

**OFFICIAL NOTICE**  
**CITY OF VERO BEACH POLICE OFFICERS' PENSION PLAN & TRUST FUND**  
**BOARD OF TRUSTEES QUARTERLY MEETING**  
**CITY HALL, COUNCIL CHAMBERS**  
**1053 20TH PLACE, VERO BEACH, FL 32960**  
**REVISED AGENDA**  
**Wednesday, February 19, 2020 – 12:20PM**

*Pursuant to Chapter 286, F.S., if an individual decides to appeal any decision made with respect to any matter considered at a meeting or hearing, that individual will need a record of the proceedings and will need to ensure that a verbatim record of the proceedings is made. In accordance with the Americans with Disabilities Act, persons needing assistance to participate in any of these proceedings should contact the City Clerk at (772) 978-4703, 48 hours prior to the meeting.*

**I. CALL TO ORDER/ROLL CALL/DETERMINATION OF A QUORUM**

**II. PUBLIC COMMENTS**

**III. APPROVAL OF MINUTES**

1. November 20, 2019, quarterly meeting

**IV. REPORTS (ATTORNEY/CONSULTANTS)**

1. Foster & Foster, Brad Heinrichs, Board Actuary
  - a. October 1, 2019 actuarial valuation report
  - b. Further discussion of experience study
  - c. Further discussion of portal
2. City of Vero Beach, Cindy Lawson, Finance Director
  - a. Financial statement as of December 31, 2019
3. Salem Trust, Karen Russo, Custodian
  - a. Service report summary as of December 31, 2019
  - b. Class action report as of December 31, 2019
4. Dana Investment Advisors, Greg Peters, Investment Manager
  - a. Quarterly report as of December 31, 2019
5. Harding Loevner Equity, Lisa Mehmet, Investment Manager
  - a. Quarterly report as of December 31, 2019
6. AndCo Consulting, Dave West, Investment Consultant
  - a. Quarterly report as of December 31, 2019
  - b. Discussion of UBS Trumbull investment
  - c. Investment Policy Statement Amendment
7. Sugarman & Susskind, Ken Harrison, Attorney
  - a. Secure Act and IRS Limits Memo
  - b. Legislative update

**V. CONSENT AGENDA**

1. Invoices for ratification *(see attached spreadsheet)*
  - a. Warrant #36, #37, #38
2. Fund Activity Update *(see attached spreadsheet)*
  - a. For period November 13, 2019 through February 12, 2020

**VI. NEW BUSINESS**

1. Notification letter from city auditors for any findings

**VII. OLD BUSINESS**

**VIII. STAFF REPORTS, DISCUSSION, AND ACTION**

1. Foster & Foster, Siera Feketa, Plan Administrator
  - a. Cyber liability quote
  - b. Educational opportunity
    - i. FPPTA 36<sup>th</sup> Annual Conference, June 28, 2020 through July 1, 2020, Orlando, FL

**IX. TRUSTEE REPORTS, DISCUSSION, AND ACTION**

**X. PUBLIC COMMENTS**

**XI. ADJOURNMENT**

**Next Regular Meeting Date: May 20, 2020 at 12:20PM**

**CITY OF VERO BEACH - POLICE OFFICERS' RETIREMENT TRUST FUND**

**STATEMENT OF FIDUCIARY NET POSITION**

	<b>As of: 10/1/19</b>	<b>FY 19-20 Change</b>	<b>As of: 12/31/19</b>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	
Accrued Interest Receivable	90,172	(14,649)	75,523	
Distribution Receivable	26,017	(17)	26,000	
Prepaid Expenses	1,500	-	1,500	
Investments, at Fair Value:				
Money Market Mutual Funds	946,252	668,069	1,614,321	
Mutual Fund Investments	2,429,069	167,033	2,596,102	
Treasury and Agency Bonds & Notes:				
U.S. Treasury Bonds and Notes	2,899,341	(40,066)	2,859,275	
Federal Instrumentalities	1,623,254	(178,778)	1,444,476	
Mortgage/asset backed securities	178,884	(10,550)	168,334	
Corporate Bonds	7,297,392	(106,365)	7,191,027	
Real Estate	4,199,608	(22,754)	4,176,854	
Corporate Stocks	24,119,096	2,054,920	26,174,016	
<b>Total Investments</b>	<b>43,692,896</b>	<b>2,531,509</b>	<b>46,224,405</b>	
<b>Total Assets</b>	<b>43,810,585</b>	<b>2,516,843</b>	<b>46,327,428</b>	
<b>LIABILITIES</b>				
Prepaid Employer Contribution	38,886	(38,886)	-	
Accounts Payable	56,647	(56,647)	-	<i>see Attachment A</i>
Refunds Payable	17,716	(11,061)	6,655	<i>see Attachment B</i>
<b>Total Liabilities</b>	<b>113,249</b>	<b>(106,594)</b>	<b>6,655</b>	
<b>NET POSITION</b>				
Held in Trust for Pension Benefits	\$ 43,697,336	\$ 2,623,437	\$ 46,320,773	

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FY 19-20**

	<b>Per Investment Account Statement Detail</b>	<b>FY 19-20 Accounting Adjustments</b>	<b>First Quarter FY 19-20</b>	
<b>ADDITIONS:</b>				
Contributions:				
Employer Contributions	\$ 760,020	\$ 38,886	\$ 798,906	
Employee Contributions	57,116	-	57,116	
State Contributions	-	-	-	
<b>Total Contributions</b>	<b>817,136</b>	<b>38,886</b>	<b>856,022</b>	
Investment Earnings:				
Interest & Dividends	236,814	(17)	236,797	
Net Appreciation (Depreciation) in Fair Value of Investments	2,138,435	-	2,138,435	
<b>Total Investment Income</b>	<b>2,375,249</b>	<b>(17)</b>	<b>2,375,232</b>	
Investment Expense	(78,285)	56,647	(21,638)	<i>see Attachment C</i>
<b>Net Investment Income</b>	<b>2,296,964</b>	<b>56,630</b>	<b>2,353,594</b>	
<b>Total Additions</b>	<b>3,114,100</b>	<b>95,516</b>	<b>3,209,616</b>	
<b>DEDUCTIONS</b>				
Benefit Payments	564,036	-	564,036	
DROP Plan Benefits	-	-	-	
Refunds of Contributions	17,525	(11,061)	6,464	
Administrative Expenses	15,679	-	15,679	<i>see Attachment C</i>
<b>Total Deductions</b>	<b>597,240</b>	<b>(11,061)</b>	<b>586,179</b>	
<b>Change in Net Position</b>	<b>2,516,860</b>	<b>106,577</b>	<b>2,623,437</b>	
<b>Net Position - Beginning of Year</b>	<b>43,697,336</b>	<b>-</b>	<b>43,697,336</b>	
<b>Net Position End of Year</b>	<b>\$ 46,214,196</b>	<b>\$ 106,577</b>	<b>\$ 46,320,773</b>	

VERO BEACH - POLICE OFFICERS RETIREMENT TRUST FUND						
ACCOUNTS PAYABLE						
Vendor	Description	Amount Due	PAID		OUTSTANDING BALANCE	
			Date	\$ Amount		as of 12/31/19
<b>FY 18-19</b>						
DANA INVESTMENT ADVISORS	Q3 CY 19 Fees	4,672.73	10/30/2019	4,672.73		
SAWGRASS ASSET MANAGERS	Q3 CY 19 Fees	10,197.34	10/30/2019	10,197.34	-	
GARCIA HAMILTON	Q3 CY 19 Fees	7,560.87	10/30/2019	7,560.87	-	
HARDING LOEVNER	Q3 CY 19 Fees	13,809.00	10/30/2019	13,809.00	-	
WELLS CAPITAL MANAGEMENT	Q3 CY 19 Fees	12,906.57	10/30/2019	12,906.57	-	
AndCo INVESTMENT	Q3 CY 19 Fees	7,500.00	10/7/2019	7,500.00	-	
	Total FY 18-19	<u>56,646.51</u>		<u>56,646.51</u>	<u>-</u>	

**Accounts Payable Outstanding at 12/31/19** -

**RECAP FOR BALANCE SHEET**

Accounts Payable at 9/30/19	56,646.51
Less: FY 19-20 Payments Processed	(56,646.51)
Plus: FY 19-20 Accruals	-
Accounts Payable at 12/31/19	<u><u>-</u></u>

VERO BEACH - POLICE OFFICERS RETIREMENT TRUST FUND					
REFUNDS PAYABLE					
Name	Termination Date	REFUND DUE	PAID IN FY 19-20		OUTSTANDING BALANCE
			Date	\$ Amount	as of 9/30/19
<b>FY 15-16</b>					
RUSH, JOHN	11/17/2015	759.58		-	759.58
	<b>Subtotal FY 15-16</b>	<u>759.58</u>		-	<u>759.58</u>
<b>FY 16-17</b>					
SMITH, LAURA	4/13/2017	1,168.31		-	1,168.31
	<b>Subtotal FY 16-17</b>	<u>1,168.31</u>		-	<u>1,168.31</u>
<b>FY 17-18</b>					
BRASHEARS, ERIC	7/14/2018	3,059.70		-	3,059.70
	<b>Subtotal FY 17-18</b>	<u>3,059.70</u>		-	<u>3,059.70</u>
<b>FY 18-19</b>					
WOLOSHYN, ANDREW	1/24/2019	1,054.15		-	1,054.15
COLANGELO, CODY	7/2/2019	613.15		-	613.15
YOUNG, ROBERT G	8/8/2019	10,096.65	10/2/2019	10,096.65	-
DEANTONIO, DANIELA	8/12/2019	964.25	10/21/2019	964.25	-
	<b>Subtotal FY 18-19</b>	<u>12,728.20</u>		<u>11,060.90</u>	<u>1,667.30</u>
				<b>Prior Year Refunds Payable as of 12/31/19</b>	<u><u>6,654.89</u></u>
<b>FY 19-20</b>					
HERNANDEZ, DANIEL	10/19/2019	6,463.69	12/24/2019	6,463.69	-
	<b>Subtotal FY 19-20</b>	<u>6,463.69</u>		<u>6,463.69</u>	-
				<b>Total Refunds Payable as of 12/31/19</b>	<u><u>6,654.89</u></u>

RECAP FOR BALANCE SHEET	
Refunds Payable at 9/30/19	17,715.79
Plus: FY 19-20 Terminations-Payments Due	6,463.69
Less: FY 19-20 Payments Processed	(17,524.59)
Refunds Payable at 12/31/19	<u>6,654.89</u>

ck

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**City of Vero Beach  
Police Officers' Retirement Fund  
Detailed Expense Accounting  
FY 19-20**

Investment Account Statement Detail	Reverse 9/30/19 Accounts Payable	Current Year Expense to 12/31/19
----------------------------------------------	-------------------------------------------	----------------------------------------

**Investment Expense**

Dana Investment Advisors	4,673	(4,673)	-
Sawgrass Asset Mgmt	10,197	(10,197)	-
Garcia Hamilton & Assoc	7,561	(7,561)	-
Harding Loevner	13,809	(13,809)	-
Wells Capital Management	12,907	(12,907)	-
Custodian Fees (Salem)	9,673	-	9,673
AndCo Consulting	7,500	(7,500)	-
American Core Asset Mgmt Fees	5,942	-	5,942
UBS Trumbull Prop Fund Advisory Fees	4,961	-	4,961
Issuer/Depository Fees	1,062	-	1,062
<i>Total Investment Expense</i>	<u>78,285</u>	<u>(56,647)</u>	<u>21,638</u>

**Administrative Expenses**

Plan Administrator (Foster & Foster)	5,599	-	5,599
Legal Services (Sugarman & Susskind)	5,100	-	5,100
Actuarial Services (Foster & Foster)	-	-	-
Travel & Expense Reimbursements	1,665	-	1,665
Misc Fees and Expenses	-	-	-
<b>SunTrust Credit Card Expenses - Prepaid/No Detail</b>	<b>3,315</b>	<b>-</b>	<b>3,315</b>
<i>Total Administrative Expenses</i>	<u>15,679</u>	<u>-</u>	<u>15,679</u>

**Grand Total Plan Expenses**

<b>93,964</b>	<b>(56,647)</b>	<b>37,317</b>
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# Withdrawal/Redemption Form

**Name of Investor:** \_\_\_\_\_

**Account Number:** \_\_\_\_\_

**Fund Name (check one)**

- |                                              |                                     |
|----------------------------------------------|-------------------------------------|
| Trumbull Property Fund (TPF)                 | AgriVest Farmland Fund (AFF)        |
| Trumbull Property Income Fund (TPI)          | Trumbull (US) Core Multi-fund (TCM) |
| Trumbull Property Growth & Income Fund (TPG) |                                     |

**Full Liquidation** (check this box to liquidate the entire account and initiate cash income distributions, if necessary)

**Partial Redemption, amount \$** \_\_\_\_\_

**Reason for redemption:** \_\_\_\_\_

**Wire Processing Instructions:**

Bank Name:	First American Bank	Bank ABA:
Bank Address:	1650 Louis Avenue, Elk Grove Village, IL 60007-2350	
Account Name	FBO GreatBanc Trust Company	
Account Number		
For further credit:	Vero Bch Police R-D Account #	
Other:		
Contact:		

**Withdrawal notification must be received at least 60 days before the end of the calendar quarter for which the change is to be effective.** Form must be signed by the individual who signed the contract or individual on a previously submitted signature authorization list. Redemption requests are subject to available cash. Please see the funds redemption policy for a full description of the process.

Authorized Signatures:	Signature 1	Signature 2 (if required)
Signature		
Date Signed		
Name (printed)	MATT HARRELSON	KIM KILGORE
Title	TRUSTEE, CHAIR	PLAN ADMINISTRATOR
Contact Phone	(772) 978-4619	(239) 333-4872
Email address	mharrelson@vbpd.org	kim.kilgore@foster-foster.com

Yesterday an article was published in the Wall Street Journal about the Trumbull Property Fund and the UBS US real estate platform (see link below). It has also been picked up by many other news organizations. We want to take the opportunity to respond to the points raised in the article.

### [WSJ Article](#)

#### Fund Liquidity

- The Fund has been in existence since 1978. TPF's open-ended structure was built to operate effectively in periods with either significant inbound capitals flow or redemption requests. We will continue to invest and provide liquidity as we improve the performance of the fund.
- Contrary to the statement in the WSJ, TPF does not have to sell assets to fund redemption requests (although sales are a source of cash) and there is no set time period by which redemption requests need to be satisfied. The Fund is able to sell assets over time in an orderly and prudent manner in order to achieve liquidity.
- Investors seeking to redeem capital from TPF are all treated equally. Quarterly distributions are based on the value each investor's position in the fund regardless of the timing of their redemption request (despite commentary in the WSJ article to the contrary). TPF uses at least 50% of available cash to honor redemption requests. The Fund is not obligated to sell assets, borrow funds, alter investment or capital improvement plans or reduce reserves in order to honor redemption requests.

#### Performance and platform

- TPF's gross annual returns for the 1-, 5- and 10-year periods are (2.10%), 6.15% and 9.25%, respectively. TPF's relative performance objective is to outperform the NFI-ODCE industry benchmark over a full market cycle. TPF has outperformed in all prior full market cycles and during the current market cycle has underperformed by 0.6% (1Q 2008 through 4Q 2019).
- The WSJ article also cited the Trumbull Property Growth and Income Fund (TPG) and Trumbull Property Income Fund (TPI). The three funds, TPF, TPI and TPG, are managed by different portfolio teams and TPG and TPI have had continued strong performance, do not have redemption queues and continue to garner strong investor interest. TPG's gross annual returns for the 1, 5 and 10 year periods are 8.81%, 13.2% and 14.02%, respectively, and TPI's gross annual returns for the 1, 5 and 10 year periods are 6.01%, 7.81% and 10.5%, respectively.

#### Retail Segment

- The WSJ article incorrectly stated that malls comprise nearly 20% of TPF assets. Malls only make up 7% of TPF. Retail as a whole makes up 18% of the Fund. During 2019, our third-party appraisal process resulted in material value adjustments in TPF's retail assets, with Mall asset values the most impacted. Retail capital markets are in a period of significant transition driven primarily by the disruptive force of internet retailing and other changes in consumer preferences. We believe the value adjustments to TPF's retail assets were necessary and appropriate and that the pricing for TPF retail assets is more in line with where assets are actually trading in the market.
- The WSJ article discussed the Galleria Dallas and CambridgeSide malls owned by TPF. The Belk store at the Galleria Dallas mall is closing in anticipation of redevelopment of this building for a contemporary mix of retail and food outlets. Note also that the Macy's store at Galleria Dallas is among the locations in their "growth initiative" in which Macy's has renovated and remerchandised their top performing stores. Also as noted in the article, the third floor of CambridgeSide has indeed been converted to office and there has been significant interest from prospective tenants in this contemporary space.

### Future strategy

- We have changed the business, investment and transaction leadership of our platform and we are confident in the new leadership's team ability to turn around our absolute and relative investment performance. Specifically, Matt Johnson has been appointed as the new Head of US Direct RE. Matt has been at the center of the outstanding investment performance and tremendous growth of our Multi Manager Real Estate (MMRE) business in the US, helping take it from a startup in 2008 to the USD17 billion AuM business it is today. He has a tremendous depth and breadth of investment experience, market knowledge and industry best practices, and has proven his ability to outperform benchmarks through thoughtful strategy, market and asset selection. We will continue to take any and all appropriate actions to improve TPF performance and better serve TPF investors.
- TPF remains a well-leased fund (93%) providing good liquidity and stable income returns. We have continued to make substantial redemption payments to investors with \$2.0 billion paid in 2019 and \$1.5 billion estimated to be paid during 2020. The income distribution rate is 4.4% for the 1-year ended 12/31/19.
- Based on property-level improvements made, sales closed, and current activities underway, we expect improved performance for 2020 relative to 2019. Our outlook for TPF for the 2020 calendar year is for a 4.5% income return plus a 1.5% appreciation return, for a total return of 6.0%.

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For the period ended December 31, 2019:

- TPF's net total returns for the quarter, one-, three-, five-, ten-, twenty-year periods and since inception were -0.15%, -2.87%, 2.82%, 5.23%, 8.24%, 6.91% and 7.68% respectively, after the deduction of management fees, but before the deduction of contract charges. Contract charges were only applicable through February 29, 2008.
- TPI's net total returns for the quarter, one-, three-, five-, ten-, twenty year periods and since inception 1.40%, 5.14%, 5.51%, 6.93%, 9.60%, 7.71% and 8.54%, respectively. Net returns are net of advisory fee but gross of contract charges, which were only applicable through February 29, 2008.
- TPG's net total returns for the quarter, one-, three-, five-, ten-year periods and since inception were 1.66%, 7.57%, 8.48%, 11.31%, 11.95% and 5.92% respectively. Prior to January 1, 2011, the start of the initial investment period, net returns did not reflect the accrual of any incentive fee nor did they reflect the discounted fees available for investors beginning January 2011.

Past performance is not indicative of future results.

A "full market cycle" is defined as a period of time from a peak valuation through a trough and a return to a new peak.

The Advisor bases these measurements on assumptions that it believes are reasonable and consistent with industry standards. All forecasts contained in the presentation are opinions only and are based on available information at the time of writing. Accordingly, such statements are inherently speculative as they can be affected by incorrect assumptions or known or unknown risks and uncertainties. The outcomes ultimately achieved may differ substantially from the forecasts.



# Trumbull Property Fund Loyalty Program Agreement

TO: Trumbull Property Fund LP, a limited partnership formed under the laws of the State of Delaware (the "Fund").

**Name of Investor:** \_\_\_\_\_ **Account Number:** \_\_\_\_\_

Capitalized terms not otherwise defined herein shall have the respective meanings given to such terms in that certain Amended and Restated Agreement of Limited Partnership of the Fund dated as of February 29, 2008, as amended from time to time and as further amended by a Third Amendment to Amended and Restated Agreement of Limited Partnership dated as of December 1, 2019 (collectively, the "Partnership Agreement").

Investor hereby elects to participate in the Loyalty Option by designating the following amounts as Non-Redeemable Amounts:

Check the applicable box below to elect a **three (3) year Loyalty Period** (15% Base Fee discount) on the following amount:

Amount equal to the entire Net Asset Value of Units currently owned and any subsequent amounts representing appreciation and dividend reinvestments until the Termination Date.

USD \_\_\_\_\_.

Check the applicable box below to elect a **four (4) year Loyalty Period** (25% Base Fee discount) on the following amount:

Amount equal to the entire Net Asset Value of Units currently owned and any subsequent amounts representing appreciation and dividend reinvestments until the Termination Date.

USD \_\_\_\_\_.

Amount rescinded from the Redemption Pool: \$ \_\_\_\_\_

The applicable Loyalty Period and Base Fee discount will commence as follows:

- January 1, 2020 if this agreement is received no later than February 29, 2020.
- April 1, 2020 if this agreement is received between March 1, 2020 and May 31, 2020.
- July 1, 2020 if this agreement is received between June 1, 2020 and August 31, 2020.
- October 1, 2020 if this agreement is received between September 1, 2020 and November 30, 2020.
- January 2021 if this agreement is received between December 1, 2020 and the Termination Date.

The Non-Redeemable Amounts (and the applicable Base Fee discounts) shall be subject to the applicable terms and conditions set forth in the Partnership Agreement relating to the Loyalty Option.

Authorized name and title (print): \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Phone number: \_\_\_\_\_ Email: \_\_\_\_\_

The General Partner hereby acknowledges Investor's election of the Loyalty Option on behalf of the Fund with the Base Fee discount effective as of \_\_\_\_\_.

TRUMBULL PROPERTY FUND LP:

By: Trumbull Property Fund GP LLC, its  
general partner

By: \_\_\_\_\_  
Name:  
Title:

## II. TARGET ALLOCATIONS

In order to provide for a diversified portfolio, the Board has engaged investment professional(s) to manage and administer the fund. The investment manager(s) are responsible for the assets and allocation of their mandate only and may be provided an addendum to this policy with their specific performance objectives and investment criteria. The Board has established the following asset allocation targets for the total fund:

Asset Class	Target	Range	Benchmark Index
Domestic Equity	45%	40% - 50%	Russell 3000
International Equity	15%	10% - 20%	MSCI-World (x-U.S.)
Broad Market Fixed Income	25%	20% - 30%	Barclays Aggregate
TIPS*	5%	0% - 10%	Barclays TIPS
Alternatives: Real Estate*	10%	0% - 15%	NCREIF Property

\*Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

The investment consultant will monitor the aggregate asset allocation of the portfolio, and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed proportionally based on the most current market values available. The Board does not intend to exercise short-term changes to the target allocation.

## III. INVESTMENT PERFORMANCE OBJECTIVES

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

### A. Total Portfolio Performance

1. The performance of the total portfolio will be measured for rolling three and five year periods. The performance of the portfolio will be compared to the return of the policy indexes comprised of 45% Russell 3000, 15% MSCI World (x-U.S.), 25% Barclays Aggregate Bond Index, 5% Barclays TIPS Index and 10% NCREIF Property Index.
2. On a relative basis, it is expected that the total portfolio performance will rank in the top 40<sup>th</sup> percentile of the appropriate peer universe over three and five-year time periods.
3. On an absolute basis, the objective is that the return of the total portfolio will equal or exceed the actuarial earnings assumption (~~7.75%~~), and provide inflation protection by meeting Consumer Price Index plus 3%.