarter in almost 20 years. The large cap growth market was up 27% which is the biggest gain ever. The numbers are quite extraordinary, especially from an economic standpoint. There is a lot of uncertainty where the economy is going. The government stimulus helped. There were also the unemployment extensions and the increase in the payments that have occurred. There has been a lot of stimulus that has flowed into the market. New highs were made in the 2nd quarter. It is confusing from the perspective of what is going on in the world.

Mr. Laprade stated that the portfolio did not quite keep pace with the benchmark though which should not be surprising. He stated that they added to Apple, Microsoft, and Amazon which was positive for performance. He stated that he feels good about their portfolio but compared to what has been going on in the market the portfolio did not quite keep pace. He stated that it has been more of a V shaped recovery. The market has continued to see gains in July. He feels that the market is a bit ahead of itself. He thinks it is prudent to be judicious and not chase stocks. They have taken gains and reallocated the funds. He reviewed the top ten holdings. While they have exposure to a lot of companies, they have pulled back a bit. They are overweight in technology but have pulled back on that sector as well. Mr. Laprade reviewed the top five stocks in the index going back to 1989. The top five stocks now are: Apple, Facebook, Google, Microsoft and Amazon. He stated that these five stocks represent about 30% of the index. It is a very concentrated market and these five stocks are driving the market. The last time the market has seen anything like this was back in the tech bubble. He thinks the trend is likely to slow and maybe reverse. He thinks it will give opportunities from a relative perspective to add value. Growth is

stretched more than value now than it has been at any time in the last 40 years. He thinks it is unlikely the market will continue to see a big disparity between growth and value. Mr. Laprade stated that the earnings visibility is a bit cloudy and the election is coming up. These are elements that could add volatility. There was discussion on the maximum allowable in a single stock investment of 5% of the total Fund. It was noted that Sawgrass has a high allocation to Apple and Microsoft. If both Sawgrass and Highland bought at the maximum, the Fund would be over the 5% maximum. Mr. McCann stated that Sawgrass can go to the 10% maximum in on stocks but not more. Mr. McCann stated that he would provide that in writing to Mr. Laprade.

Mr. Furfine discussed the bond portfolio. He reviewed the US Treasury performance over the five year period. He reviewed the sector performance. He stated that they have a significant underweight in corporate bonds. He stated that corporations were borrowing and extending maturities. All of these characteristics were negative trending while returns were getting smaller, so they went to an underweight. It helped in March and April and then the Fed came in to add stimulus. Mr. Furfine reviewed the intermediate fixed income quarterly changes. He reviewed the current attributes and sectors. He stated that if the coronavirus gets tougher and lasts longer then the market will see a long slough of lower interest rates and the Fed will step in and that will drive interest rates even lower.

C. Salem Trust Company – Karen Russo

Ms. Russo appeared before the Board. She provided an update on their transition. She stated that part of the process of being acquired by TMI Trust Company involved changing their banking information and settlement instructions. She stated that this was completed in March. They changed their back office platform. She acknowledged that there were a few issues that occurred in the transition but everything is in order now. She stated that the trading volume increased about 50% in March due to the market and the statements were slightly delayed. She noted that the retirees will be receiving two 1099s for 2020 and they are providing notice to the retirees advising them of that fact.

Ms. Russo stated that she wanted to discuss how they are handling transactions as they relate to the R&D Account. She stated that the balance in the R&D Account is at zero. Contributions go in 50/50 to Sawgrass and Highland and when payments are made they are transferred 50/50 from Sawgrass and Highland. She stated that she spoke with Mr. McCann and discussed how this could be changed going forward. She stated that she would like the contributions to go into the R&D Account and remain there. If more money is needed, they would pull from Sawgrass and Highland 50/50. They would pay everything out of the R&D Account except for the managers' fees. She stated that on a quarterly basis, she would work with Mr. McCann on the cash status. They can take direction from AndCo, not as a rebalance of the entire account, but just to fund the R&D Account to make sure there is enough to pay the expenses. Mr. McCann stated that it should be much more efficient and better for the managers as well as they would not have to sell securities to fund the R&D Account. It was noted that a letter of direction would be drafted for the appropriate signature.

Mr. Nacknuck made the motion to authorize direction to Salem regarding the funding of the R&D Account. The motion was seconded by Mr. Berrios and approved unanimously by voice vote.

B. AndCo Consulting – John McCann

1. Quarterly Investment Report

Mr. McCann reviewed the market environment for the quarter ending June 30, 2020. He stated that the total market value as of June 30, 2020 was \$37,030,987. The Fund was up 12.48% net of fees for the quarter while the benchmark was up 13.02%. Total equities were up 22.45% for the quarter while the benchmark was up 20.15%. Total fixed income was up 2.98% for the quarter while the benchmark was up 2.81%. Total real estate was down 1.50% for the quarter while the benchmark was down 1.27%.

Mr. McCann stated that Clarkston Capital was added to the portfolio during the quarter. The Fund has nice diversification now. The total Highland Capital portfolio was up 10.17% net of fees for the quarter while their benchmark was up 11.71%. The total Sawgrass portfolio was up 15.34% net of fees for the quarter while their benchmark was up 17.09%. With respect to equities, Clarkston Capital was up 23.91% while their benchmark was up 26.56%; Highland Capital was up 15.40% while their benchmark was up 16.39%; and Sawgrass was up 22.93% while their benchmark was up 24.73%. With respect to fixed income, Highland Capital was up 2.36% and Sawgrass was up 3.53% while their benchmarks were up 2.81%. American Realty was down 1.50% for the quarter while the NCREIF was down 1.27%. Mr. McCann stated that this is the first time in ten and a half years that American Realty was negative. He stated that this was due to the valuation of the properties. He stated that the Fund is still getting good income from the properties and American Realty is still positive for the fiscal year. Mr. McCann stated that he is pleased with the diversification of the Fund and pleased with Clarkston Capital being added to the portfolio. He stated that he has no problems with the portfolio and there is no need to rebalance at this point.

2. Addendum to Contract with Highland Capital

It was noted that Steve Stack from Highland Capital proposed a new fee structure for the Fund. It was noted that currently the fee is 50 basis points for the balanced account. They are proposing to lower the fixed income fee to 25 basis points which will save the Fund over \$10,000 a year. Highland Capital provided a draft proposed Addendum to the Agreement for the Board's consideration. The Board asked that the Attorney review the proposed addendum prior to execution.

Mr. Nacknuck made the motion to approve the proposed Addendum to the Agreement with Highland Capital. The motion was seconded by Ms. Fisher and approved unanimously by voice vote.

2. Approval of Minutes Summary for Meeting of April 23, 2020.
The minutes of the meeting of April 23, 2020 were reviewed.
Mr. Berrios made the motion to approve the minutes of the meeting of April 23, 2020. The motion was seconded by Ms. Fisher and approved unanimously by voice vote.

- 4A. Bills and Warrants
 - A. GRS – For actuarial services for period ending 3/31/20 -\$2,100.00
 - B. Pension Resource Center–For administrative services for May, June and July 2020 -\$8,160.54
 - C. FPPTA – 2020 Membership Dues - \$620.00
 - D. FPPTA – CPPT Annual Dues (K. Fisher, R. Berrios) - \$62.00
 - E. AndCo – Quarterly Fee for period ending 6/30/20 - \$9,466.00
 - F. Clarkston Capital – Quarterly Fee for period ending 6/30/20 - \$9,618.00
 - G. Highland Capital Management – Quarterly Fee for period ending 6/30/20 - \$14,616.60
 - H. Sawgrass Asset Management–Quarterly Fee for period ending 6/30/20-\$21,986.93**Mr. Nacknouch made the motion to approve items A-H. Ms. Fisher seconded the motion, which passed unanimously by voice vote.**

- 4B. Benefit Approvals
 - A. Applications to Retire – Sonja Law
 - B. DROP Distributions – Gerald Williamson monthly recurring distribution (\$300.00 beginning August 1, 2020 forward)**Mr. Berrios made the motion to approve item A-B. Ms. Fisher seconded the motion, which passed unanimously by voice vote.**

5. Report on Fund Activity as of June 30, 2020.
The Board was provided an unaudited financial statement as of June 30, 2020. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.

6. Plan Administrator –Margie Adcock
 - A. The Board was provided with a Memorandum from the Attorney dated April 27, 2020 regarding Continued Guidance on the Families First Coronavirus Response Act (FFCRA) and the CARES Act. The Memorandum sets forth the different provisions of the Federal legislation passed regarding COVID and the impacts on the Plan. .

7. Old Business

8. New Business
It was noted that Sherry Walker, the Finance Director and the Treasurer and Ex-Officio member on the Board, would like to become CPPT certified through the FPPTA. The Board stated that they felt it was important to allow this for the position of the Finance Director who sits as the Treasurer and Ex-Officio member

on the Board. The Board asked that the Attorney opine that this would be allowable.

Mr. Nacknouch made the motion to allow the Finance Director who sits as the Treasurer and Ex-Officio member on the Bard to become CPPT certified through the FPPTA if approved as allowable by legal counsel. The motion was seconded by Ms. Fisher and approved unanimously by voice vote.

9. 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.