

**General Employees' Pension Board Regular, Quarterly Meeting**  
**April 25, 2018 – 8:30am**

The regular, quarterly meeting of the City of Lake Wales General Employees' Pension Board was held April 25, 2018 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,  
Violeta Salud

**BOARD MEMBERS ABSENT:** James Slaton, Sarah Kirkland

**CITY REP PRESENT:** Carla Bibby, Recording Secretary

**OTHER ATTENDEES:**

Sandra Davis, City of Lake Wales;  
Chris Rafool, Wells Fargo Advisors;  
Ron Snyder, Wells Fargo Advisors;  
Grant McMurry, Highland Capital Management, LLC

**Agenda Item 3: COMMUNICATIONS AND PETITIONS:**

No comments from the public.

**Agenda Item 4: APPROVAL OF MINUTES:**

**January 25, 2018 Regular Meeting Minutes**

Commissioner Robin Gibson made a motion to approve the minutes of the January 25, 2018 regular meeting with the correction of one word.  
Linda Kimbrough seconded the motion.

**VOTE: All "AYE", None "NAY"**

Motion passed, 3/0 vote

**Agenda Item 5: KLAUSNER, KAUFMAN, JENSEN & LEVINSON:**

Adam Levinson, who attended by phone, stated, "A quick attorney's report is a good attorney's report." He complimented the city and the board member's on their efficiency and lack of legal troubles, which enabled Mr. Levinson to have a quick report.

Adam Levinson reminded all trustees about filling out their Form 1 annual disclosure. He offered his assistance if any trustee needs help filling out their form. The due date is July 1, 2018. There is a grace period but to prevent forgetting about turning in the form, it is recommended to turn it in by the first. Form 1 disclosures must be completed by anyone leaving office. Sandra Davis informed the group that the city clerk handles all form 1 disclosures. The Florida

Commission on Ethics issues the form but it is filed with the Supervisor of Elections in the county where you reside.

FPPTA has an annual conference in June 2018. All new trustees are encouraged to attend. Education is offered at the conference. Once the education is completed, trustees will received a FPPTA designation. The convention is a great place to mingle with trustees that are on other boards, HR and Finance Directors.

**Agenda Item 6: NEW BUSINESS:**

**Invoices**

Klausner, Kaufman, Jensen, Levinson	\$ 368.50
Wells Fargo	\$ 6,767.94
Highland Capital Management	\$ 12,705.76
Foster & Foster	\$ 4,453.00
Cherry Bekaert	\$ 2,400.00
Professional Indemnity Agency	\$ 3,672.00

Linda Kimbrough made a motion to approve the payment of invoices. Commissioner Robin Gibson seconded the motion.

**VOTE: All "AYE", None "NAY"**

Motion passed, 3/0 vote

**Agenda Item 7: WELLS FARGO:**

**Portfolio Performance Report**

Chris Rafool presented the Portfolio Performance Report for the first quarter of 2018, period ending March 31, 2018 as shown below:

**Summary of Investment Growth this Quarter:**

Beginning Market Value	\$ 11,118,730
Deposits Minus Withdrawals	-\$51,151
Net Invested Capital	\$11,067,580
<b><u>Investment results</u></b>	<b><u>-\$238,863</u></b>
Ending Market Value	\$10,828,717

**Net Money-Weighted Returns                      -2.16%**

	<b>Market Value on Mar 31, 2018</b>	<b>% of Assets</b>
US Large Cap Equities	\$4,483,674	41.5%
US Mid Cap Equities	\$1,113,409	10.3%

US Small Cap Equities	\$139, 676	1.3%
Devlpd Mkt Ex-US Equities	\$918,468	8.5%
Emerging Mkt Equities	\$49,546	0.5%
US Taxbl Invt Grd Fxd Inc	\$3,146,410	29.1%
Devlpd Mkt Ex-US Fxd Inc	\$347,660	3.2%
High Yield Fxd Inc	\$14,816	0.1%
Public Real Estate	\$182, 558	1.7%
Cash Alternatives	\$405,876	3.8%
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Total Assets	\$10,802,093	100.0%
Accrued Income	\$26,623	
Ending Market Value	\$10,828,717	

Referring to the graph on page 4 of the portfolio, the maroon line being the account and the blue line showing dollars invested. For the quarter ending March 31, 2018, the net money-weighted returns are -2.16% and since inception, it is at 7.92%. Page 5 shows the same numbers.

On page 5, the time-weighted returns are shown. The table shows reviews from this quarter, year-to-date, one year, three year, five year, ten year and since inception. This also gives a better overview of how the Board's money managers are doing. Page seven reports where the account is, as far as risk analysis, and it shows that the account is right under where it needs to be on the line. Our annualized return since inception on May 31, 1988 is 8.33%. Page 8 gives a list of the top holdings. The plan has no single equity position larger than 5%. Page 9 shows fixed income. The rest of the portfolio are the actual investments and where invested.

**Agenda Item 8: HIGHLAND CAPITAL MANAGEMENT:**

**Investment Review**

Grant McMurray began his presentation by pointing to the graph provided, that the S&P 500 earnings started decreasing in January of 2018. Before that, it had been steadily increasing. This is most likely due to a comment made by General Powell when he mentioned that interest rates might be raised 4 times in the next year. Later, when he had to address congress, he toned down the aggressiveness. As a result, the market went up. When Trump began talking about tariffs, the market dipped again.

Interest rates have also been on people's minds. The 10-year treasury is a little over 3% and the 30-year treasury is 3.20%. When you get a flat yield rate over time, especially from 10 to 30 years, it starts to concern people. That flat yield rate is usually a forewarning of a recessionary period, which causes investment managers to be cautious.

**Agenda Item 9: NEW BUSINESS:**

**Approval**

Violeta Salud brought to the trustees' attention the City of Lake Wales Comprehensive Annual Financial Report. The City of Lake Wales Commissioners discussed and approved the report at a previous commission meeting. The City of Lake Wales General Employees' Pension Board Trustees needed to approve the section of the report that pertains the pension plan.

Commissioner Robin Gibson made a motion to approve the audit. Linda Kimbrough seconded the motion.

**VOTE: All "AYE", None "NAY"**

Motion passed, 3/0 vote

**Announcements**

Violeta announced that the 3<sup>rd</sup> Annual Board Member Appreciation Dinner will be on April 27, 2018 at 6pm. The dinner will be at the James P. Austin Center in Lake Wales, FL.

The next meeting will be on Thursday, July 26, 2018 at the City Administration Building in the City Manager's conference room at 8:30 a.m.



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Violeta B. Salud, Chairperson

ATTEST:



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Prepared by: Carla Bibby for the Board of Trustees