MINUTES OF THE INVESTMENT ADVISORY COMMITTEE MEETING
HELD ON FRIDAY, MAY 17, 2019

I. CALL TO ORDER AND ROLL CALL

The Investment Advisory Committee meeting was called to order on Friday, May 17, 2019, at 2:30 p.m., in the Town Council Chambers. On roll call, all members were found to be present, with the exception of Chairman Andrews and Committee Member Frazier who both have excused absences. Vice Chairman Storkerson ran the meeting; a quorum was present.

II. PLEDGE OF ALLEGIANCE

Vice Chairman Storkerson led the Pledge of Allegiance.

III. ANNUAL ELECTION OF CHAIRMAN AND VICE CHAIRMAN

Both Chairman Andrews and Vice Chairman Storkerson were re-nominated for their positions by Kathleen Anderson. A second was made by David McDonald.

IV. APPROVAL OF AGENDA

Vice Chairman Storkerson asked for approval of the agenda. Committee Member Anderson made a motion and Committee Member McDonald seconded that motion.

V. COMMUNICATION FROM CITIZENS – *None*

VI. APPROVAL OF MINUTES

a. MINUTES FROM FEBRUARY 15, 2019 MEETING

Vice Chairman Storkerson asked for a motion for the approval of the February 15, 2019 minutes. Committee Member Anderson made a motion; a second was made by Committee Member McDonald. No discussion, minutes were approved.

VII. ANDCO CONSULTING – [Dave West, AndCo, Consulting]

a. QUARTERLY PERFORMANCE REPORT

Total fund for the quarter returned 9.38%. The fiscal year-to-date continues in a deficit just under (1.0%). The one-year was up 3.17%, the three-year up 7.09%; the five-year up 3.45%. The new benchmark that was set internally to reflect the revised asset allocation is 9.02% for the quarter. The all public funds median return is 8.5%.

There is a recommendation to move from Fidelity S&P400 to Vanguard S&P500 index with a goal to increase large cap investment and decrease small cap. Committee Member McDonald asked what the capitalization is on both the S&P400 and S&P500 as well as the benchmark yields for Fidelity and Vanguard. Mr. West was unable to give any of the above information. Mr. McDonald mentioned keeping the S&P400 for diversification. Mr. McDonald also pointed out that this might not be the right time as S&P500 is at a premium. Committee Member Anderson commented that the larger cap stocks are impacted by pending trade agreements, Mr. West agreed. Vice Chairman Storkerson recommended the idea of having classification sections within the portfolio for Small Cap, Mid Cap and Large Cap. Finance Director, Jane LeClainche recommended that it would be better to ask for a decision when the full board is present. Committee Member McDonald asked that at that time, would Mr. West please present the comparison of figures so they can make a more informed decision at the next meeting. Individual funds return for the quarter: Dodge & Cox 9.78%, EuroPacific 13.2% vs. the benchmark of 10.3%, Forrester 8.05% (the liquidation notice has been submitted and should become effective June 30, 2019), Crescent does not have figures to report at this point. In the Bond Portfolio, the Index Fund is 2.94%, Met West total return bond fund 3.2% vs. a 2.94% benchmark, PimCo up 5.82% vs benchmark of 4.71%. Real Estate: Intercontinental portfolio up 2%, Principle Enhanced Property Fund up 1.88%. Government Stiff portfolio has a nominal amount of cash. Fiscal Year to Date Cash Flow: fund opened with $32,293,472, there was a capital call of $1MM, management fees for real estate funds came through totaling $18,152, investment earnings were $455,698, the depreciation component is ($713,317), leaving a balance of $32,017,702. The Asset Allocation study recommends 10% reduction in total equity allocation, moving domestic equities to a 35% target and cutting 5% from international equities. The 10% would then go to the Broad Market fixed income allocation. The second recommendation would be to amend the policy to reflect the new return rate of assumption, reducing it to 6%. A decision was made to wait until the next meeting to address changing the rate of return assumption.

VIII. FLORIDA LEAGUE OF CITIES (FMIvT) [Jeff Blomley, Florida League of Cities, and Jim Womack, Atlanta Capital]

a. QUARTERLY PERFORMANCE REPORT

Mr. Womack reported that the goals remain the same to earn a higher rate of return with low volatility. Finance Director, Jane Le Clainche asked Mr. Womack when would be an appropriate time to rebalance monies that were moved to the short-term bond fund back to long-term bond fund. Mr. Womack suggested to move the monies back to the long-term fund at this point. Mrs. Le Clainche asked the Board if there is any interest in moving funds. Committee Member Anderson needed clarification on the time that would be needed to move funds. Committee Member McDonald also asked what were the 0-2 year funds and the long-term intermediate funds before the earlier move of funds. A decision was made to move half of the funds from the 0-2 year fund to the intermediate fund.

IX. MARCH INVESTMENT REPORT

Assistant Finance Director Amy Wood reported the balance of funds invested is $185,406,416 invested and a quarterly return of $611,800 with a fiscal year-to-date return of $2,578,628. Finance Director, Jane Le Clainche pointed out that the comparison of this fiscal year to last fiscal year shows the funds are ahead of last year, almost double.

X. QUARTERLY REPORT FOR OVERSITE OF ONE-CENT SURTAX

Finance Director, Jane Le Clainche reported that in fiscal year 2019, the Town has received $309,781.33. Since inception the Town has received $1.2 million. A commitment of $2.6 million will go to the Underground Utility project. Decisions have not been made on the remainder; no other monies have been committed to date. Mrs. Le

Clainche mentioned to the Board that, at the Retirement Board meeting, a decision was made to move the Retirement and OPEB Trust custodian services to Salem Trust.

XI. 2019 PROPOSED MEETING SCHEDULE

a. NEXT MEETING: AUGUST 16, 2019 AT 2:30PM

XII. ANY OTHER MATTERS

XIII. ADJOURNMENT

There being no further business, the May 17, 2019 Investment Advisory Committee meeting was adjourned at 3:53 p.m.

-APPROVED:

Christopher Storkerson, Vice Chairman