CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
MINUTES OF MEETING HELD

June 18, 2020

Summarized Minutes of the regular meeting of the City of Fort Pierce Retirement and Benefit System June 18, 2020 2:00 p.m., in the Commission Chambers at City Hall.

Present:

Keith Stephens, Chairperson	U.A. General Member
Caleta Scott, Vice-Chairperson	General Member
Johnna Morris	Director of Finance
Comm. Tom Perona	City Commission Member
Mayor Linda Hudson	City Commission Member
Brian Avilla	Police Officer Member
Javier Cisneros	U.A. Board Appointee
Attorney Jim Walker	Attorney for the Retirement Board, Advisory
Christina Paz	Retirement Clerk

Guest by Conference Call:

Weston Lewis and Cody Chapman	Callan Associates
Cliff Kalish and Blake Pontius	William Blair
Sean McDermott	Morgan Stanley
Anne Westbrook	Heitman
Taylor Alan-Lee	Causeway

Recording:

Queen Thompkins	Executive Assistant to the Director of Finance

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ITEM NO. 1 & 2 ~ ROLL CALL

Mr. Keith Stephens called the meeting to order at 2:00 p.m., the first item on the agenda being the "*Roll Call*".

ITEM NO. 3 ~ COMMENTS FROM THE PUBLIC

Mr. Stephens, the next item on the agenda was comments from the public. There were no comments from the public.

ITEM NO. 4 ~ APPROVAL OF SUMMARIZED MINUTES OF FEBRUARY 20, 2020

Mr. Stephens, the next item was the approval of the summarized minutes of February 20, 2020, and the Board asked if there was a motion to approve the minutes. **A motion was made by Comm. Tom Perona and seconded by Mayor Linda Hudson to approve the summarized minutes of February 20, 2020.**

All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.

ITEM NO. 5 ~ ATTORNEY'S REPORT

Mr. Walker said there isn't too much to report. I also offered for informational purposes only a copy of an IRS circular entitled "Coronavirus-related relief for retirement plans and IRAs Questions and Answers". This addresses options which local plans may avail themselves of under the CARES Act. There was further discussion of two collection-related matters. I reported that an overpayment was made to a deceased retiree, Dorothy Hill in the sum of $5,290.80. Benefit payments were being deposited to her account without knowledge that she was deceased. No probate of the estate ever took place. Her niece, Regina Laverne Smith, is understood to have Power of Attorney allowing her to have access to the account, so demand was made upon her for return of the money. If no response is forthcoming by the next meeting, I will ask the Board for direction on proceeding further with this claim, pursuant to Board Rule 17. Criminal referral to Sheriff Mascara is an option under that rule.

Comm. Perona said we had another outstanding that was pretty much the same scenario. What is the status of that? I'm talking about similar scenario as you just told us on Ms. Smith. We had a similar one at one time.

Mr. Walker said that judgment for overpayment was obtained against Mr. Brown in a sum exceeding $11,000. The judgment is of record and constitutes a lien against all properties held by Mr. Brown. I will furnish the Board with an updated report next month.

Mr. Stephens said he made a significant payment up front; am I right; almost 50%.

Mr. Walker said it was significant. I don't recall the amount. He hasn't been ignoring it.

Mr. Stephens said one thing I would like to bring up; I was very interested in the City of Tampa Firefighters and Police. The reason I was is because, it is interesting I the sense that I was always under the assumption it was a lot more liberal than it is in this. It has to be specific to the job that they use their position in the municipality or as a policeman or as a city employee to defraud and steal. They went out in their private time and stole from Home Depot and that's not the same thing.

Mr. Walker said that correct. There is a specific Statute; Florida Statute 12.3173, which requires that the offense to result in forfeiture must be what's called a "specified "offense and there're six kinds. If you do one of those, you are subject to the forfeiture. Human nature being what it is, we get in trouble over a lot of things and I'm happy to say that in most instances it's not going to result in lifetime forfeiture of something you might have worked decades to get.

ITEM NO. 6 ~ PUBLIC HEARINGS ON BENEFIT APPLICATIONS

Mr. Stephens opened the public hearing for comments on the request for Retirement (DROP Program) from Joseph Gilson with 20 years of service with the Fort Pierce Utilities Authority. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Comm. Tom Perona and seconded by Mayor Linda Hudson to approve the request for retirement (DROP Program) from Joseph Gilson.** Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

Mr. Stephens opened the public hearing for comments on the request for Retirement (DROP Program) from George E. Miller with 25 years of service with the Fort Pierce Utilities Authority. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Comm. Tom Perona and seconded by Mr. Brian Avilla to approve the request for retirement (DROP Program) from George E. Miller.** Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

Mr. Stephens opened the public hearing for comments on the request for Deferred Retirement from Lori Battipaglia with 10 years and 8 months of service with the Fort Pierce Utilities Authority. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A**

motion was made by Mayor Linda Hudson and seconded by Ms. Johnna Morris to approve the request for Deferred Retirement from Lori Battipaglia. Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

Mr. Stephens opened the public hearing for comments on the request Deferred Retirement from Donna Shurr with 6 years and 2 months of service with the Fort Pierce Utilities Authority. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Mr. Brian Avilla and seconded by Ms. Caleta Scott to approve the request for Deferred Retirement from Donna Shurr.** Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

Mr. Stephens opened the public hearing for comments on the request for Deferred Retirement from Paul Olekoski with 5 years and 3 months of service with the Fort Pierce Utilities Authority. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Ms. Caleta Scott and seconded by Mr. Brian Avilla to approve the request for Deferred Retirement from Paul Olekoski.** Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

Mr. Stephens opened the public hearing for comments on the request for Deferred Retirement from Patrick Keller with 18 years and 6 months of service with the Fort Pierce Utilities Authority. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Mayor Linda Hudson and seconded by Ms. Caleta Scott to approve the request for Deferred Retirement from Patrick Keller.** Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

Mr. Stephens opened the public hearing for comments on the request for Deferred Retirement from Cairo A. Vanegas with 8 years and 1 month of service with the Fort Pierce Utilities Authority. He asked if there was anyone here who would like to publicly comment on this request. Seeing none, Mr. Stephens closed the public hearing. He opened the matter for the Board. **A motion was made by Mr. Javier Cisneros and seconded by Comm. Tom Perona to approve the request for Deferred Retirement from Cairo A. Vanegas.** Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

ITEM NO. 7 ~ OLD BUSINESS

ITEM NO. 8 ~ NEW BUSINESS

a. ACTUARIAL REPORT OF FISCAL YEAR ENDING SEPTEMBER 30, 2019 – BRAD ARMSTRONG OF GSBRIEL ROEDER SMITH & COMPANY

Mr. Brad Armstrong said everyone has access to the September 30, 2019 Actuarial Valuation Report. On page A-1, looking at the Funding Progress Indicators, you continue to be one of the best funded Retirement and Benefit System among the Pension Plans in the State of Florida and around the country. You're 90% funded based on valuation assets as of September 30, 2019. Likewise, you were 90% funded a year prior in 2018. Unfortunately, on a market value bases we have, we had some liability losses. We also had less than 7.25% market return during the fiscal year 2019. The market value fell from 93% to 88%. So, 88% on a market value bases and 90% on a funded value bases; a good place to be. If you go to the next page, this will discuss a little bit of the experience I've already indicated that our market value bases the rate of return that we calculated, this wouldn't necessarily match with Weston and Callan would have provided. The nonetheless, it was 2.6% on a market value bases and we're assuming 7.75% on a long-term value bases. We're still able to recognize 8.08% on a funding value bases because we had favorable experience on two of prior four years. If you would go to B-4 for a moment to provide a little bit of clarification; the development of the funding value assets is really just budgeting tool because we're making partisans over periods of time and we pay people. Once they go into a pay status, these funds will pay people out in a lump sum. This is a marketing tool to help mitigate some of the market volatility so it doesn't fall through directly into the contribution requirements. In 2019; if you look at row F5, you had a slight total recognized investment gain of $654,699. Because you got a small investment gain, the rate of return that we recognize is 8.08% which is greater than what we were receiving. Let's go back to 2019; if you look down at E3; if we had achieved the market assumption, we would have expected $15,202,000 but, what we actually got was $5.280 million; shortfall of $9.92 million. The first recognition was in this valuation report you see $2,480,514. That's just the $9.9 million divided by 4. If you look to your right, down one row under 2020, 2021, 2022, you see that figure repeated two more times. For the moment 2020; because we have unrecognize gains from 2017 and 2018, those are enough to offset part of recognition. So, 2020 looks pretty close to the status quo. Of course, the market has been volatile. So, there's no telling what the end of this fiscal year is going to look like. In terms of 2019 we got pretty much we expected based on this record. Hopefully between now and the next few years we'll have returns that are above this return and we'll be able to offset some of the recognized losses we have from this year in the future. If you go back to A-2, investment experience, once we use the smoother method for the assets, the asset valuation method, those weren't really much of a factor with regard to the contribution requirements. When pays go up more than we expected them, active liabilities end up being greater than we expected. In particular the general and the Utilities Authority went up a little over 7% and we're assuming about 5%. Those two were liabilities losses as far as active liabilities for projected benefits. The police was very significant in terms of the impact. The pay increase reported were 15.2% versus 6.2% assumed. The police had a very substantial loss with regard to protected salary for the actives. The second area of experience deviation was the greater than expected retiree. That's what the retiree mortality experience is referring to. You have two different divisions and the majority of stable more experience was Utilities Authority. The general employees had some favorable experience and the police were close to expectations. While I'm on the subjection of immortality, there were no assumptions indicated in this valuation report. There's going to be acquired assumption change in the 2020 report because the Florida Retirement System and the Florida Statutes require that immortality assumption be what we use for funding purposes. It's the same as the Florida Retirement System uses and they change their mortality assumptions for both civilian employees and public safety employees. Late in 2019 the 2020 valuation is going to include that change as a requirement. That's not a problem in terms of an increase in liabilities. Both the civilian mortality table and the public safety mortality table project a somewhat shorter life expectancy so if you are trying to fund the pension liabilities and you're expecting people to live based on their age is expected to live 10 more years and they get 12 payments a year and we add 120 more monthly payments in the future, and that generates a liability and expect the liability to be able to pay that if that person , based on updated mortality assumption is expected only to live nine and half years, then instead of a 120 payments, we would only owe them 114 payments. If we owe them fewer payments that means the liability goes down a little bit. The funded ratio would be helped by that. It would increase towards 100%. The contribution requirements would expect to be less, attributed to the mortality change. If the liabilities go down, the contributions associated with those liabilities go down a little bit. That's not going to be a problem. The investment experience calculated in 2020 certainly could be a problem. If we go back to the report on page A-2, in the demographic experience there's 10 year average payroll gross would last in a long time wage assumption of 4%. This parallel itself went up pretty significantly the general. The general payroll went up 8.3% and the Utilities Authority payroll went up 11% and fire went up close to what we expected; 4.5%. This is referring to a 10 year average. This is another Florida Statutes requirement. Overall, normally time and experience is pretty close to what is expected but the police in particular experienced some losses. Their losses is because of much higher salaries being reported. If you go to page A-3, Contribution Requirement, start at the bottom and compare upward, general employees was 16.77% contribution rates last year, 16.28% this year. The rate is pretty much identical, it went up $137,000. That's because the total payroll went up 8.3%. If the total payroll goes up 8.3% then your rates are basically the same. Expect the dollar to go up about 8.3%. Utilities Authority contribution rate goes down a little over a percent. Part of what causing the rate to go down is the payroll went up 11%. The contribution amount still went up $103,000 even though the rate went down about a percent. We have experience assumptions typically set up over a 30 year period. Since the retirement benefits have been around for a lot longer than 30 years, some of the bases that were set up decades ago are starting to expire. What happened from last year to this year

Utilities Authority had a charge base that was close to 2% of pay that expired. Utilities Authority contribution rate probably would have gone up in the absent of that base expiring. The difference between the general and the Utilities Authority is the Utilities Authority has this charge base that they final paid off. They had one year remaining as of last valuation. That's what drove their contribution down. Does Callan come in November to discuss the quarterly results?

Ms. Morris said yes.

Mr. Armstrong said that would be a great opportunity to discuss that because we have a lot of that information on the positioning of the portfolio and the Retirement and Benefit Systems as well as the impact of the mortality change. Part of the recommendation is to wait a few more months until we have more complete information.

Ms. Morris said thank you.

Comm. Perona asked how much does a plan get effected when; let's say as a police department we have 20 vacancies and 20 folks are not paying into the pension plan. How bad is the plan effected at that point?

Mr. Armstrong said from our point of view that doesn't be a problem because the people are accruing benefits and their member contributions, their also accruing liability greater than those contributions. In the long term those 20 vacant positions are actually deferring a retiree from that position.

Mayor Hudson said on page A-3 you were going over the valuation and you talk about the general employees had a 8.3% payroll increase and Utilities Authority had 11% payroll increase, then you said the police did but you didn't give a percentage.

Mr. Armstrong said 4.5%

Mayor Hudson said thank you.

Mr. Stephens asked if there were any other questions or discussions. If not, do we make a motion to accept the actuarial valuation report presented by Mr. Armstrong. **A motion was made by Comm. Tom Perona and seconded by Mayor Linda Hudson to approve the Actuarial Valuation Report presented by Mr. Brad Armstrong.** Mr. Stephens asked for any questions or comments on this request before the motion was called. **All those in favor of the motion signified by saying aye. A poll was done of each Board member. There was no opposition and the motion carried unanimously.**

b. *REVIEW OF PERFORMANCE EVALUATION FROM CONSULTANT – CALLAN ASSOCIATES*

Mr. Cody Chapman said within the large package that Queen sent out was our March 31st report and Executive Summary. We put together an interim report that updates the March 31 numbers through May 31st and that's the information that Johnna shared with you just before the meeting started. A lot has changed since March 31st for the better. We thought we would give you an update through May 31st and concentrate on that report rather than the March 31st report. If you look on the 3 page document, the first page shows you your asset allocation and manager lineup as of May 31st. On May 31st you had about $208 million in assets. That's a pretty significant increase from March 31st when you were at $187.7 million. On December 31, 2019 you were at $215 million. The last quarter of 2019 was very strong. You had some very good result there. A lot of that was erased in the first quarter. Thankfully, we erased quite a bit of the volatility from the first quarter with the first two months of the second quarter; about $208 million as of May 31st; no meaningful changes within the portfolio during the month. If you go to the second page, we will take a look at performance. For May and I'm going to start at the left-hand column, your total fund was about 3.5%. That compared favorably to the benchmark which was up 3.1% You can see quarter-to-date April and May, the portfolio actually about 10.9%, which is favorable relative to the benchmark, and year to date down about 3%; again ahead of the total fund benchmark by more than 1%. Despite all of the volatility that we saw during the first quarter, particularly from late February to late March. Your portfolio is only down about 3% year to date. If you look at the last 12 months the portfolio was still up almost 8% over the last year, despite the volatility in the last three years; up almost 6.3%. Despite the volatility in the first quarter, still with good results and a pretty strong rebound that we've seen in the past couple of months. Getting into a little more detail to how that performance was derived, if you go back up to the top of the page, you could see that your Domestic Equity portfolio has been performing very well relative to the benchmark; up about 5.5% for the month; actually up more than 19% in the past 2 months; still down about 7.6% year to date. That gives you an idea of the magnitude of the drawdown that we saw during the first quarter, that you are up 19% in the last 2 months and still down about 7.6% looking in the equity portfolio. All those results are good on a relative bases. If you drawdown into Domestic Equity, you could see that Emerald Advisers have been doing a very good job for you. The past 2 months they're up almost 29%; well ahead of the benchmark. You can see year to date they're only down about 3% which is well ahead of the benchmark. Emerald did a nice job for you in the first quarter relative to the benchmark and they've also rebounded pretty strongly since the rebound began in late March. Moving down the page, Ceredex is your small cap value advisors pairing with Emerald. You can see they did their benchmark in May and up about 14.8%. The two months since March 31st; still down year to date. They are ahead of the Russell 2000 Value but you can see a pretty substantial difference between the Russell 2000 Value and the Russell 2000 Growth. Growth has substantially outperformed Value in the rebound. A lot of the healthcare names that make up a good portion of the growth indices performed very strongly on a relative bases during March. Overall Ceredex is doing a good job relative to their Russell 2000 Value benchmark, even after year to date number has been fairly challenged on absolute bases. The rest of your domestic portfolio is passively managed, so no concerns there, all line up to the benchmark. Moving towards the middle of the page, your international portfolio has been a strong performer. You see for the month and quarter your portfolio has significantly outpaced the benchmark, and year to date, while the portfolio was down about 7.35% year to date, that's substantially better than the international equity benchmark which is down about 14.9%; again relative results for your portfolio. All of the managers within the portfolio have been contributing to relative results. You can see that Morgan Stanley up 13.3% quarter to date, ahead of their benchmark and they're almost 5% ahead of their benchmark year to date. This is the portfolio that should do well on a relative bases on the downturn. Moving down to William Blair, this is your growth oriented international manager. You can see they had a very good month of May; a strong start for the quarter; outperforming by more than 7.0% for the quarter so far, and more than 10% ahead year to date with good relative results. Within the emerging market portfolio, Causeway is off to a nice start; about 1.3% during the month. Year to date they are still down about 15.3%, but that is quite a bit better than emerging market index which is down 15.9%. With fixed income, good results there. Richmond is having a strong quarter so far. You can see quarter to date, they are up about 3.6% versus the benchmark at about 2.3%. Year to date Richmond is slightly behind the benchmark by 10 bases points. During the first quarter Richmond had a relatively challenging quarter. Many fixed income managers, Richmond in particular , had been overweight to corporate bonds going into the crisis. Richmond is still overweight to corporate bonds and underweight to treasury bonds. During March in particular there's pretty strong divergent in performance. You saw the 10 year treasury get down to really unprecedented levels during March and stayed that way for much of April as well. That caused treasury securities to outperform very strongly while corporate bonds widen out very significantly. That led to some significant underperformance from Richmond corporate bond portfolio. That portfolio has bounced back pretty strongly in the past 2 months. It's up about 3.6% quarter to date. The short term performance was reasonably good. The last one we will talk about is Heitman. It's been a challenging period for Heitman. The past two quarters you recall that the fourth quarter of 2019 was a very challenging period for them. The first quarter of 2020 was very challenged as well. You see zero for the month and quarter to date. That's because Heitman only report quarterly results. For the first quarter which is the most recent data we have, they were down 1.85% while the benchmark was up about 0.7% in the first quarter. That was actually driven by the portfolio's retail holdings. They continue to write those portfolio down. It's likely we'll see some additional write downs within the real estate portfolio and within the asset class more broadly. What we saw from real estate in general was that by the time the scope of the crisis was beginning to take hold, around March 15 when things really started to shut down, much of the valuation work that's done on a quarterly basis had already been done for the majority. Real estate property is not just for Heitman, but for any manager. The valuation work had mostly been done. It wasn't a lot of time to update the valuation affect the scare of the shutdown that was coming. What we're likely to see is some additional write downs in U.S. State portfolio in the second and probably the end of the third quarter. A lot of the retail properties are going to be shut down. A lot of retailers are unable to pay their rent. Commercial real estate may pick an office; certainly, it has been a challenge for Heitman. Overall, I think we're still comfortable there, but we do need to see some improvement. Let me stop there and see what question you might have.

Comm. Perona said I think the way that the world has done business in the past is going to change somewhat; maybe not as abruptly as I fell today but still there's going to be a change. If I had a bad feeling about any one of my investments for the City of Fort Pierce, it would be my real estate right now. You said you're not uncomfortable yet but where do you see us going forward? When should we visit this again; when should we talk about it? I think it's something that going to have to be a part of discussion as we go forward until we find some resolution. Do you have any input in that?

Mr. Weston Lewis said a couple of thoughts come to mind; there's Heitman performance relative to the real estate benchmark and then there're components more broadly of what we can expect from real estate going forward. I take it your question is more geared toward the board category of real estate; maybe being concern about real estate more broadly.

Comm. Perona said after Cody said that he wasn't totally uncomfortable with it. I took that as this is just something that they'll work out and will be able to get back at it. It's much like many of the other money managers that we've had in the past. You have to give them time to be able to get themselves figured out; solutions and processing and move forward. The industry itself is going to be challenging also.

Mr. Lewis said as you look at Heitman and what they've done right; what they have done well is they have created a higher income profile. They continue to send you more cash than what you would get with other funds and that dividend they pay quarterly, it's a higher dividend. What they haven't participated as much in is the capital appreciation. How much of those buildings do they own actually appreciate in value? There have been a couple of errors of commission and a couple of omission. The areas of commission; the retail exposure they have is not really overweight relative to the index. Where they have the retail, there are some mall exposures and there have been some transaction in the marketplace to where the appraisers came in and said there was a transaction here which means this small property is now worth 85% of what it was last quarter is basically what happened. From Heitman's point of view is that we're getting rental income; the tenants agree actually for the most part continuing to pay. That has been where Heitman's performance has struggled; is largely that retail and what they owned. Most real estate managers own some retail exposure and they have also taken the same write down. Where the others in the category may have error of omission, is just their industrial weight. Industrial sector has been red hot and that is for the changes of consumer patterns that you address and that they are buying a lot more online. These Amazon industrial centers are very important to how people get their goods, buy, and make purchases for things for their homes. That is an area where they have been underweight and they are actively looking for more property in that space. If you look at the real estate dynamics broadly, there are some things that are good that are growing and that's one of them. There are a lot of people paying a whole lot of money for some of these industrial properties whereas they were pretty well priced throughout history now has become very expensive. That's where Heitman has struggled. Those properties have been written up and appreciated pretty drastically. One of the things that look good about Heitman is it's a pretty remarkable underweight to office properties. I don't think all of us are going to be working from home 6 months, 12 months, a year, but a lot of businesses are scratching their heads saying do we really need much office space as we've had. There is a good chance that they can outperform on a forward-looking basis but certainly there are write downs in retail that have hurt them. Does that make sense?

Comm. Perona said it does. I don't want to overreact, but I do want us to think about our investment and our investment portfolio and we have an expectation. Sometimes some of the other money managers have had issues but over a period of a year or two years they were able to work that out. I was trying to get ahead of this and think what would have to happen for Heitman to come around. I know we talked about the writing down of the retail properties the last time and then we get hit with this pandemic which has created a financial crisis. I just want to feel good about this being solved in the next 12 to 24 months.

Mr. Chapman said I want to be clear; we are comfortable today. We do see some improvement in Heitman. I can't put a time stamp on that because we don't to paint ourselves in a corner. I do think your timeframe is reasonable to expect some improvement if not sooner. Weston hit on some good points about what may change and how that may move in Heitman's favor. There's absolutely expectations that Heitman needs to improve in the near future.

Comm. Perona said thank you.

c. HEITMAN PERFORMANCE REPORT

Ms. Anne Westbrook introduced Blaise Keane to the Board and said he will be joining us. We are lucky to have our Senior Portfolio Manager, Blaise Keane join us today. We will skip the overview slide because we see this a number of times with the Board and get right into the important stuff and have Blaise jump in on HART if that's okay with the Board.

Mr. Lewis said that would be great.

Mr. Blaise Keane said we will start on page 422 which would be labeled Heitman America Real Estate and on the right there's a box that says Fund Profile. The size of fund is now about $12 billion on a gross bases; $9 billion in net bases; we used about 25% leverage in the funds capital structure, so sitting at actually 26% according to these numbers. The fund has been maintaining a conservative posture in terms of things like not engaging in development; focusing on the consistency of the income returns; some of the elements stored on the left side of that page, just to give you a sense of the overall profile of the fund. Moving to the next page, Firm Resources; no significant changes on the team; that blue box in the middle is the team I direct in running the fund; again no significant changes in personnel over the recent timeframe; just adding some additional people as the fund has grown over time. On page 424 is the Fund Performance Summary over a number of years; the one year period on the left all the way out to a 13 year since inception period on the far right. Note that the short term performance has been dragged down essentially by the revaluation some of the retail assets in the portfolio that's showing up in those performance numbers and then to some extent certainly impacting the 3 year number and to a lesser extent the 5 year number, and as you move out further, achieving the kind of performance over the long term projection period that we would hope for, but not delivering that in the short term timeframes. Moving to page 425, the Consistent Income and Dividend Return, the income return for the fund, for every quarter of the fund's life relative to the income return of the index and the way to think about this is our income of the fund minus that of the peer index. The point we're trying to make here on the bulk of the last 9 years plus for the fund is that consistency about performing on an income return bases and that brief on the bottom of the page drives that brief favorable yield, again relative to the peer group. If you look to the right, those words that suggest in fact that dividend yield has been higher than the income return for the peer group, pretty significant accomplishment in terms of the dividend yield. The next page is the Initial Valuation Impact; starts to get at what's been happening with the onset of the COVID pandemic where the repricing of real estate is now an element of the real estate sector. I think we will continue to see real estate valuations for the private real estate market continue to come in over the remainder of the calendar year. That's our assessment of where things will migrate as we move to the remainder of 2020 as the impacts of the slowing economic conditions in the U.S. that is largely caused by the pandemic are making their way through the valuations of real estate. This page we've just tried to show across the different sectors that we invest in what's happened during the most recent quarterly valuation process; the biggest impact occurring obviously in the retail sector. The middle column is showing capitalization rates that our portfolio now sits at as a result of those Q1 valuation results. To the right is a proxy for the peer group in terms of where the Cap rates are across the broader peer group, with our Cap rates being a little above where those peer group numbers set, perhaps indicative of the likelihood of some continued valuation adjustments for the peer group on a relative bases. On page 427 labeled Resetting Income and Dividend Expectations; given the significant interruption of collections for parts of the real estate world, we provided these estimates shown on this page to investors with first quarter results you see on this page; just trying to reflect some of the impact of what we were expecting to see as a result of some of the interruptions in rent payment that we have now seen as we move towards the end of the most challenging quarter, in all likelihood that being the second quarter that we're sitting in. I'm glad to say that the estimates that you see on this page will likely be adjusted upward a bit as we move through the remainder of the quarter and revise our expectations for the remainder of the year. In fact, those numbers on the right which are indicating an income return of 4.3% will likely be closer to 4.4% when we revise our estimates. The 3.7% dividend yield shown, likely will be moved up by 10 bases point to 3.8%. All in all, those numbers would be down each by about 25 bases points off of what we would have expected going into the year. Again, as we think about what the impact, the income return, and dividend yield from this fund is as a result of our expectations for 2020 now that we've moved into a very changed environment. The answer would be that the income return dividend yield here is pretty well intact and should be off by only 5% or so from what would have been our early expectations as we started the year under pre-COVID conditions. The next page, Property Type Diversification and Target Ranges, are just setting forth where the portfolio is allocated down across the different property sectors. The pie chart in the upper right is trying to emphasize the fact that over the last quarters we have moved the allocation into what we would refer to as defensive sectors; those being the 2% allocation to student housing in our apartment sector; the 8% allocation to medical office in the middle column, and the self-storage allocation on the far right. They now aggregate an excess of 30% of the fund's assets. We like that positioning given the shift in the economy. We had been anticipating a slowing economical environment. We certainly did not predict the violent adjustment that we've seen because of the pandemic, but the portfolio positioning now appears to be very appropriate for the conditions that are likely to ensue over the next couple of years or so. With a greater positioning, certainly relative to the peer group as well into those sectors that would be ones that are not driven so much by economic activity and growth in the economy but more by things associated with demographics and life events, and so thus should be more stable as we move through the economic period that we have now entered. At the bottom of the page those green and red arrows are simply trying to indicate where we're going to be likely moving the portfolio over the intermediate terms; looking to increase the allocation into apartments and industrial, then tapering a bit, the exposure to office retail and self-storage. On the next page is Portfolio Focus During the Crisis; just a quick comment in general about what's been happening in the portfolio as a result of the pandemic. Collections across the portfolio have average about 80% for April and May. We expect that number to go up a bit. As you might imagine, we've been working very diligently with a lot of tenants across our portfolio to engage in agreements to allow them to defer some rent temporarily with the arrangement to repay that rent over the period that lies ahead. That type of arrangement might look like a deferral of 2- or 3-months' worth of rent with the agreement for that time to pay back the entirety of that rent or ensuing 6 to 12 months. All of those agreements are individually being arranged and negotiated base on the facts and circumstances of each tenant situation. As you might imagine in the retail sector, we've seen much more interruption with restaurant tenants and the types of people that have been most significantly impacted by having to close their operations for 2 or 3 months. We're now moving into a lot of the restart protocol. Many of the properties are now reopened. Some positive signs in terms of pinned up demands for some of those businesses but certainly the likelihood that there will continue to be significant challenges experienced and faced by many of the tenants in the portfolio and across the economy generally speaking. We certainly expect it to be a more subdued economic environment for the period that lies ahead and we'll continue to focus on working with tenants on a as needed basis to get them through this period as best as we can.

Comm. Perona said we see the 78% collection ratio. What is it normally? What percentage are we dealing with?

Mr. Keane said the high 90's. The collection rates and the accounts receivable differ with each property sector. Generally, you see a 2 or 3% collection change, so we're short by 20%. As you will see as we walk through each of the sectors, the collection rates vary across them with retail being clearly the most challenged sector.

Comm. Perona said thank you.

Mr. Keane said a follow on to your question would be what do we expect to ultimately collect from our tenants and the answer would be something probably pretty close to what would be normal, meaning there's an additional percent or two of loss that's permanently incurred but we certainly expect to recover a lot of the rent that was not paid with those deferral agreements that I referred to earlier. Each of the next few pages have some commentary about each of the sectors and in the interest of time we will just walk through those pretty quickly starting with the areas I mentioned that is most challenged, that being the retail sector. The collections rate you see there at 23% for both April and May now looks like it will be closer to the high 20's for June. We still have a few days to collect the dribs and drabs of rent that will still come in during the current month, but we're starting to see an upturn in those collection rates in June as we've seen a lot of the retailers be able to reopen their stores. On the right, just a pie chart breaking down. Our retail again a little bit more focus on this sector since it's the one with the most significant challenges. The short story of looking at that pie chart would be that, if we broke down where within the retail portfolio, there would be the most challenge within that part of the portfolio. It would be in the blue part of the pie chart, referred to as the enclosed malls. It represents 24% or so of a sector that is about 17% of the overall portfolio. For the 5% of the overall portfolio for the fund and this is where we will continue to see some challenges. the 5% of the overall portfolio for the fund. This is where we will continue to see some challenges. Those will be the assets that will be the slowest to revolve as we move through the economic condition and the challenge that retail will face.

Mr. Lewis asked is there any intent to do anything this. Are you looking to dispose of them or are you going to keep them? Are there assts you want to keep at this price?

Mr. Keane said the answer is going to differ by assets and almost the entire private real estate sector at this point. Markets are frozen up so there's not going to be a lot of transaction activity that will occur; very little that will be recorded in the in the second quarter. Maybe a little activities will commence in the third quarter. Maybe by fourth quarter will start to see markets thaw a bit more. Retail assets amongst all of those in the real estate sector will be the slowest to react to some of that thawing of markets. We may look to move some of these assets off the balance sheet as you suggested. Many of them have been written down significantly to the point where they're not as meaningful contributors into the fund overall. We would look to potentially move out of these positions as the markets would thaw. That's probably not going to be until 2021 when there's some clarity to that picture.

Mr. Chapman asked what is your exposure to just the movie theater. I know there's been some talk of bankruptcy. Do you have much exposure to AMC in particular and what are your thoughts there?

Mr. Keane said not a huge amount of exposure to the theaters as a whole. I don't know the exact percentages of population of the fund but would guess between the 1% range, not a significant 5 or 7% presentation of the portfolio by any means. What's interesting and unfortunate is that the evolution of retail that had commence over the course of the past couple or 3 years included the addition of a lot of entertainment uses. Retail properties will evolve into a more experience thing. Many of the mall operators have begun to do that, adding theaters, restaurants, fitness clubs, and those types of things. Unfortunately, those are the areas that have been most significantly impacted by the conditions we find ourselves in the last 90 days. Our assets are largely anchored by a major health system. No problem with collection there. I will take any remaining questions you might have.

Mr. Stephens said I don't think anyone have any questions.

Mr. Keane said thank you for the support of the fund and we appreciate the opportunity to let us present today.

d. WILLIAM BLAIR PERFORMANCE REPORT

Mr. Cliff Kalish said Mr. Blake Pontius will be joining in and he will do most of the presentation. Performance has been very good and I just want to thank you for your continued partnership. You've been with us since 2003. We truly appreciate that. Going to page 8; at year end, we were under a little under $60 billion in assets under management as a firm. At the end of March 31, we were down to $46.6 billion. We back almost to where we were yearend; we are about $55-56 billion at the end of May and I suspect we will be back up above that at the end of June. One page that is important is page 22. You can see the market value for Fort Pierce at the end of May was $24.69 million. The big number to look at is the original investment which is $10 million. There have been some withdrawals over the years. The market appreciation, dividend, and capital gain distribution is over $20 million. It's been very good performance on the prior page. Those numbers are through May. The thing I would point out is June has been very good as well. We are month-to-date up another 4.5%. So that year-to-date number is now basically flat. Going back to March, since then we're up 23-24%. With that, I'm going to turn it over to Blake. If you have any questions, I will be happy to answer them.

Mr. Blake Pontius said if you go back a couple of pages to page 20 where it says Market Performance – Global Equity Markets, this is basically taking a broad global equity index and carving it up by geographic performance and by sector performance and also style performance. If you look at those two columns on the left quarter to date is only capturing April. Year to date for the 4 month period, the next column over to the right, as you go down and compare those numbers; pretty sharp reversal with the market recovering very strongly the last few months as Cliff has indicated, you can see that it has been very broadly across regions, across sectors. That was in sharp contrast to what was experienced as the pandemic unfolded back in February and March, in the first quarter. What's really interesting from a style perspective, you can contrast the style environment from the year to date period which is influence by the first quarter; the growth and momentum factors did quite well. You can see valuation underperformed by a significant amount. You had value stocks outperforming growth stocks and I want to reference that given the way we invest, we're very much a growth investor as you know. This has been a bit of a headwind to our relative performance here in the yield term that we're quite comfortable with our positioning and have a lot of conviction in the growth orientation of the portfolio which will probably face some headwinds here, maybe a strong recovery environment at the market's pricing, but we think looking out a few months we won't be surprise to see growth reasserting itself. For the interest of time we will go to page 24, Performance Attribution YTD – Institutional International Growth Fund. Here it's illustrating what has driven our relative performance for the calendar year to date period and we're just breaking it down by sector and we are illustrating what was driven by allocation over ratings and under ratings sectors versus stock selection within those sectors. Most of our outperformances come from stock selection and it's been fairly broad. A key sector in particular helped us most notably; the technology sector which is abbreviated by Information Technology. We had almost 300 bases points of positive relative performance from the tech sector. A few of our top contributors in the portfolio were in the tech sector. You can see that in the upper right table; three names in particular, Adyen is our online payments company based in the Netherlands, Keyence is a factory automation technology company based in Japan, and ASML is the leading maker of semiology equipment for semiconductor manufacturing also based in the Netherlands. Again, good overall stock selection. Geographically on the lower left we are doing the same analysis, just projected through a region and country. There you can see that Europe is the dominant contributor for the last 5 months. That's our largest weighting in the portfolio. We do have pretty broad exposure across a number of sectors within Europe pretty good stock selection across sectors within Europe. We're not a top down allocator. We're very much bottom up focused. We just happened to find a lot of great quality good companies based in Europe. Many of whom sell beyond Europe. These are very much global oriented European companies we own in the portfolio. We've gone back and really dug in on these companies. Our analysist have done a lot of work on analyzing their cash flows on the ability to make interest payments where they do have outstanding debt, also revisiting the growth outlook given the significant disruption within the aerospace industry. We actually added to these positions. As you look at those names of page 24, know that we paired our positions in some of those top distributors. Going to page 29 to Fund Positioning – Institutional International Growth Fund, we're showing the geographic breakdown on the left side of the page. For your portfolio weighting is represented in the darker blue and then your benchmark, the MSCI AC World ex-US IMI is the lighter shaded area. You can see that Europe is our biggest overall position in the portfolio and the absolute terms and is also our largest overweighting relative to the benchmark. In terms of changes year to date, which is shown in the next column over, generally speaking, our position in emerging Asia has come up this year. If you look down towards the bottom and that's mostly adding to our higher conviction position in China and also added a few new positions in China, so currently that weighting in the portfolio is up to about 16%. Obviously, China was the epicenter of the Coronavirus. They were able to remove the lockdowns in Wuhan, so economic activities has come back pretty strongly. The China exposure is more consumer oriented, more tech oriented and those are among our better contributors year to date. On the right side of the page you can see the sector profile or the portfolio. Here you see some notable differences versus the benchmark where we had bigger overweight positions within the industrial information technology sectors. Consumer Discretionary and healthcare are also over weighted. You think of those as more a classic growth sectors. We don't really find a lot of growth or quality within the commodities or in its sectors. From a change perspective on the sector side you can see that the financials weighting come down about 6% for the year. That's mostly been offset by increased to tech. Within financials we did trim our bank exposure given the continued challenging outlook for profit margins within the banking stage; given the fact interest rates are likely to remain quite low and negative in many instances. We decided to reduce what little exposure we had there. We didn't have much in banks to begin with. We did own TD Bank, which you're probably familiar with, based out of Canada where they have pretty extensive network in the northeast and Boston. We were concern about the profitability and that was our largest reduction within the financial sector. We added a little to our semiconductor exposure where we started to see improvement in orders. For companies like Infineon, which is a German semiconductor manufacturer that has exposure to the auto industry. I will stop there to be sensitive to your time. I will answer any questions you may have.

Mr. Stephens said there were no questions. Thank you, Mr. Pontius for your presentation.

e. __MORGAN STANLEY PERFORMANCE REPORT__

Mr. Lewis said there were no issues with Morgan Stanley. Maybe one of the issues previous to the last quarter is Morgan Stanley's processing portfolio tends to do better in choppy volatile down market. It was good to see in the first quarter, which is unlike any pullback we've seen in a long time where your traditional lower priced investment didn't do as well. Morgan Stanley did hold up. They out-cornered the benchmark by 3.25%. It's good to see that characteristic has long held up in this downturn. They certainly pulled up their more recent and long term numbers prior to Q1 relative to the benchmark. That's the summary on Morgan Stanley.

Mr. Sean McDermott thanked the Board for their time. First, I will provide an update on the team and how things have been functioning during this period, then I will move to performance and how the portfolio is navigated during this crisis thus far. Finally, I'll touch on positioning and portfolio activity, and importantly how the market is moving forward. I would like to jump to the key message which is on page 6. The key message here is resilient. First, the team is resilient. We've been working and operating from home dating back to March; able to operate with no loss of functionally. The second thing I want to mention on this slide is investment process is resilient; checking that our companies are able to compound and seeking compounders that have that have reached our valuation range; is broadly doing what we expected it to be doing and it's making its down market and basically it has provided that measure of downside protection you'd expect from a high quality bias portfolio we manage. Lastly, the portfolio has been resilient; has delivered reduced downside participation in tough times. Moving to page 7, I'm sure you are familiar with this page. Since we were here last May, added an addition to the investment team and that would be Helena Miles. She joined the team is September 2019 as a research analyst. That's the one change to the investment team. Also on this page you will see the assets under management; global franchise $25.7 billion; global quality $3.6 billion, global sustain $929 million and international equity $8.9 billion; boutique within Morgan Stanley Investment Management; incentives aligned with those of our clients; access to and long-term relationships with company managements, and accessible portfolio managers and dedicated client service. Moving to page 10, basically this shows you how sharp the sell-off was in the first quarter by geography and you can see all market profits were down with Europe and Japan holding up, while on the other side of that while Australia and the UK were among the working market; probably some steep decline across all geography. Going to the next slide, it shows you the same but by sector. The higher quality more defensive Consumer Staples and healthcare sectors were among the strongest performance. Page 12 shows you how the portfolio has been geared towards high quality and defensive repositioning before the crisis hit. The two high quality sectors would be Consumer Staples and Health Care. It shows you that almost half of the portfolio was in these two sectors. These were among the best performers in the first quarter year to date. This positioning comes out of our bottom up stock selection process. At the beginning of the year markets were very expensive. In 2019 markets were up 22%, so a very strong market in 2019, a lot of high expectation in the market. Obviously, we didn't forecast a crisis due to a global pandemic. Moving to page 15, this shows you the signature of our strategy which is an asymmetric return profile. I'm sue you are familiar with tis slide. I show it every year. The portfolio has a high quality volume as I had mentioned and invest in two areas, high quality compounder and value opportunity. What the chart on the left does it tracks the portfolio quarterly returns since inception on a rolling 3 year basis. What this demonstrates is the majority of those diamonds are above the diagonal which is what you want. If you look at the left side, a more challenging period, that's where consistence and stronger pattern of outperformance. The portfolio is compounded at twice the market and delivered over 4 times the value since inception based on the gross of a $100 investment. Page 16 provides the portfolio performance over different period. So far year to date the portfolio performed on a relative bases very strongly; outperformed by nearly 5% and almost 3% outperformances on a relative bases in the first quarter. Performance returns reflect the average annual rates of return. Investment returns and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Moving to the next page, we'll focus on the first quarter since it's with the most challenges in the period. In the first quarter you can see the strong contribution from allocation. Much of that distributed to our overweight in Consumer Staples and Health Care. Stock watch overall detracted from overall performance we did outperformance in the energy sector, materials, health communication services, and consumer discretionary but these were offset by some stocks specific issues in health care, in the Staples and Financials. Page 18 is another attribution page. It just touches on 2019. It gives you an idea of what happened in 2019. It shows you the portfolio finished slightly behind a very strong market; the market up 22% and the portfolio behind 21.86%. Page 19, I put in here to remind you, this is long-term attribution and as bottom up stock pickers you would expect that most of the performances driven by stock picking. Over the long term it should come out that stock selection is the key drive of your performance. Over the long term about 75% of long term performance has been contributed to stock selection. Moving on to the portfolio positioning slide, what have we been doing in light of this crisis. We have been analyzing these companies in light of COVID- 19 and page 19 gives you an idea of how we've been looking at it. First, direct effect of CVID-19 and lockdown. Secondly, indirect impact of sharp economic downturns globally, and thirdly, longer term impact to sectors and companies posy crisis; how the world changes. First focus is direct effect of coronavirus crisis, assuming 3 month lockdown, longer period of social distancing, economic downturn into 2021 and impact of tougher stress scenarios. Next page you can see Consumer Staples remain defensive but COVID effects vary by sub-sector. Sector has a whole outperformed significantly in the first quarter; -13% versus -23% for EAFE index; given defensiveness I economic downturn; COVID advantaged food retail; 019% in the first quarter; food products -8% and household products -7%; given pantry stocking and cleaning requirements. The portfolio has no food retail and limited food products exposure for long term structural reasons. Social distancing hurt beverages -27%;given dependence on restaurants and bars; overweight within he portfolio given positions in Kirin, Heineken and Pernod Ricard; tobacco -17% also underperformed the Staples sector despite lower sensitivity to distancing than beverages; personal care -11%; vulnerable given hits to Duty-Free and Departments Stores; trimmed exposures at the start of the crisis partly due to valuations. Consumer Staples portfolio underperformed index in the first quarter -17% versus -13% given tilt towards beverages and way from food retail and food products. In health care on page 23, our stock was also defensive, but not as defensive as the sector as a whole. Overall sector -9%; strong as pharmaceuticals and biotechnology -8%, fairly unaffected by either direct effects of the crisis or any potential economic downturn. Stock specific factors drove underperformance within pharmaceuticals. Roche, Novartis, and Sanofi all performed reasonably well in the quarter; GlaxoSmithKline hit by earnings downgrades post 4Q results due to costs of Consumer JV and spin-off. While Bayer's underlying business is likely no more cyclical than rest of sector, it was perceived as vulnerable given leverage post putative settlement. Health Care Providers -27% more affected by COVID given potential delays and cancellations of non-urgent procedures. Fresenius also hit by excessive fears about debt and liquidity; health care portfolio underperformed sector index in the first quarter -18% versus -9%. For the lateness of time, I will stop there and answer any questions.

Mr. Stephens said thank you.

f. __CAUSEWAY PERFORMANCE REPORT__

Mr. Lewis said next we have Causeway which is a new manager you hired back in August/September of 2019, a manager emerging market portfolio. This is their first meeting with you all as a Board. We're going to have a gentleman by the name of Taylor Alan-Lee.

Mr. Taylor Alan-Lee said thank you for the opportunity to speak with you today. As mentioned, my name is Taylor Alan-Lee. I'm a relationship manager as Causeway. I'm responsible for a number of our institutional investors. My plans for this afternoon was to provide an update on your Causeway Emerging Markets equity strategy. Hopefully, at the end of this discussion, you will come away with a better understanding of our firm and how we plan assets. You funded your investments in 2019. I understand you believe a value-oriented manager would serve as a good compliment to your holdings. Your value is a key part of our process. If you turn to page 3 of the presentation title Committed to Clients, there are 3 key points. First, everything we do is grounded in a simple philosophy, which is that investing and under-valued companies will benefit our clients over time. We are very focus in our philosophy and the way we apply that philosophy for our clients. Secondly, we have an experienced team. We ae 100% employee-owned and majority owned by women and minorities and our 100% employee ownership is contributed to stability within our investment team. All of our portfolio managers ae equity members and that includes the 3 portfolio managers that is responsible for your EM strategy. The third point is we integrate fundamental, quantity and discipline. The emerging market equity strategy is primarily quantitative driven. We use quantitative tools to estimate stock expected return and risk. We also have 27 fundamental research analysts that work at Causeway and they are able to provide input in our portfolio construction process. The high level question is why use a quantitative approach to emerging market equities. A quantitative approach allows us to cover a broad number of stocks in an efficient way. Value is the largest weight in our process. We're looking for stocks that are underpriced in the market. We think value works best when you combine it with grace and momentum particularly with emerging markets. You've probably talked with one of the managers about one of the risks with value investing is catching the preverbal falling nice. Stock is declined in price and it looks cheap so the value manager is drawn to it, but that stock can continue to decline in price. We think that if you incorporate growth and momentum characteristics into your process, it can help mitigate that risk. All our yield stock would be a value stock that is cheap and is starting to show some price momentum. Its earnings has started to improve and its prices are just starting to increase. At that point, that's a good entry point foe us. Approaching that way results in more consistency in performance fore our clients. We you think about a quantitative approach, there are certain things that are going to be out of the scope of that model and that's where having 27 fundamental analysts to lean on, it's also helpful. If you think about potential mergers or acquisitions or off sheet liabilities, these are things companies can have that maybe out of a scope of traditional quantitative model. We have built into our process the opportunity for a fundamental analyst to flag things like that in our process so that we can identify them and decide if we want to adjust the conditions accordingly. It's a good incentive for our fundamental analysts to provide that input because we a 100% employee owned. All of our portfolio managers are equity members. All of our fundamental portfolio managers and some of our fundamental research analysts own equity in the firm. Even if they are not the main portfolio analyst on the emerging market strategy, they certainly want the strategy to do well on behalf of our clients. Moving to page 12 Investment Philosophy & Process-Emerging Markets; there's a lot of information on this page. There are a few takeaways in the top blue boxes which is the Alpha Model and the Risk Model, which is for every stock in the universe we calculate an expected alpha and an expected risk contribution. The alpha score in the left top box, it's 75% bottom up stock specific factors. Those are three factors I mentioned earlier; whatever the growth expectation for this companies earnings and how does that compare to other companies in the same industry. Next is price momentum. Over the past 6 to 12 months how has the stock price been trending; has it been trending down or up. Those factors goes into the bottom up alpha model and valuation generally has the highest weight as I mentioned. We also incorporate a 5% rate for top down factor in our alpha model. We think microeconomics really matters in emerging markets, even more so than in developed market. If you look at the gap of top performing and bottom performing countries within the emerging market index and you look at that historically, that average differential is about twice as what it is in developed market. So that's the alpha model. It's obviously not to know just what the expected alpha model is for a stock. You also want to know how much risk that stock is bringing to the portfolio. That's why we use our risk model to assign a risk score for every stock. Once we have that, we use a portfolio optimization approach to optimize the portfolio expected return given the risk restraint we have. After we have that optimize portfolio, that portfolio is sent to our fundamental colleagues to have the ability to review it and flag any stock that they think have specific consideration that is not going to be pick up by the model. The quantitative portfolio managers will take that feedback from the fundamental team and decide if they want to adjust that stock's weight accordingly. You can think of that part of the process as more of a governor as oppose to an accelerator. It's highly unlikely to increase the stock's weight because of the feedback from our fundamental colleagues or we could what decent stocks weighed or eliminated altogether. After that process is all done, what you end up with is around 10 to 150 stocks in the portfolio. We can see then what that looks like on page 13 of the presentation. It's titled Fund Snapshot. This is what the ultimate portfolio looks like. The only point I would make about the top portions is that we manage fully invested portfolios so our cash level is typically around 1 to 3%. We don't have large cash balances in this portfolio. At the bottom of the page we have a few metrics here. The key points are that what we hope our portfolio provides is an attractive valuation characteristics which you see from a price to earnings and a price to bunk perspective as well as attractive momentum and earnings characteristics. You will see that the momentum characteristic look positive relative to the index momentum instead of negative because during the first quarter, that was a challenging quarter for emerging market, so most stocks had negative price momentum, but our stock has less negative momentum. If you turn to page 14 of the presentation, I know it has been less than a year since you all invested in the fund. The first quarter of the year, which you see in the second column, was negative on an absolute bases but slightly positive relative to the index overall. I think you are aware that we have seen headwinds to the value investment style and that has certainly been headwind for Causeway given the weight that value has in our process. I know we have less that 5 minutes; just briefing touching on our positioning on page 17; a few of our key over weights are Russia; is the largest over weight from a country perspective that's primarily driven by our valuation consideration both within the financial and energy industries. China is also one of our largest over weights. China is interesting. We had some valuation consideration that are leading to that overweight, but we also have some information technology companies; some technology companies that are not necessarily cheap from a valuation perspective, but you provide price momentum characteristics. We have some of those in the portfolio and they've been performing quite well. If you think about what's been happening with COVID-19; was lockdown; the country very significantly and severely and one aspect of the economy that continued was from a technology perspective, people buying items online and so one of our larger holdings is JD.com. This is the largest online retailer in China. Everything from fresh foods to cosmetics; this stock performed well because even though people were not interacting face to face, they were interacting online. That's an example of a holding in China that we own. A few closing points I will conclude with; we've talked a lot abut valuation, so I thought it would be helpful to provide some perspective on where stand from a value standpoint. If you to page 31, titled "How expensive are Emerging Markets Growth Stocks", on the left side it shows the Forward Price to Earnings ratio. For every dollar of earnings, the companies are going to generate, how much are you paying for that dollar earnings. In the dark blue line, the growth index, this is for the index overall, on an average you are paying $19 for every one dollar of earnings that those growth companies generate. If you look at a value company, you're on average of paying $9 for every dollar of earnings that value company is going to generate. That differential between the two is as wide as it's been historically. To us that suggest that; No. 1 we have seen the headwind in the value style, but No. 2, there's a high likely here that is going to reverse and when it does, we could really see strong performance for value stocks and we would expect that Causeway would perform well in an environment where values is generally doing well. Wrapping up on page 37 of the presentation shows our performance on a rolling three year basis. If you look at our performance on a rolling three-year basis, we've charted our performance on the Y axis and the benchmark in the X axis. Every dot above the line signal our performance and every dot below the line signal underperformance. I think I will stop there and ask if there are any questions. Thank you everyone.

ITEM NO. 9 ~ CONSENT AGENDA

Mr. Stephens said the next item is the Consent Agenda. **A motion was made by Ms. Johnna Morris and seconded by Comm. Tom Perona to approve the refund of member contributions. All those in favor of the motion signified by saying aye. There were no opposition and the motion carried unanimously.**

ITEM NO. 10 ~ CONSIDERATION OF ABSENCES

None.

ITEM NO. 11 ~ BOARD MEMBER COMMENTS

Comm. Perona said I want to welcome Javier Cisneros to the group. We look forward to starting the school process because we like for everybody to be a certified public pension trustee.

Mr. Cisneros said I'm exciting to be on the Board. I, ready for the experience and working close with all the Board members.

ITEM NO. 12 ~ ADJOURNMENT

The next item was next month's meeting. The next meeting is scheduled for July 16, 2020 at 2:00 p.m.

All those in favor of the motion signified by saying aye. There was no opposition and the motion carried unanimously.

The meeting was adjourned at 5:05 p.m.

ATTEST:

______________________	______________________
Secretary/Treasurer	Chairperson

Note: These minutes are not verbatim, only important issues and are reproduced in writing for the benefit of the Fort Pierce Retirement and Benefit System members. The recording itself is the official record for the meeting. The meeting tape/cd is available.