**MINUTES**
**GENERAL EMPLOYEES' PENSION BOARD**
**POLICE OFFICERS' PENSION BOARD**
**FIREFIGHTERS' PENSION BOARD**
**HELD AT CITY HALL**

| **February 9, 2018** | **8:30 a.m.** | **Commission Conference Room** |
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## 1. CALL TO ORDER

Chairman Kelly McGuire called the meeting to order at 8:39 a.m.

General Employees' Pension Board members present were Chairperson Kelly McGuire, Secretary Dave Ponitz, Denise Roeper, and John Olivari.

Police Officers' Pension Board member present was Secretary Shane Jarrell.

Firefighters' Pension Board members present were Chairman David Randall, Tommy Bozeman, James Shaw, and Mike Scudiero.

Also present were Lee Dehner of Christiansen & Dehner (by phone), Matthew Witschel of HGK Asset Management, John Gunther of Polen Capital, Gregg Gosch and Anthony Brooks of Sawgrass Asset Management, and Charles Mulfinger of Graystone Consulting.

## 2. APPROVAL OF MINUTES OF DECEMBER 15, 2017

Mr. John Olivari moved, seconded by Ms. Denise Roeper, to approve the minutes of the December 15, 2017, meeting. The motion passed unanimously.

The Police Officers' Pension Board did not have a quorum present to approve the minutes of the December 15, 2017, meeting.

Mr. Tommy Bozeman moved, seconded by Mr. James Shaw, to approve the minutes of the December 15, 2017, meeting. The motion passed unanimously.

## 3. PUBLIC COMMENTS

There were no public comments.

## 4. BOARD VACANCIES (PO)

Ms. McGuire stated that there were two vacant positions on the Police Officers' Pension Board.

## 5. PRESENTATION OF HGK ASSET MANAGEMENT

Mr. Matthew Witschel, HGK Asset Management ("HGK") stated that he knew it had been a rough start for the market in February, but that 2017 was a good year overall for the market as well as for their strategy in the sense that they outperformed their benchmark. He stated, they were up more than 15 percent for the year and that the benchmark, which was the Russell 1000 Value Index, was up 13 percent and change. He stated that in terms of both absolute and relevant terms it had been a pretty solid year. He reiterated the philosophy of HGK was trying to find companies where, based on the current stock price, the market was factoring in a significant discount to the future revenue, earnings, and cash flow for that company. He noted that often the market had it right, explaining that a good reason for that could be a pharmaceutical company with a drug coming off patent and the expectation of revenue going down, which the market reflected. He stated that there were instances of a dislocation between what the market implied and what they thought was the true value of a company, and they sought to build a good solid portfolio of companies that met those criteria. He noted that was a high level reminder of how they handled accounts and were pretty conservative.

Mr. Witschel stated, performance would be very similar and almost identical between the three plans, in the sense that all were invested in the same strategy. He referred to slides that showed details of the three investment plans, noting that they showed the fourth quarter of 2017, and that it had been a good quarter. He stated that the strategy was up 6.8 percent in the portfolio and the benchmark was up 5.3 percent, meaning they had outperformed for the quarter. He noted the rate of return in the General Employees' portfolio was 15.5 percent and the index (Russell 1000 Value) was up 13.6 percent. He stated that even with a few withdrawals shown, they started the year with about $10.5 million and ended with about $11.5 million, noting that it had been a strong year all around. He stated that the Police Officers' portfolio had a similar performance and was nearly identical for the quarter, up almost seven percent with the index up five percent. He noted they started with about $7.5 million and ended up higher than where they started. He stated that the Firefighters' portfolio also had a good performance in absolute and relevant terms, noting that they started with about $6.3 million and closed with almost $1 million in gains.

Mr. Whitschel reviewed a snapshot of the years they had been with the City of Ormond Beach, noting that there were years where they had outperformed and years where they had underperformed. He stated that 2015 was an aberration for HGK in the sense that it had a pretty dramatic underperformance, noting it was the worst year that CEO and CIO, Mr. Michael Pendergast had in terms of his performance relative to the benchmark. He stated that it had a lot to do with energy prices collapsing in 2015 and that was exacerbated by some of the stock selection within the energy sector. He stated that the good news was that the market had gone up a lot since that time, but the bad news was that they had a difficult time keeping pace with the indexes. He noted that they bounced back in 2016 and 2017 displaying good performance in both years.

Mr. Dave Ponitz, General Employees' Pension Board, wondered what adjustments HGK had made or what things were done to guard against situations like what happened in 2015.

Mr. Whitschel stated that HGK's basic process described at the beginning of the meeting remained the same and they were always fully invested. He noted that when there was a big move like that, whether up or down, the whole team would go back and do a fresh take from the beginning. He stated the process would determine any changes made to avoid another 2015 situation.

Mr. Mike Scudiero, Firefighters' Pension Board stated that he was not condemning but that volatility seemed to be the word of the week, noting that in looking at year to year, good or bad, it seemed very volatile. He wondered if that was normal or if it was related to the type of plans they invested in.

Mr. Witschel stated that it was most likely a function of the very strong bull market that they had seen for about nine years. He noted that HGK was not seeking to be home run hitters, striving more for singles and doubles, and to beat the index by 200-300 basis points each year. He reminded them that the numbers in absolute terms had been very good. He stated that over the prior 15 years, the upside capture was about 103 percent and the downside capture had been 98 percent, even with ugly 2015 numbers.

Mr. Charles Mulfinger, Graystone Consulting, stated that energy was very volatile during 2015 and overweight energy, relative to the benchmark, had a big impact and caused the loss to be as big as it was.

Mr. Witschel stated that in terms of what contributed and detracted the prior year, the sectors of technology and healthcare were good for the market and for them. He stated that as a value manager, they were not investing in sexy names like Snapchat, but were involved with more industrial tech companies, like Apple and Applied Materials (a chip maker). He noted they had been overweight compared to the benchmark and that it had helped. He stated that in the healthcare space, they would not own biotech companies, but more large pharmaceutical companies like United

Healthcare which had been a big performer the prior year. He stated that in the energy sector, they did not own ExxonMobile, the biggest name in the benchmark, and it helped HGK's relative performance since it was down. He stated that utilities had been an okay sector with good performances from PSEG and Entergy Corporation but Whirlpool had been down. He stated that in financial, AIG was down and that HGK did not own JP Morgan but that it did cost them in relative performance. He noted that HGK had bought Hasbro, who was making the transition from a traditional toy maker to an entertainment-marketing-branding company, and sold Kohls, since that industry was changing.

## 6. PRESENTATION OF POLEN CAPITAL

Mr. John Gunther, Polen Capital ("Polen"), stated that their mission was to preserve and grow client assets to protect their present and enable their future. He noted that they purposefully put 'preserve' and 'protect' ahead of growing and enabling, as they were all about protecting hard earned money first and then looking to grow over time.

Mr. Gunther stated that Polen was able to grow assets in 2017 and that they were up 27 percent, noting that he was recently reminded that it was not a straight up market all the time. He noted that in 2018 so far, it had been a difficult environment and that they were always in the mindset of protecting the assets. He stated that Polen was based in Boca Raton and employee owned, which meant they were all invested in the same portfolio that the attending pension boards had. He noted that the firm was involved in global, international, and small company growth and were managing around $17 billion in total firm assets at the current time. He stated that they approached investing as a 'high active share' which meant a select group of high-quality companies; with 'time arbitrage' meaning that they were long term oriented with high conviction ideas for long term; with a 'do not lose mentality' meaning that they never had a big loser in the portfolio over the years; and an absolute return mentality. He noted that even with a week like the market was currently experiencing, they could still sleep at night and were confident in the portfolio choices.

Mr. Gunther showed a slide of the entire portfolio, noting it was concentrated and had high conviction, and they separated themselves from the market by avoiding companies that were lower quality, had tons of debt, and were very cyclical. He stated that the net debt to capital ratio was a negative number which meant if there were more cash or cash equivalence on a balance sheet to pay off any debt the company might have, it would result in a negative number. He noted that companies that could sell finance during tough times led to continued great returns and ultimately, share prices that did not go down as much. He noted that earnings growth was in the high teens and the broad market was barely double digits. He noted some of the brands they invested in included Nestle, Dollar General, Starbucks, Facebook, Microsoft, MasterCard, and VISA, among others. He noted that historically, they had only gone down 55 or 60 percent in a down market. He stated that the balance of companies enabled them to participate in the up markets, but play good defense in the down markets. He stated that the upside capture was less than 100 percent, at 95 percent. He noted that the portfolio was designed to absorb shocks to the financial system. He stated that they had been trimming the portfolio at times and at the end of the prior year had started to pull back on names that did really well and were more vulnerable to a pull back, and put more into the more defensive names.

Mr. Gunther gave an overview of the General Employees' Pension Fund, and noted that the numbers for all three plans were similar. He stated that for calendar year 2017 the market was up 30 percent and the portfolio was up 27 percent, which was far above their average of 14 percent. He noted that the three year numbers were very strong and five year numbers were lagging a little. He stated, the market had more or less had gone straight up in their years with the city. He stated that they were not in energy, materials, or financials, noting that financials had a great year, but were not part of the overall portfolio and did not benefit them. He stated that more than half of the portfolio holdings were up over 20 percent and earnings for the shared growth was 20 percent, and they were comfortable with that.

Mr. Ponitz stated that Polen Capital was not investing in financials, but wondered what they considered MasterCard or VISA.

Mr. Gunther stated that what Polen considered financials were banks, mortgage companies, and other companies that the assets were considered liabilities. He stated that the industry classification was a gray area and that they were in discussions about that, but VISA and MasterCard were considered processors. He noted that MasterCard collected small fees, but were not responsible for the purchase itself, indicating that the bank behind it was responsible.

Mr. John Olivari, General Employees' Pension Board, asked what sector they were part of, noting that there was not a processor sector.

Mr. Gunther stated that MasterCard and VISA did get grouped in with financials and that he should have clarified that when he brought them up.

Mr. Ponitz stated that it looked like the portfolio mimicked the S&P 500 more than the Russell 1000 Growth, their benchmark.

Mr. Gunther stated that was a good observation and noted two things; their benchmark was the Russell 1000 Growth because it was determined that

that was the closest fit to their portfolio and was the best benchmark. He noted that the S&P 500 had more allocations to the sectors that they avoided, such as energy and financial.

## 7. PRESENTATION OF SAWGRASS ASSET MANAGEMENT

Mr. Gregg Gosch, Sawgrass Asset Management LLC ("Sawgrass"), distributed the Investment Review to everyone in the room and apologized for not having it on the screen for them. He stated that Sawgrass was similar to Polen, but that they had some differences as well. He introduced Mr. Anthony Brooks and noted that Mr. Brooks would be giving the details on the portfolio. He stated that Sawgrass had added eight new partners to the firm, that it was employee owned, and had hit their 20 year anniversary recently. He stated there were no changes on the investment team, but that Ms. Christine Turner left the firm for a new venture.

Mr. Anthony Brooks, Sawgrass Asset Management LLC, stated that they viewed the investment world similar to Polen, in a risk conscience approach to investments. He clarified that they concentrated on the consistency of growth as opposed to the magnitude of growth, and by doing so got companies of lower price volatility. He stated that when the market turned, because the growth was so consistent, they would not be punished as much as other stock and that it was easier to come back from a loss. He noted that they chose less risk and outperformed over the length of a market cycle.

Mr. Brooks summarized the fourth quarter market as a continuation of a strong market. He stated that all three plans had similar returns, but showed the details for the Firefighters' Pension Fund. He stated that they had good absolute returns for one year at 23 percent, but that the benchmark of the Russell 1000 Growth Index was at 30 percent, and that they had underperformed compared to the overall speculative market. He stated that for the fourth quarter of 2017 the market was up 7.9 percent and kept up with 7.2 percent.

Mr. Brooks stated that they did not make many changes to the stocks over the fourth quarter, but noted that they did sell Henry Schein, Inc., a medical supply company. He stated that all top ten of their stocks made significant contributions to the return, but that of the bottom ten only one contributed significantly negative to the portfolio and that it was AutoZone, Inc. He noted that it had the same fate as Henry Schein, Inc., where Amazon announced that they were going to get into those areas and it affected the stocks. He stated that the stocks that affected them the most were ones not owned by them, such as Amazon, Facebook, Netflix, etc., but only two of those would have fit their portfolio. He was confident that they had picked good stocks overall and those would add value to the investments going forward.

Mr. Mike Scudiero, Firefighters' Pension Board, stated that it seemed almost unfair to use the Russell 1000 as the benchmark, noting that even when things were at their worst it was still not as bad as it could have been. He asked if they were the same as Polen on that.

Mr. Brooks stated that he was correct and that the Russell 1000 was a good fit for how they managed money since they were a growth investor. He stated that it would not have been a good fit to compare the Sawgrass results to the S&P500 since they had more growth-related stocks.

Mr. Scudiero agreed that it looked like a high standard and when those numbers were viewed, he wondered if they were making him money or not. He stated that clearly they were and that all pensions were making money under Sawgrass.

Mr. Gosch agreed with Mr. Scudiero and stated that the market was very cyclical. He noted that if one looked at numbers from July 1, 2016 it made them look great for the prior five years and there had not been much volatility in the market, but that going forward 18 months from that day, they looked like they had been sleeping on the job.

Mr. Brooks agreed and stated that in looking at performance, one should look at the peak to the drop to the higher peak to see the full market cycle, instead of just looking at certain time frames.

Mr. Tommy Bozeman, Firefighters' Pension Board, stated that Sawgrass smoothed the portfolio; whereby, Mr. Brooks agreed.

Mr. Mulfinger wondered what impact the relative underperformance in recent time had on impact flow. He noted there were a lot more searches in terms of business and wondered how the returns were doing in the pullback they were seeing.

Mr. Gosch stated that two clients had left and that they added about eight institutional clients. He stated that there had been no mass outflow and that there had been more search activity than they had seen in the prior two to three years.

Mr. Brooks stated that Sawgrass did not keep up as much as they would have liked, but since then they had seen pretty good preservation and had been able to outperform through the prior day's numbers.

## 8. INVESTMENT MONITOR REPORT (GRAYSTONE CONSULTING)

Mr. Charles Mulfinger, Graystone Consulting (“Graystone”), stated that at the current time, the economy was doing well and everything was positive. He stated that Graystone continued to expect strong earnings. He stated the funds were not negative. He believed that the ten percent correction was fine (which was where they were sitting at the close of business the prior day), the market would still have good earnings, the economy was still fine, and the market should rebound off that. He stated he was glad the group was able to hear the different presentations, noting that Sawgrass was a broader portfolio; Polen was more concentrated and could create more volatility at times; and that Sawgrass was more diverse and still defensive.

Mr. Jim Shaw, Firefighters’ Pension Board, and Mr. John Olivari, General Employees’ Pension Board, made statements about volatility; whereby, Mr. Mulfinger gave an example of volatility where a stock dropped quickly overnight, the stock was closed after the market opened the next morning, and everyone invested literally lost their money overnight.

Mr. Mulfinger stated that growth outperformed value during 2017, comparing the Russell 1000 Growth Index to the Russell 1000 Value Index numbers. He noted that all sectors were also positive at the end of 2017, which had not happened in a long time. He noted that the international market was also strong and had positive returns.

Mr. Mulfinger stated that the absolute return and relative return for the General Employees’ Pension Plan earned over four percent and beat the benchmark, noting they earned $1,951,443 in that quarter alone. He noted that in looking at weight, they were overweight in Large Cap Value, Large Cap Growth, Small/Mid Cap Value, Small/Mid Cap Growth, while being slightly underweight in International Value and Growth. He stated they were overweight in total equity at 70.82 percent and the pension policy allowed a limit of 70 percent only. He stated they would need to reduce the limit that day, with a motion from each group to bring the equity down to 70 percent and move bonds up to 30 percent, but noted that it might have been done naturally by the market. He stated that if the changes were complete due to the market, Graystone would not do anything with the funds, but they needed the votes to give permission for doing so. He noted they would come back to that issue at a later part of the meeting.

Mr. Mulfinger reviewed the breakdown of returns from all groups they managed including HGK, Sawgrass, Polen, Cambiar Investors, Fiera Capital Inc. (formerly APEX), Delaware Investments, Renaissance Investment Management, and Garcia Hamilton and Associates. He noted the funds were all in the northwest quadrant in regards to risk and return, and that was a great place to be.

Ms. Denise Roeper, General Employees' Pension Board, asked if he would clarify what the alpha was and if it needed to positive.

Mr. Mulfinger used an example to explain the answer; if the market had a return of ten percent, and the plan was less volatile than the market at a beta of 80, the return would be expected to be ten times .8 since that was the beta. He noted that if the market had a return of nine and an alpha, which was a return above what was expected, by one percent, the alpha would be one. He stated that one would hope for a positive, not a negative, alpha.

Mr. Shane Jarrell, Police Officers' Pension Board, stated that when viewing the 16 years shown on the risk and return analysis, which included a number of drawbacks, the pensions were still looking pretty good; whereby, Mr. Mulfinger agreed and stated they were looking great based on the risk that had been taken. He noted that one did not see a lot of plans in the northwest quadrant, which had higher return and less risk.

Mr. Mulfinger noted that he had to address the bad news at that time which was that as of December 31, 2017, the stocks had too much in them and the bonds had too little. He reiterated that he thought the market had corrected the numbers without Graystone making changes, but that he needed votes by each board. He noted that Graystone would then check the current numbers, to see if they were in line with the policy, and if not, they would adjust them to fit the policy.

**Mr. Olivari moved, seconded by Mr. Ponitz, for rebalancing of the portfolio to put them in compliance with the policy for the General Employees' Pension Board. The motion passed unanimously.**

**Mr. Bozeman moved, seconded by Mr. Shaw, for rebalancing of the portfolio to put them in compliance with the policy for the Firefighters' Pension Board. The motion passed unanimously.**

Mr. Mulfinger stated that he had passed around a sheet with the updated numbers for each pension plan as of Febraury 7, 2018, but that Graystone would update the numbers as of the meeting date.

Mr. Shaw asked who set the plan policies in place; whereby, Mr. Mulfinger stated that the pension boards did, along with a city ordinance, and the state.

Mr. Bozeman, Fire, stated that there was discussion about changing those amounts at the end of 2016, but they wanted to wait until after the new

Commission had settled in and that it had not been revisited since that time. He mentioned changing the reallocation after the presentation was over.

Mr. Mulfinger stated that in his opinion, they should not go above 70 percent in equity. He wished they could adjust the fixed income side and allow alternative investments instead of keeping so much in bonds.

The Firefighters' Pension Board members discussed looking at alternative investments and wondered if they needed a motion to discuss it with the Commission.

Mr. Mulfinger stated that the best thing would be to have the ordinance changed to give them the flexibility to look at alternatives, so they could make changes if they wanted.

Ms. McGuire asked City Clerk Scott McKee to clarify what happened when something went to the Commission and they voted against it, wondering if it could be brought back up at a later time.

Mr. Scott McKee, City Clerk, stated that it would be best to consult City Attorney Randy Hayes on that and the time limit involved; whereby, Ms. McGuire stated that it occurred during the time that Chairman Ed Kelley was mayor.

The Firefighters' Pension Board members agreed they would want that option available if possible.

Mr. Mulfinger stated that what Mr. Lee Dehner had suggested in the past to other cities was a proposal to the ordinance to make it more flexible. He noted that Mr. Dehner already had the language available for it.

Mr. Bozeman asked if an attorney was on the phone; whereby, Ms. McGuire stated that Mr. Dehner was on the line. Mr. Bozeman asked Mr. Dehner to explain the details and what they needed to do as a board.

Mr. Lee Dehner, Christiansen & Dehner, stated that many cities had adopted the proposal. He stated, essentially, it removed restrictions that the ordinance had for asset allocation, different types of investments, and provided that it would be determined by the board based on advice from the consultant through the investment policy. He noted the only exception for Police Officers' Pension and Firefighters' Pension was that they had a statutory restriction of a maximum of 25 percent, so that would have to remain if they changed the ordinance. He stated that otherwise it was pretty wide open if the ordinance provided for that, and it was the language that he had provided and submitted a few years prior when Mr. Mulfinger first made the recommendation.

**Mr. Shaw moved, seconded by Mr. Bozeman, to come back with a proposal to update the city ordinance allowing alternative investments for the Firefighters' Pension Board. The motion passed unanimously.**

Mr. Bozeman asked Mr. Dehner if he would be able to start working on the proposal for them; whereby, Mr. Dehner stated that he would do so. He noted he was still available to them for assistance until a change of attorney was officially made.

Ms. McGuire asked Mr. Randall if he would follow up with Mr. Dehner on the proposal, then get it to her so that she could get it on a future Commission agenda; whereby, Mr. Randall stated that he would.

Ms. McGuire advised that the situation could have the same outcome as the prior time it had been tried. She wondered if having a recommendation from Mr. Mulfinger with the proposal would be beneficial, as well as having him and the Firefighters' Pension Board attend that Commission meeting. She explained there was a chance it could be voted on with no discussion and the end result could be the same. She noted that it would be at least 30 days once they put something in her hands before it would be on the Commission's agenda.

Mr. Dehner asked if he should do one for each of the pension boards; whereby, Ms. McGuire stated that they only needed one for the Firefighters' Pension Board at that point and to send it to Mr. Randall and herself.

Mr. Ponitz stated that if there were no substantial information that would make the case for the consideration, they would expect no different outcome than the last time. He wondered if Mr. Mulfinger had prepared a comparison statistically, or with other clients that had changed the allocation in the fixed range for alternative investments, and a comparison of how those funds had performed over a period of time, thinking that might help prove their side of the discussion.

Mr. Mulfinger stated that he had information for New Smyrna Beach in his car and that they started investing in real estate about five years prior. He noted if they did eventually go to real estate, they would need to hire another management firm that handled only that.

Mr. Scudierdo wondered if Mr. Mulfinger could come up with a ballpark number of how many clients he had that had the restriction; whereby, Mr. Mulfinger stated that Ormond Beach was in the minority of clients and that even Holly Hill was invested in real estate. The room was surprised to hear that about Holly Hill.

Mr. Ponitz suggested that Mr. Mulfinger put the comparison packet together and add it on the agenda for the next Pension Board meeting for discussion and presentation. He stated that at that time, if all boards were in agreement, they should proceed.

Mr. Shaw stated that he agreed and that it would be better if all the boards were aligned on that issue.

Ms. McGuire stated that they needed the ordinance from Mr. Dehner in advance of the next meeting, noting that Mr. Mulfinger could do a presentation of what he had, they could tweak anything needed, and she would take everything together to put on the Commission’s agenda.

Mr. Mulfinger stated that he would put together an educational presentation that explained why the city should look at alternatives, including real estate, and how real estate would work as part of the diversification and the performance differences. He stated that he might have Mr. Scott Owen, also from Graystone, present at the next meeting.

## 9. DISCUSSION OF RFP FOR PENSION BOARD ATTORNEY SERVICES (FIRE, GENERAL, POLICE)

Ms. McGuire asked Mr. Dehner about any changes he had to the Request for Proposals for Legal Counsel draft; whereby, Mr. Dehner stated that he did have a few recommendations for consideration.

Mr. Dehner stated that under number III - Services Required on page 1, he would add Administrative Procedures; Experience and Familiarity with Florida Statutes Chapters 112, 119, 120, 175, and 185; Internal Revenue Rules and Regulations; Division of Retirement Ruling; and Ordinance preparation.

Mr. Dehner stated that on page 2 under number V - Proposal Contents and item 6, he would request details on method of billing and how the fees would be split between the boards for items like travel. He noted they should find out if they would charge the same for travel time and travel reimbursement as they would for legal services. He noted that he charged only half for those items. He stated that on item 7 on the same page, he stated they should put emphasis on public plans, not private, because there were significant differences under state and federal law between what was applicable to each of them; whereby, Ms. McGuire stated she would take the word private out of that section completely since it was not relevant.

Mr. Dehner stated they should have what they needed for the RFP at that point.

Ms. McGuire stated she would provide the updated RFP to everyone the next week and they would keep it out for 30 days. She wondered how the boards wanted to proceed once they received the proposals. She stated that if everyone was comfortable with it, the chairperson from each board, Mr. Randall, Mr. Ken Artin, and herself, could narrow the group down to a manageable level and schedule them for the next meeting. She then wondered if the three chairpersons could meet like that outside of the official meeting; whereby, Mr. Dehner stated that a trustee from each board could meet together and did not have to follow the normal meeting rules such as public notice, minutes, Sunshine Law, etc.

Ms. McGuire stated that she would set up the meeting and they would narrow the proposals down to no more than five for consideration. She asked if Mr. Dehner would be available for consult after; whereby, Mr. Dehner stated that he would be.

Ms. McGuire asked if Mr. Dehner gave them one or two firm recommendations; whereby, Mr. Dehner stated that he had given them two, Klauser and Caufman, and Sugarman. She stated that she would make sure both groups received the RFP.

## 10. DISCUSSION OF UPDATED SUMMARY PLAN DESCRIPTIONS

Ms. McGuire asked Mr. Dehner for the status for updating the summary plan descriptions; whereby, Mr. Dehner stated they should have copies in their package, but was not sure if they had time to review yet.

Mr. Dehner stated that if they had not had time to discuss, it could be put on the agenda for the next meeting or a special meeting could be called. He noted there were a number of changes in each one. He stated, if there were issues identifying the changes, he could send the redlined copy for clarification; whereby, Ms. McGuire stated that she would like the redlined copy and that she would put it on the agenda for the next meeting.

## 11. DISCUSSION OF SHAREHOLDER LITIGATION COUNSEL (FIRE)

Mr. Scudiero stated that he brought up the subject, but was not sure if they were waiting on something from Mr. Dehner. He stated that he met with a gentleman from a firm in Pennsylvania, that stated they signed agreements with pension boards all over the country and when one of the investments was malicious, they recovered the money and received a portion of it.

Mr. Dehner stated that if it were out of Pennsylvania, he thought it would be the Topaz firm out of Philadelphia and he spoke with Mr. Jonathan Davidson; whereby, Mr. Scudiero stated that was correct.

Mr. Dehner stated that there were certain things that needed to be in a contract with them, he had approved a number of theirs, but the primary items were that the city should not be charged for their monitoring of the portfolio. He stated that was only used to determine whether or not any of investments or companies had become subjects of class action litigation. He stated, if that were the case they should be notified and the firm should file in court a proof of claim, which would enable the boards to receive a distribution in the event of a favorable judgment or settlement. He stated that if they were ever asked to be lead plaintiff, the contract should specify they had no obligation to perform in that capacity. He noted the firm would receive a contingency fee for representation of an entire class and that would be the reason for no fee in monitoring the investments up front.

Mr. Scudiero stated that there was a three page retainer agreement in the packet and that he would get that to Mr. Dehner.

Ms. McGuire asked Mr. McKee to make sure that a copy was sent to Mr. Dehner; whereby, Mr. McKee stated that he would.

Mr. Scudiero asked Mr. Dehner about making agreements with all firms that did that type of work; whereby, Mr. Dehner stated he was correct and that they could choose multiple firms to do it.

Mr. Bozeman asked for clarification on what it would protect them from; whereby, Mr. Scudiero stated that it involved bad investments that became part of class action litigation and that they would get a portion of that.

## 12. ATTORNEY COMMENTS

Mr. Dehner stated he wanted to clarify actions to that point; where monitoring was concerned, they would send him a copy of the Topaz contract, he would look at it and let them know if it looked good or he would recommend changes; whereby, Ms. McGuire stated that was correct.

Mr. Dehner asked if that would be for all three funds; whereby, Ms. McGuire stated that was correct.

Mr. Dehner stated that he would do a proposal to the ordinance for the Firefighters' Pension Fund suggesting broader investment authority and send it to Mr. Randall and Ms. McGuire. He noted that Mr. Mulfinger would have additional materials for comparison purposes for the next meeting; whereby, Ms. McGuire stated that was correct.

Ms. McGuire clarified to Mr. Dehner that they did want an ordinance for broadening the investments on all three pension plans. She asked that they all be sent to Mr. McKee and that he would get it on the agenda.

Mr. Dehner stated that the legislative session was about half over, noting that the session would adjourn in the second week of March. He noted that bills had been submitted and they would see what happened. He stated that one involved a proposal to include cancer as a presumptive in line of duty illness for firefighters, upon which a disability may be based. He noted that it had failed the prior two years but was back again. He stated that there was another with respect to cancer, Senate Bill 900, and it would make the mandate even broader.

He stated that there were changes in trustees. He reminded them that for trustees stepping down they needed to file a Form 1F Financial Disclosure within 60 days of stepping down. He stated that if they were stepping down between January 1 and July 1 of the year, they had to file a Form 1 Financial Disclosure that everyone filed, by July 1. He stated that if a new trustee came on board, they would need to do a Form 1 Financial Disclosure within 30 days.

Ms. Roeper asked if that was the form given to her by former Assistant City Clerk Colby Cilento; whereby, Ms. McGuire stated that was correct.

Ms. Roeper asked if there were any education items that she needed to be concerned about that were required; whereby, Mr. Dehner stated there was a statutory education requirement for trustees of each board in two areas, investment and legal. He noted that it did not say how frequent and did not require certification.

Mr. Mulfinger asked Mr. Dehner if the educational information on asset allocation and real estate investments at the next meeting would be considered training for meeting that requirement; whereby, Mr. Dehner stated that it would qualify for the investment part.

Mr. Ponitz suggested Sunshine Law training for any new trustees and wondered where they could get that and if it were available online; whereby, Mr. Dehner stated that he could assist with finding options.

Ms. McGuire stated that Florida Public Pension Trustees Association (FPPTA) was an option and that she would send a website link to Ms. Roeper.

Ms. McGuire reminded Mr. Dehner to send a redline copy of the summary plan descriptions to her; whereby, Mr. Dehner stated that he would.

## 13. OTHER BUSINESS

Mr. Ponitz stated that a pension member was completing his drop on the election form and that it was confusing as to whether the election form was eluding to the drop portion of his benefit or the pension benefit itself. He stated that he did not know specifically what the form said, but the recommendation made was that the gentleman should add the word drop to the request for information form so that it would make it more clear.

Ms. McGuire stated that she was not sure exactly what he was referring to.

Ms. Roeper stated that she thought that the gentleman was transferring his money from the drop into his 457 and the form he had to fill out said ‘transfer pension to the 457’ and did not say pension drop money.

Mr. Ponitz agreed and noted that maybe the form could be reviewed and clarified.

Ms. McGuire stated that there had been some issues with Regions Bank (“Regions”) the prior few months, noting that two, three, or four 1099s for 2017 had been sent to retirees. She noted that they changed systems during the year and had a servicing agent doing some of the monthly pension checks at one point, so the retirees got one or two 1099s from Regions and another from the servicing company they used. She stated that they ended up having to add all the 1099s together. She noted that of course, people did not know that and were confused when they received the first one and the amount was incorrect.

Ms. Roeper stated it would have been helpful if Regions had informed the retirees of the situation with the 1099s.

Ms. McGuire stated that someone had received a letter from Regions but that it was with the last 1099 and explained the situation. She noted that was after all the calls had come in to City Hall questioning the situation. She asked the group to inform others with questions of the situation and to add up all the 1099s.

## 14. ADJOURNMENT

The General Employees’ Pension Board adjourned at 11:06 a.m.

The Firefighters’ Pension Board adjourned at 11:06 a.m.

Respectfully submitted,

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Wendy Nichols, Recording Secretary

Attest:

Kelly A. McGuire, Chairman
General Employees' Pension Plan

Ken Artin, Chairman
Police Officers' Pension Trust Fund

David Randall, Chairman
Firefighters' Pension Trust Fund