

AGENDA
WILTON MANORS GENERAL EMPLOYEE & POLICE PENSION
BOARD OF TRUSTEES REGULAR MEETING Tuesday June 7, 2016
COMMISSION CHAMBERS 5:30 PM

I. CALL TO ORDER

II. ROLL CALL

III. COMMENTS FROM THE PUBLIC

Any member of the Public may speak on any issue for three (3) minutes

IV. CONSENT AGENDA

Items listed under Consent Agenda, Item IV, are viewed to be routine and One Motion will enact the recommendation in the form listed below. If discussion is desired, then the items(s) will be removed from the Consent Agenda and will be considered separately.

Approval of Minutes:

- February 29, 2016 Pension Board Minutes

Motion to Receive and File:

Warrant 2016-008	
• Judith Hoekstra, Recording/Secretarial Dec., Jan. & Feb.	\$ 280.00
Warrant 2016-009	
• Klausner Kaufman Jensen & Levinson Feb 29, 2016. Inv.	\$1,475.00
Warrant 2016-010	
• American Express March Inv.	\$ 23.45
Warrant 2016-011	
• Trustee Kroon Reimbursement Lodging & Airfare NCPERS	\$1,064.25
• Trustee Kroon Per Diem for NCPERS Conference	\$ 230.00
Warrant 2016-012	
• Joan Wall, Bookkeeper Inv. 10/1/15-3/31/16	\$3,401.69
• Southeastern Advisory Services Inv. Quarter ending 3/31/16	\$4,433.51
Warrant 2016-013	
• KSDT = Auditor Inv. #34169	\$1,385.00
Warrant 2016-014	
• Gabriel Roeder Smith – Inv. #420964	\$3,326.00
• Snow Capital Management – Quarterly Fee	\$6,754.00
• American Express April Inv.	\$ 800.00
Warrant 2016-015	
• Garcia Hamilton & Associates Inv. # 26925	\$2,399.40
• Garcia Hamilton & Associates Inv. #26923	\$8,178.45
• WHV Investments, Inc. Quarterly Fee 3/31/16	\$5,389.00
Warrant 2016-016	
• Klausner Kaufman Jensen & Levinson Inv. March 31, 2016	\$ 525.00
• Klausner Kaufman Jensen & Levinson Inv. April 30, 2016	\$ 0
Warrant 2016-017	
• Gabriel Roeder Smith & Co. #421527	\$9,450.00

- Obituary Notice – Retiree Police Chief Bernard S. Scott
- March 21, 2016 E-mail to Regions Survivor Benefit for Mrs. Scott
- March 15, 2016 Memo from Klausner Kaufman Jensen & Levinson RE-Required Posting of the Division of Retirement's Updated Fact Sheets
- April 22, 2016 Memo from Dan McNichol, Snow Capital Management
- Saxena White – First Quarter 2016 Select Investor Monitoring Report
- Financial Statements – Years Ended September 30, 2015 and 2014

V. NEW BUSINESS

1. GRS – Presentation Actuarial Valuation
2. Fiduciary Insurance Renewal July 25, 2016 – Carolyn Furlong e-mail
3. Southeastern Advisory Services – Recommendations for the Wilton Manors Pension Plan & Asset Allocation Analysis April 15, 2016

VI. OTHER BUSINESS

1. Southeastern Advisory Services QE 3/31/2016
2. Garcia Hamilton QE 3/31/2016
3. Snow Capital QE 3/31/2016

VII. JOAN WALL, BOOKKEEPER

1. Review Budget re-April 28, 2016 Memo from Bonni S. Jensen Subject-Upcoming Issues: Budget Review, Mutual Consent, & Public Records - Copy of Budget 10/1/15-9/30/16 (attached)
2. Quarterly transfer from Investment Accounts to R & D Account to cover Pension Benefits and Bills

VIII. ATTORNEY REPORT

IX. REPORT FROM BOARD MEMBERS

X. ADJOURNMENT

Pursuant to FS 286.015, if a person decides to appeal any decision made by the Board, agency or commission with respect to any matter considered at such meeting, or hearing, he/she will need a record of the proceedings and that, for such purposes, he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

ANY PERSON REQUIRING AUXILIARY AIDS AND SERVICES FOR THIS MEETING MAY CALL THE ADA COORDINATOR AT 390-2122 AT LEAST TWO WORKING DAYS PRIOR TO THE MEETING. IF YOU ARE HEARING OR SPEECH IMPAIRED, PLEASE CONTACT THE FLORIDA RELAY SERVICE BY USING THE FOLLOWING 2 PHONE NUMBERS: 1-800-995-8770 (VOICE) 1-800-955-8771 (TDD)

POST: City Hall Bulletin

**City of Wilton Manors General Employee & Police
Pension Board of Trustees Minutes February 29, 2016**

I. Call To Order

Chairperson Clanton called the meeting of the Wilton Manors Pension Board of Trustees to order at 5:35 p.m.

II. Roll Call

Barbara Bihus, Joshua Kroon & Chairperson Clanton. Richard Foss arrived after roll call at 5:40 pm. Shawn Chadwick excused absence.

Others Present: John Small, Janna Hamilton, Joan Wall, Bob Mays, Deneen Bingham and Simon Rosenberg

III. Comments from the Public

None

IV. Consent Agenda

Chairperson Clanton asked for a motion to approve the consent agenda and also asked if anyone wanted any item pulled from the Consent Agenda for further discussion and if not she would like a motion to approve the Consent Agenda.

1st Kroon
2nd Bihus

Approved Unanimously

V. New Business

1. Steve I Gordon, Kabat, Schertzer, DeLaTorre, Taraboulos & Co – Draft Audit

Steve Gordon was present to go over the draft financial statements.

- ❖ Different name on page 3 of Audit. Steve Gordon merged with KSDT, all of his employees went with him, but since the merger only one person has left. Everyone is doing the same things only a new name on the letterhead. Steve said they moved their office to Weston.
- ❖ It is only a draft because he doesn't have the GASB 67 Report from the Actuary (GRS); he has given them the information, but in fairness he only gave it to them about a week in a half ago.
- ❖ Clean Opinion
- ❖ Cash 2015 \$828,930 – 2014 \$1,035,841
- ❖ Investments did go down, it was a loss for the year, and it was a bad year for most of Steve's plans. About 80% showed a loss as of year-end September 30, 2015. It was a bad year for investments. We ended up \$22,234,787 for 2015 and 2014 was \$24,631,866.

- ❖ Accounts Payable \$45,148 we had \$23,065.544 to pay benefits out of that we were holding \$433,827 for DROP benefits and rest was being held for defined benefits.
- ❖ City Contributions were about the same not much change
- ❖ Employee Contributions were a little more because of payroll increase
- ❖ Net Investment (loss) income 2015 (\$1,489,322) – 2014 \$2,836,305
- ❖ Schedule of Investment Returns 2015 (5.9%) – 2014 11.96% this information is now in the statement.
- ❖ Benefits payments were lower 2015 \$2,756,178 – 2014 \$3,224,482 due to less DROP payments this year.
- ❖ Administrative expenses were up a little 2015 \$88,375 – 2014 \$81,815

Steve Gordon said he would recommend the Board vote to accept the audit pending placing the numbers from the Actuary in the final copy of the audit.

Attorney Levinson said he has no objection to the Board approving the audit contingent upon replacement of the GASB 67 numbers in the audit. Nothing will be changing, he is just seeking information from our actuary and putting it into the report.

Attorney Levinson asked Steve if he received full cooperation from everyone in preparing the audit. Steve said he received full cooperation from everyone, no problems at all.

Trustee Kroon made a motion to approve the draft financial statements, seconded by Trustee Foss

Approved Unanimously

2. Goldstein, Schechter Koch Invoice #20408796 2/6/2015

Chairperson Clanton said, she is recommending not to pay this invoice. There have been several e-mails, which were attached for the Board to review. Originally there was no invoice sent only an e-mail requesting payment in the amount of \$1,196.26 and then another e-mail stating they revised the amount due to \$950.00.

Steve Gordon was still present when this item was being discussed with the Board and he said he did not send two auditors or even one auditor to obtain information from GSK for the City of Wilton Manors GE & Police Pension Plan to perform their audit in 2014.

Trustee Kroon made a motion not to pay the amount of \$950.00 to Goldstein, Schechter Koch, seconded by Trustee Bihus.

Approved Unanimously

VI. Other Business

1. Southeastern Advisory Services
Fourth Quarter – December 31, 2015

John Small was present to go over the 4th quarter performance with the Board.

- ❖ S & P had a good quarter 7.0%
- ❖ The EAFE Index 4.7%
- ❖ Barclays U.S. Aggregate -0.6%
- ❖ 91 Day Treasury Bills 0.0%
- ❖ CPI -0.6%

Portfolio Growth

- ❖ Quarter a slight gain \$166,123 \$25,486,421 for the quarter ending 12/31/15
- ❖ 2 negative mangers – Garcia Hamilton – Fixed (\$42,495) & Snow Capital (\$265,448)

Performance Comparison

Total Fund Analysis

4th quarter 0.7%/93rd – 1 year -6.7%/100th – 3 year 5.5%/90th – 5 year 5.2%/91st

Equity Analysis

4th Quarter

- ❖ Snow Capital down -5.3%/100th versus 5.4%/47th
- ❖ Garcia Hamilton Equity positive for the quarter 5.3%/90th versus 7.3%/58th
- ❖ Vanguard Mid Cap 3.4%/24th for the quarter & -1.3%/23rd for the year
- ❖ Ivy Mid Cap Growth 3.0%/49th for the quarter & -5.8%/84th for the year
- ❖ Harding Loevner Int'l 6.6%/8th for the quarter & -1.6%/42nd for the year
- ❖ Wentworth, Hauser & Violich -0.4%/89th for the quarter & -16.1%/91st for the year
- ❖ MSCI EAFE Index 4.7%/23rd for the quarter & -0.8%/36th for the year
- ❖ Garcia Hamilton – -0.6%/81st versus -0.7%/85th for the quarter
1.5%/19th versus 1.1%/47th for the year

Allocation of Assets for the Quarter Ending December 31, 2015

- ❖ Equity 55.2% - International 9.8% - Fixed Income 25.9% - Cash 3.2%

Overall Median for the Period Ending 9/30/15

- ❖ Equity 39.1% - International 10.6% - Fixed Income 31.6% - Cash 3.3%

Objectives and Policy Review

The total rate of return should equal or exceed the Consumer Price Index plus 5% over a rolling three-year period. Not Achieved 5.5%

The total rate of return should rank in the top half of the Wilshire Cooperative Public Fund Universe over a rolling three year period. Not Achieved 90th

Each security class to exceed the appropriate selected unmanaged market index over a 3 year period

- ❖ Snow Capital – N/A
- ❖ Garcia Hamilton Jackson – Equity – Not Achieved 12.9% versus 16.8%
- ❖ Garcia Hamilton Jackson – Fixed Income – Achieved 2.3% versus 1.1%
- ❖ Vanguard Mid Cap – Achieved 14.9% versus 14.2%
- ❖ Ivy Mid Cap Growth – N/A
- ❖ Wentworth Hauser & Violich – Not Achieved -3.1% versus 5.0%
- ❖ Harding Loevner Intl – N/A

Composite: Equity 65.1% within range - Fixed Income 25.9% within range - Cash 9.1% within range

No violation of policy

Trustee Foss asked John Small about Wentworth Hauser & Violich.

Their manager just left today. They have been a themed based manager where they identify a different investment theme. For several years they were very successful, but one of their big things was energy and they were over weighted in energy for years and that worked fine until about three years ago and that really hurt their performance since then. They had their years but for about the last three years they have not.

Chairperson Clanton asked who was taking over. John said Rivington Select International Equity by WHV. There was a brief discussion.

They are willing to concede on fees most managers charge 100 basis points, they are willing to charge 50 basis points if we want to try them for a while.

Trustee Kroon asked John if it was an even split in international? John said WHV has \$2,071,532 & Harding Loevner only has \$547,584. Trustee Kroon also asked John what his opinion is on the International Market this year. John said not very positive, it is hard to vision what they might do.

Chairperson Clanton said they have to decide if they want to keep the money there and see what Rivington does at a reduced fee or do they want to take the money and put it somewhere else.

John Small said that Trustee Kroon had asked him to look into ClearBridge, it is a subsidiary of Legg Mason, Inc. They are a very successful firm and have over 60 million in assets. John said ClearBridge Mid Cap Growth Fund had done pretty well. John directed the board to page two of the handout to go over the Mid Cap Manager Comparison. Their fee is 1.24% net of fees.

Chairperson Clanton asked what the fees were for Vanguard & Ivy. John said Vanguard is 9 basis points and Ivy is .99 basis points, we only have 10% in International which is on the low side. There was a brief discussion about ClearBridge with the board and it was decided to table this item.

Trustee Foss asked John Small if he could bring to the Board, if they decide to make some changes, what would be appropriate according to the way Southeastern looks at things. John said he could bring several different recommendations for each category. Trustee Foss said to take us in the direction that makes sense. Chairperson Clanton asked John to make sure they receive the information ahead of time so that they can review it before the next meeting.

2. Snow Capital Management
4th quarter December 31, 2015

Deneen Bingham and Simon Rosenberg were present to go over the quarter performance.

- ❖ The numbers are not good, they are not happy and they are certain the Board is not happy either and they wanted to address this with the Board.
- ❖ Simon Rosenberg is one of the partners of the firm and one of the portfolio managers on our portfolio.
- ❖ Number one question when not performing well is has anything changed.
- ❖ As far as the firm goes everything is the same.
- ❖ They are still at about 4 Billion
- ❖ They have lost a little business
- ❖ Within the firm they have added to the investment team Shalon Moody, he is Senior Analyst, he joined the firm in November 2015. He comes from T. Rowe Price.
- ❖ Everything is the same they are not changing anything.
- ❖ Value has under-performed

Simon Rosenberg added that the results are bad and wished he had better numbers this year, and went over the portfolio and the handout with the Board.

- ❖ In the 4th quarter there was a decline of -5%
- ❖ Value – Growth spread 9%
- ❖ Market has become very narrow
- ❖ The narrow market has played havoc for an active manager
- ❖ They buy stocks that are falling and are cheaper
- ❖ Went over why they are falling with the Board
- ❖ We have had Snow Capital for a little over two quarters.

Trustee Foss said they made a couple of bad bets and the market went dead against them, you don't end up in 100th percentile for nothing, and we cannot afford that again. We need to see a positive direction or we will take a positive direction.

3. Garcia Hamilton & Associates
4th quarter December 31, 2015

Janna Hamilton was present to go over the 4th quarter performance and thanked the Board for their time this evening and for their business.

EQUITIES

- ❖ They are high quality large cap growth manager
- ❖ Buy quality stocks in the growth area and they run a diversified portfolio
- ❖ Market in the recent quarter ending December was up
- ❖ Stock prices rallied in October and held their gains through the remainder of the quarter.
- ❖ The S&P 500 Index was up 7% and the Russell 1000 Growth Index increased 7.3%

- ❖ Fourth quarter earnings are 3.8% below year ago levels
- ❖ 2015 earnings are projected to be 1.1% below 2014
- ❖ This marks the third consecutive quarter of lower year to year profits.
- ❖ The U.S. Federal Reserve delivered a much-discussed initial interest rate hike despite most economic data pointing to a slowing economy.
- ❖ Only the controversial unemployment rate indicates an improving economy.
- ❖ High risk and merger activity was the predominant theme among Russell 1000 Growth Index top performers.
- ❖ 21 of the 25 best performers are involved in merger activity, are not profitable or have P/Es exceeding 30x.
- ❖ High quality stocks lagged, with Russell 1000 Growth constituents rated "A+" returning just 1.7%.

The Portfolio

- ❖ Over weighted in quality stocks
- ❖ The portfolio gained 5.4% in the quarter, 196 basis points behind the benchmark Russell 1000 Growth Index.
- ❖ Over 100 basis points of the underperformance resulted from the portfolio's quality positioning relative to the benchmark.
- ❖ Cash represented an additional 37 basis points of negative performance.
- ❖ Oil prices are lower, this quarter down lower
- ❖ Interest rates are very low
- ❖ Outlook for earnings is negative
- ❖ Top Ten Holdings: Apple, Alphabet Class A, Disney (Walt), Johnson & Johnson, Coca-Cola, Goldman Sachs Group, Home Depot, CVS Health, Express Scripts Holdings, Visa

FIXED INCOME

- ❖ Fixed down 60 basis points for the quarter
- ❖ One year 1.5 vs 1.1 – Three years 2.3 vs 1.1 and Five years 3.9 vs 2.6
- ❖ Portfolio Characteristics: Corporates 11% - Mortgages 29% - Cash <1% - Agencies 2% Treasuries 58%
- ❖ Quarter to date fixed income is up 2.6% and the benchmark 1.6%, we 100 basis points ahead of the benchmark.

John Small added that Snow Capital has poor Stock selection 19 of the 35 are negative stocks.

4. Joan Wall, Bookkeeper

Nothing to report today.

Attorney Report

Attorney Levinson handed out the NASRA Issue Brief – Public Pension Plan Investment Return Assumptions for the Board read at their leisure.

Told Bob Mays, Finance Director the GASB 68 was prepared by our actuary and is available if needed.

December 16, 2015 memo from City Clerk – have minutes signed by Chair and submitted to the City Clerk's office.

Adjournment

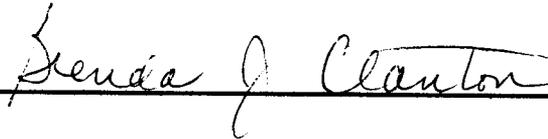
Trustee Foss made the motion to adjourn the meeting, seconded by Trustee Bihus.

Respectfully Submitted



Judith A. Hoekstra
Recording Secretary

Approved:



, Chair

Date: June 7, 2016