

SUNRISE POLICE OFFICERS' RETIREMENT BOARD

13790 N.W. 4th Street, Suite 105

Sunrise, FL 33325

February 11, 2016

10:00 AM

Call to Order:

On behalf of the Board, Mr. Dave Williams called the meeting to order at 10:03 AM

Roll Call:

Present were Mr. Michael West – Chairman, Mr. Bill Bettencourt – Secretary, Mr. Eric Goldstein (left at 4:15 PM), Mr. Dan Ransone & Mr. Roger Torres.

Absent:

None

Others Present:

Also present were Mrs. Richelle Levy & Mr. Ronald Cohen – Board Attorneys; Mr. Dave Williams - Plan Administrator, Mrs. Patty Ostrander – Administrative Assistant, Mr. John McCann & Mr. Brandon Vavrica – Thistle Asset Consulting (left at 11:35 AM), Mr. Mike Welker – Boghdan Consulting (left at 11:35 AM), Mr. Steve Loncar – Ceredex Ridgeworth (left at 11:05 AM), Mr. William Lynch & Mr. Hung Hoeng – New Amsterdam (left at 11:10 AM), Ms. Jeanine Bittinger & Mr. Richard Cristini – Board Auditors (left at 10:55 AM), Mr. William Gordon – City of Sunrise (left at 4:15 PM), Mr. Mike Costanzo (arrived at 2:12 PM and left at 2:45 PM), Ms. Kelly Scapecchi – City of Sunrise, Finance Department.

Mr. Daniel Rakofsky – Attorney for Eli Vidal (arrived at 1:30 PM), Ms. Erika Buckios – Paralegal (arrived at 1:30 PM), Dr. Jeffrey Rakofsky (arrived at 1:30 PM) and Mr. Eliran Vidal (arrived at 1:30 PM).

Public Comment:

No comments

Approval of Minutes:

Motion to approve minutes of November 05, 2015 by Mr. Goldstein, seconded by Mr. West. Motion passed 5-0.

Approval of Payables:

After review and consideration of the payables of November 06, 2015 through February 10, 2016, a motion to approve was made by Mr. Bettencourt, seconded by Mr. West. Motion passed 5-0.

Attorney's Report:

Mr. Cohen stated that on the Compuware litigation in which we were the plaintiff, there had been a preliminary approval and this has been sent for a final approval.

Mr. Cohen was informed that there is a retiree of the Plan who is interested in running for City Commission. The question has been raised that if this person is elected and actually serves on the City Commission, can he continue to receive his pension from us. This is in section 11-39. After a lengthy discussion, Mr. Bettencourt suggested tabling this matter until the member actually asks for clarification. Mr. Williams advised the member that this was being discussed today and we would provide him whatever information we can.

Mr. West asked Mr. Cohen if this member decides to run (which he is running) and he either elects to suspend his pension payments during his time of office, would he be in compliance with the statute. Mr. Cohen said yes, absolutely.

Mr. Ransone asked for clarification of suspend and Mr. Cohen said you don't receive it during a period of time. Does that mean we put it away and he is getting a second DROP or he is forfeiting it during that time? What about the COLA's?

Mr. West stated people want to know if they should support the candidate or not and are unclear as if he can even run because he is receiving a Pension. The questions that he has been asked are can you stop his payment and it clearly says that we can suspend payments. So regardless of anyone's personnel finances if they say you know what I am complying as is and I am running for office taking my Sunrise Commission salary and I don't need my pension right now, this is more important for me to serve the public. It is his personnel business.

Mr. Ransone asked Mr. Cohen and Ms. Levy to research past cases and provide direction to the Board regarding this issue at our next meeting on March 31st.

Mr. West asked Mr. Cohen to provide a letter based on today's discussion to be posted on the website. Mr. Cohen asked about terminology – "A question has been posed as to whether or not a retiree of this Board can if elected to the City Commission continue to receive his or her pension. The Board has not made a conclusion on that issue." The final decision for this topic has been tabled.

Mr. Cohen stated that they believe Ms. McCue's pension will go to the estate and the beneficiary designation form is void. Mr. Williams asked Mr. Cohen if this can be paid in a lump sum distribution versus a Ten Year Certain and he does not believe it can.

Ms. Levy stated that the question was whether or not the Board wants to consider proposing an ordinance amendment to the City to allow the lump sum in specific circumstances. The Board has no desire to change the ordinance regarding this.

Summary Plan Description - Mrs. Levy distributed and explained the Tier I and Tier II Summary Plan Descriptions and the checklist.

Motion to approve the Tier I Summary Plan Description by Mr. Bettencourt, seconded by Mr. Ransone. Motion passed 5-0.

Motion to approve the Tier II Summary Plan Description by Mr. Bettencourt, seconded by Mr. Ransone. Motion passed 5-0.

The Summary Plan Descriptions will be put up on the website.

Mr. Williams had forwarded emails to Mrs. Levy regarding conversations he has had with the City for a member who wanted to change their DROP Date. The City told Mr. Williams that they would not accept a change in the DROP Date although no action has been taken on this yet. Mrs. Levy said that the Board does have the authority to change his date since the DROP hasn't actually started yet. After discussion, the Board decided to leave the date as is.

Administrative Report:

Mr. Williams received Board approval to renew the annual license for Soniclear in the amount of \$295.00.

Mr. Williams said that the SB534 report was posted on the disclosure page on the website. The Financial Statements will also be posted to the website.

http://www.sunrisepolicepension.com/docs_state/sb534Investment/SRP%20SB%20534%20Disclosure%202015.pdf#zoom=100

Financial Statements – September 30, 2015 Davidson, Jamieson & Cristini, P.L.

Mr. Richard Cristini and Ms. Jeanine Bittinger, of Davidson, Jamieson & Cristini appeared before the Board. Mr. Cristini stated that the firm has issued a clean (unqualified) opinion on the *pension plan*. As of September 30, 2015, combined trust assets exceed its liabilities with a total of \$110,239,064. A total of \$9,718,810 was received in employer / employee contributions. Employer contributions were \$8,194,759; employee contributions were valued at \$1,524,051. The State excise revenue received was \$639,176. Investment income for the fiscal year was \$366,132. The foregoing resulted in total additions of \$10,724,118. After total deductions were made the net increase realized was \$4,675,159. GASB67 which is a new requirement was introduced to the Board. The percentage of the Plan's net position was \$66.69%.

As of September 30, 2015, the Plan had 135 retired members and beneficiaries. The Plan also had 78 vested active members and 76 non-vested members as of September 30, 2015. As of September 30, 2015, the DROP Account balance was \$8,689,598, in comparison to \$7,274,060 as of September 30, 2014.

Mr. Torres asked Mr. Cristini and Ms. Bittinger if they can separate Tier 1 from Tier 2 in the breakdown of the description of the plan on page 5 going forward.

Mr. Ransone made a motion to accept the Financial Statements for the Plan for September 30, 2015 as presented, which was seconded by Mr. Torres. Motion carried 5-0.

The Memorandum on Review of Internal Control Structure was presented to the Board to consider. The report stated "During the fiscal year ended September 30, 2012, the City acknowledged that its AFC calculations were based on the best three consecutive years rather than the best individual three years that consists of 12 consecutive months. Although this AFC definition changed on October 1, 2000, the City never reprogrammed its system to coincide with the City ordinance." It should be noted that the Board continues to pursue this matter with the City in an effort to ensure full compliance with all applicable laws.

Mr. Cristini reviewed the GASB67 and GASB68.

Ceredex Ridgeworth – Quarterly Investment Report:

Mr. Steve Loncar indicated that as of December 31, 2015, the large cap portfolio had a market value of \$18,764,889.48. Our allocation at the end of the quarter was 4.2% in cash, 95.8% in equities.

Net performance for the quarter was 1.04% vs. .84% for the Russell 1000 Value Index. Since the inception date of November 03, 2011, the portfolio had a net annualized return of 12.97% vs. 12.89% for the Russell 1000 Value Index.

New Amsterdam – Quarterly Investment Report:

Mr. Hung Hoeng indicated that as of December 31, 2015, the portfolio had a market value of \$13,897,192.06.

The allocation at the end of the quarter based on each asset class is as follows: 2.2% in cash, 53.8% in growth equity, 44.0% in value equity and 0.0% in multi-cap equity.

Investment performance for the quarter by asset category is as follows: Value -2.0% vs. the benchmark of 4.1%, growth 10.4% vs. 2.6% which equates to a quarterly return of 4.8% vs. 3.3%. These numbers are gross basis.

The investment return on a fiscal year basis is as follows: Value 0.4% vs. the benchmark of -0.3%, growth 7.9% vs. the benchmark of -5.5%, which equates to an annual return of 5.0% vs. -2.9%. These numbers are gross basis.

Thistle Asset Consulting – Quarterly Investment Report:

Mr. McCann announced that effective December 31, 2015 Mr. Brandon Vavrica became a partner in the firm. On January 01, 2016 Thistle Asset Consulting merged with Bogdahn Group. Mr. McCann introduced Mr. Mike Welker to the Board who explained the company to the Board.

Motion to accept and execute the Investment Advisory Assignment Contract – Client Consent Agreement by Mr. Torres, seconded by Mr. Bettencourt. Motion passed 5-0. This will be effective April 01, 2016.

Mr. John McCann advised that as of December 31, 2015 the total fund was valued at \$121,025,000. He indicated the total asset allocation for the portfolio was 28.1% in large cap equities, 37.2% in fixed income, 11.2% in small cap equities, 11.7% in mid cap equities, 8.8% in International equity and 3.0% in cash. The manager allocation was 4.5% for Vanguard, 4.3% for JP Morgan, 33.0% for Garcia Hamilton, 18.7% for Garcia Hamilton A+ Account, 11.7% for Mutual of America, 15.5% for Ceredex, 11.5% for New Amsterdam SMID and 0.7% for Cash.

For the quarter ending December 31, 2015, the total portfolio returned 2.54% compared to the benchmark of 2.79% placing it in the top 66th percentile. For the trailing year, the portfolio returned -0.68% compared to -0.09% for the benchmark in the 44th percentile. For equities, the fund returned 5.11% for the quarter compared to the benchmark of 4.98% in the 19th percentile. For fixed income, the fund returned -0.43% for the quarter compared to -0.59% for the benchmark in the 56th percentile. On a three and five year basis the total fund return exceeded the assumed rate of return as follows: 7.66% and 7.17%.

Mr. Torres asked if we should be looking at Garcia Hamilton. Mr. Bettencourt said that when they came in they explained themselves a little bit in terms of their buying high quality stocks at a good price, the market hasn't reflected those decisions but he thought it was a better explanation and the reason was that they are going to stick to the fundamentals buying quality stocks at low prices and wait for the return on the back end. So they are getting beat up now but he would hate to see them change their philosophy and not see us get the benefit. I think what they are doing makes sense, but you are right the numbers don't look good.

Recess 12:49 PM – 12:58 PM

Open Board Discussion:

Mr. Torres asked about the 415B that was discussed at the last trustee conference. Mr. Cohen suggested that the Board ask Mr. Amrose to explain this at a future meeting.

Sunrise Police Retirement Board - Minutes

February 11, 2016

Page 5

Mr. Torres asked for an update on the AFC. Mr. Williams stated that as far as he knows, the City hasn't done anything and the City's IT Department was having a conflict.

Mr. Torres expressed his concern regarding future long meetings.

Motion to adjourn at 1:24 PM by Mr. Torres seconded by Mr. Ransone. Motion passed 4-0. Mr. Goldstein was not present for this vote.

Disability Hearing

On behalf of the Board, Mr. West called the Continuation of the Initial Hearing to order at 1:30 PM. An official transcript of this meeting is attached to these minutes.

Adjournment:

Motion to adjourn at 4:31 p.m. by Mr. Bettencourt seconded by Mr. Ransone. Motion passed 4-0. Mr. Goldstein was not present for this vote.