

General Employees' Pension Board Regular, Quarterly Meeting
June 26, 2019 – 8:30am

The regular, quarterly meeting of the City of Lake Wales General Employees' Pension Board was held June 26, 2019 in the City Administration Building, City Manager's conference room beginning at 8:30a.m. Violeta Salud, Chairperson, conducted the meeting.

Agenda Item 2: BOARD MEMBERS PRESENT:

Commissioner Robin Gibson,
Linda Kimbrough,
Sarah Kirkland,
Violeta Salud,
James Slaton

BOARD MEMBERS ABSENT:

No members absent

CITY REP PRESENT:

Carmen Ortiz, Recording Secretary

OTHER ATTENDEES:

Sandra Davis, City of Lake Wales;
Dorothy Abbott, City of Lake Wales
Ryan Higgins, Raymond James;
Chris Rafool, Raymond James;
Todd Wishnia, Highland Capital Management, LLC

Agenda Item 3: COMMUNICATIONS AND PETITIONS:

No comments from the public.

Agenda Item 4: APPROVAL OF MINUTES:

April 25, 2019 Regular Meeting Minutes

James Slaton made a motion to approve the minutes of the April 25, 2019 regular meeting. Sarah Kirkland seconded the Motion.

VOTE: All "AYE", None "NAY"

Motion passed, 5/0 vote

Agenda Item 5: RAYMOND JAMES:

Portfolio Performance Report

Mr. Rafool presented the Portfolio Performance Report for the second quarter of 2019, period ending May 31, 2019 as shown below:

Summary of Investment Growth this Quarter:

Beginning Market Value	\$11,048,857.44
Contributions/Withdrawals	\$57,260.69
Income	\$41,227.65
Change in Market Value	-\$442,846.71
Ending Market Value	\$10,589,978.69

Net Money-Weighted Returns **6.38%**

	Market Value on May 31, 2019	% of Portfolio
Cash & Cash Alternatives	\$183,324.92	1.73%
Cash *	\$181,247.10	1.71%
Cash Alternatives	\$2,077.82	0.02%
Fixed Income	\$3,799,542.17	35.88%
Equity	\$6,607,110.63	62.39%
U.S. Equity	\$5,397,560.08	50.97%
Non U.S. Equity	\$894,837.05	8.45%
Real Estate	\$314,713.50	2.97%
Alternative Investments	\$0.00	0.00%
Allocation Strategies	\$0.00	0.00%
Non-Classified	\$0.00	0.00%
Total Portfolio	\$10,589,977.72	100%

*\$138,458.20 is held in cash and cash sweep products

The plan had a return of 6.38% for the quarter, which is less than the target return rate of 7.16%. The one-year return is 7.0% and the return since inception (June 1988) is 8.09% (since Raymond James is 5.86%). The plan's top holding is SPDR S&P Dividend ETF at 11.7% of the portfolio. This is a diversified investment vehicle of 111 different stocks. The Morning Star gives it a 5 Star rating.

Agenda Item 6: HIGHLAND CAPITAL MANAGEMENT:

Todd Wishnia spoke about the second fiscal quarter to date 06/24/19. The 2nd quarter and Fiscal Year (to date) show the same ending Market Value of \$10,377.902 which is different from Raymond James, due to Highland Capital numbers reflect totals to June 24 2019, and Raymond James show totals to May 31 2019, plus the SPDR ETF. The quarter to date through 6/24/19 is about 15 basis points ahead of the value benchmark, Fiscal year to date was tough due to 4th quarter of 2018 with the market being down. The five-year number is in the good spot of 8.19% over 7.36%. The Fixed Income Quarter to date is 2.63% over the 2.92% benchmark, Fiscal Year to date is 7.10% over 7.68% and Five Year to date is 3.30% over the 2.93% benchmark. When the quarter ends, a full report will be submitted with the final numbers.

Agenda Item 7: NEW BUSINESS:

City Finance Director, Dorothy Abbott, stated that the Finance Department will be unable to get in compliance with what is required at the end of the Fiscal year audit time, because there are problems reconciling the financial data with what is provided by the investment consultant/custodian Raymond James. She made a recommendation to change Raymond James to Salem Trust Company. City attorney Adam Levinson, who attended by phone, provided the following options:

1. Use Raymond James solely as investment consultant and Salem Trust as asset custodial
2. Changing both asset custodial and investment consultant to Salem Trust for a year
3. Keep what we have and find a way of fixing the issue of reconciling the financial data

Sarah Kirkland made a motion to take Dorothy's recommendation, and go with Salem Trust as our Asset Custodial Company. James Slaton seconded the Motion.

VOTE: All "AYE", None "NAY"

Motion passed, 5/0 vote

A new contract for Salem Trust and a revised contract as Independent Consultant for Raymond James will be brought in before the Board members for review on the next Pension Board meeting on July 25, 2019.

Agenda Item 8: KLAUSNER, KAUFMAN, JENSEN & LEVINSON:

Adam Levinson attended by phone, stated he would contact Karen Russo from Salem Trust so that she can see about attending our next Pension Board meeting. He will also be sending out emails to Raymond James with samples of what our contract with Independent Consultants looks like.

Agenda Item 9: OTHER NEW BUSINESS:

Invoices:

Raymond James Consulting Invoice, 1/15/19 to 3/31/19	\$3,227.67
Raymond James Consulting Invoice, 4/15/19 to 6/30/19	\$4,025.73

James Slaton made a motion to approve the payment of invoices. Sarah Kirkland seconded the motion.

VOTE: All "AYE", None "NAY"


Motion passed, 5/0 vote

Announcements

Sandra Davis stated that the City Manager wanted to let the Board know that there are a couple of benefits that have been discussed that would probably come before the Board at some point:

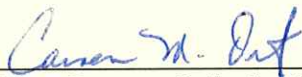
1. There is currently a \$75,000 CAP of benefits on General Employees, Police and Fire, and there is a request to at some point remove that CAP.
2. There are requests from employees to be able to buy Municipal Service from different cities in Florida to count towards their vesting period with the City.

The next meeting will be held on Thursday, July 25, 2019 at the City Administration Building in the City Manager's conference room at 08:30 a.m.



Violeta B. Salud, Chairperson

ATTEST:



Prepared by: Carmen Ortiz for the Board of Trustees