

OCALA POLICE OFFICERS' RETIREMENT SYSTEM

402 S. Pine Avenue, Ocala, Florida 34471-1174

BOARD OF TRUSTEES MEETING

February 11, 2019

Board Members: Mike Sommer, Chairman
Steve Cuppy, Secretary
Brian Cretul
Mindy Stewart
Lenny Uptagraft

Others present: Dale Adams Lee Dehner
Jessica Pellerin Larry Cole
Alicia Gaither

Mike Sommer called the meeting to order at 1:06 PM in the Finance Conference Room, 3rd floor Ocala City Hall. For the record, this meeting was posted on 1-31-19 at 4:46 PM.

Steve made a motion to approve the minutes of the 12-10-18 meeting and Mindy seconded the motion. The motion was approved.

There was discussion on the assumed rate of return on investments, which was discussed at the December meeting. Larry stated forecasts are never accurate, but there is a consensus that investment returns may be slowing down. We could look at a staggered reduction over a few years, but any reduction in the rate of return results in the city's contribution rising. We could lower it now but there is no pressure from outside sources to do so. Larry said he believes our 7.75% expected rate of return is reasonable at this time. The board decided to wait until May when Doug Lozen is here.

There was no public input.

Larry presented the BCA report for the quarter ending 12-31-18. We experienced our worst quarter in ten years, however, since 1-1-19 we are up between 5 – 6%. We experienced nine index swings in December and only eight in all of 2017. For the quarter, healthcare and energy were up. The total fund was down \$6.6 million or -8.8%, trailing the target index, which was down 8.5%.

Larry reported our best performing asset classes this quarter were American Core real estate at 1.9%, UBS real estate at 1.7%, and Sawgrass Fixed at 1.2%. For the one-year, the total fund was down \$2.8 million or -3.5%, ahead of the target index at -3.9%. There were no compliance issues and Larry recommends no rebalancing at this time. MLPs were hit hard again but appear to be rebounding. Bonds are still not attractive. Our ending market value was \$69,066,173.

Westwood large-cap value was down 11.4% vs. their target at -11.7%. For the one-year period, they were down 5.1% vs. their target at -8.3%. For the three-year term, they were up 8.9% vs. 7.0% for their target.

Sawgrass exceeded their target index, losing 10.3% for the quarter vs. -15.9% for their target. They exceeded their target for the one-year at 3.5% vs. -1.5% but trailed their target in the three-year period at 10.4% vs. 11.1%.

Frontier was down for the quarter at -21.4% vs. -18.7% for their target. They fell 14.8% for the one-year period vs. their target which was down 12.9%. For the three-year period, they trailed their target at 5.6% vs. 7.4%.

Hood River took a big hit at -24.1% vs. their target which was down 21.7%. For the one-year period, they exceeded their target at -5.8% vs. -9.3%.

Westwood MLPs had returns for the quarter of -15.7% vs. their target at -17.3%. For the one-year period, they exceeded their target at -11.1% vs. -12.4%. They earned 0.0% for the three-year period vs. their target at -1.1%.

Advent trailed their target at -10.0% vs. -9.5% for the quarter and -4.4% vs. -1.4% for the one-year period. They also trailed their target for the three-year period at 5.2% vs. 7.6%

The EuroFund was even on the quarter with losses of 12.5% vs. -12.5% for their target. For the one-year period, they trailed also at -14.5% vs. -13.4%. For the three-year period, they exceeded their target at 4.6% vs. 3.4%.

Real estate did okay overall at 1.8% for the quarter and 7.9% for the one-year period. UBS is still trailing American Core realty and may attend the next meeting.

Sawgrass fixed slightly exceeded their benchmark at 1.2% vs. 1.5% for the quarter. There is little to be made in the fixed arena at this time.

Dale reported we are in need of \$2.1 million for expenses and for DROP payouts. Steve made a motion for Dale and Larry to come up with a withdrawal schedule. Brian seconded the motion and the motion carried.


Alicia presented the administrative expenses spreadsheet and discussed the annual budget. Steve made a motion to approve and Lenny seconded the motion. The motion carried.

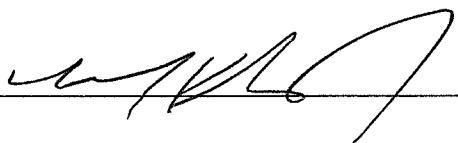
Dale asked Alicia to explain the proposal from Milliman and the city re: pension software. The biggest issue facing Alicia is retention of past wages for earlier years. The startup costs are \$30,000 plus maintenance of about \$6,000 per year. Foster & Foster has a similar process. This will be tabled until after vendors make presentations to the city and the boards.

Steve reported the proposal for a one-time payment to retirees of the older plan was presented last week to Council. There was a motion and discussion but the proposal failed with Musleh, Malever, and Rich opposed. There was discussion on providing a similar payment to members of the other plans.

Lee reported there are pending changes in a financial disclosures bill in the legislature. Another bill addresses public records laws exemptions. He is working on ordinance and rules updates, which are required by recent IRS updates. One issue is locating and paying a missing benefit recipient.

The meeting adjourned at 2:21 PM.

Prepared by 
Dale Adams, Plan Administrator

Approved by the Board  Date 5/3/19