

Chairman Johnson informed Rich Campbell representing Dover Consulting that the meeting is being recorded.

Chairman Jeff Johnson called the meeting to order. In attendance were Pension Attorney Ron Cohen, Trustee James Hooper, Chairman Jeff Johnson, Trustee Tony Mangol and Trustee Jeff Oody. Rich Campbell representing Dover Consulting attended telephonically. Trustee Dudley Hardy was absent.

Chairman Johnson entertained a motion to approve the minutes from the April 25, 2018 meeting. Trustee Hooper made a motion. It was seconded by Trustee Mangol. The motion passed 4-0. The July 25, 2018 meeting lacked a quorum so the notes do not require acceptance.

Chairman Johnson entertained a motion to approve the warrants for April 2018, May 2018, and June 2018. Trustee Oody made a motion to approve the warrants. It was seconded by Trustee Mangol. The motion passed 4-0. Chairman Johnson entertained a motion to approve the warrants from July 2018, August 2018 and September 2018. Trustee Hooper made a motion. It was seconded by Trustee Oody. Trustee Hooper asked if the payouts to Griffin Register, Logan Hough and Kelli McMahan were their 1 percent contribution and why Griffin Register's is just now being paid. Deputy Clerk Lisa Terry said she would ask Sharon Vessel who processes the pension payments. Ms. Terry said Mr. Register's paperwork to receive his contribution was not received for processing. When he asked Ms. Vessel about his contribution, she confirmed he had never received it and processed the payment at that time. Attorney Cohen said a non-vested former employee can receive their 1 percent contribution up to 5 years after their employment ends. The motion passed 4-0.

Chairman Johnson asked Mr. Campbell to present the Third Quarter Performance Report. Mr. Campbell asked to bring the Investment Consulting Agreement back on the January 23, 2019 agenda. Attorney Cohen asked Mr. Campbell to explain the changes to the contract. Mr. Campbell said the contract increased by 4 percent to cover travel costs. Trustee Hooper asked if there was any reason why the contract could not be approved now. Attorney Cohen said there was not. Chairman Johnson entertained a motion to approve the contract. Trustee Hooper made a motion to approve the contract. The motion was seconded by Trustee Mangol. Attorney Cohen asked when the contract would have expired. Mr. Campbell said after the July meeting. Attorney Cohen suggested making the effective date retroactive to October 1, 2018. The motion passed 4-0.

Mr. Campbell asked the board to turn to page 2 of the Economic and Market Review. Mr. Campbell said the market continues to move up. It is up 331 percent from its low

point in March of 2009. He said this is the longest bull market in history. Mr. Campbell asked the board to turn to page 3. He said small caps had the best performance followed by large caps. Mr. Campbell asked the board to turn to page 4. He said the treasury yield curve shows the effect of rising interest rates and the S & P 500 Composite Index shows the S & P reacting poorly to rising interest rates. Mr. Campbell asked the board to turn to page 5. He said the soft data represents what people say and the hard data represents what people do. Mr. Campbell asked the board to turn to page 6. He said he believes interest rates will continue to rise. Mr. Campbell said international economies are weakening. He recommends a conservative investment posture. Mr. Campbell asked the board to open the performance evaluation report to page 3. He said the Vanguard 500 had a fiscal year return of 17.87 percent, the Large Cap Blend had a return of 15.42 percent and the S & P 500 Index had a return of 17.91 percent. Mr. Campbell said the S & P Dividend Fund had a return of 12.69 percent and the S & P High-Yield Dividend had a return of 13.16 percent. He said the Vanguard All World had a return of 1.69 percent, the Foreign Blend had a return of 1.68 percent and the All World US Index had a return of 2.43 percent. Mr. Campbell said the Vanguard Small Cap had a return of 16.7 percent, the Small Cap Blend had a return of 12.08 percent and the Small Cap Index had a return of 16.68 percent. Mr. Campbell said the Baird Core Plus Bond had a return of -0.86 percent, the Intermediate Term Bond had a return of 1.09 percent and the Barclays Universal Index had a return of -1. Mr. Campbell said the Vanguard Corporate Bond had a return of .09 percent and the Short-Term Bond had a return of .4 percent. Mr. Campbell said the total account had a return of 6.56 percent with an index of 7.08 percent. Mr. Campbell said the current asset allocation is 51.1 percent stocks, 44.7 percent bonds and 4.2 percent cash. Chairman Johnson asked Mr. Campbell if we should be investing in international stocks if there is so much risk. Mr. Campbell said we should for diversification purposes. Chairman Johnson entertained a motion to accept the Second Quarter Performance Report. Trustee Oody made a motion to accept the report. It was seconded by Trustee Hooper. The motion passed 4-0. Chairman Johnson entertained a motion to accept the Third Quarter Performance Report. Trustee Mangol made a motion to accept the report. It was seconded by Trustee Oody. The motion passed 4-0.

Chairman Johnson asked for the Attorney Report. Attorney Cohen said he wants to talk about the Chapter 185 money. He said he received an email today saying that \$75,351.80 is being withheld because of the lack of an audited financial statement. Attorney Cohen said the money should still come in once the audited financial statement is received but the city will need to make up any difference in earnings. He said the trustees need to know what happened and make sure it does not happen again.

Attorney Cohen said they need to discuss Chairman Johnson's share plan. He asked Chairman Johnson if he is receiving his DROP and his monthly pension benefits. Chairman Johnson said he is. Attorney Cohen asked if Chairman Johnson is participating in the retirement plan. Chairman Johnson said he is not. Attorney Cohen said Chairman Johnson has share money in an account that should be earning interest. He said Chairman Johnson cannot receive his share money until he separates from service. Attorney Cohen said he believes Chairman Johnson should still receive the shares plus interest but cannot withdraw them until he is no longer employed by the city.

Attorney Cohen said he wants to talk about Amendment 6 to the Florida Constitution. It is known as the crime victim's amendment. Attorney Cohen said another pension attorney is sending letters about a concern they have about Amendment 6. Attorney Cohen said the amendment does more than one thing. He said it raises the mandatory retirement age for judges from 70 to 75. He said it also has a statement about judicial deference that has some pension funds concerned. Attorney Cohen said we have state agencies to carry out laws. Judicial deference means that the courts will rely on the expertise of agencies to determine what the law means. Attorney Cohen said our pensions are determined by ordinance so this amendment won't affect us.

There being no further business Trustee Mangol made a motion to adjourn. The motion was seconded by Trustee Hooper. The motion passed 3-0. Trustee Oody had to leave before the vote.