

SUNRISE POLICE OFFICERS' RETIREMENT BOARD

13790 N.W. 4th Street, Suite 105

Sunrise, FL 33325

November 10, 2016

10:00 AM

Call to Order:

On behalf of the Board of Trustees, Mr. Dave Williams called the meeting to order at 10:07 AM

Roll Call:

Present were Mr. Michael West – Chairman, Mr. Bill Bettencourt – Secretary, Mr. Eric Goldstein, Mr. Dan Ransone & Mr. Roger Torres (left at 11:14 A.M.).

Absent:

None

Others Present:

Also present were Mrs. Richelle Levy - Board Attorneys; Mr. Dave Williams - Plan Administrator, Mrs. Patty Ostrander – Administrative Assistant, Mr. Brandon Vavrica – The Boghdan Group, Mr. Jeff Amrose & Mrs. Trisha Amrose – GRS, Mr. Nick Field & Ms. Kate Morgenier – J.P. Morgan, Mr. Anthony Bulzone & Mrs. Kelly Scapecchi – City of Sunrise, Mr. Lou Berman – City of Sunrise (left at 11:04), Mr. Roger Krege – City of Sunrise (left at 10:20), Mr. Jim Hughes – City of Sunrise (left at 11:21) and Mr. Robert Dorn (left at 11:21)

Public Comment:

Mr. West presented Mr. Berman with a Bull and Bear (Trustee Service Award) and thanked him for all his years of past service on the Board.

Approval of Minutes:

Motion to approve minutes of August 11, 2016 & August 26, 2016 by Mr. Bettencourt, seconded by Mr. Ransone. Motion passed 5-0.

Approval of Payables:

After review and consideration of the payables of August 11, 2016 through November 09, 2016, a motion to approve was made by Mr. Goldstein, seconded by Mr. West. Motion passed 5-0.

Attorney's Report:

Mr. Williams stated that there is an issue that arose recently regarding the Ordinance regarding a provision about the 415 limitation on benefits saying that a member's benefit may not exceed the amount provided in section 415 of the internal revenue coding. Mrs. Levy has deferred this to Mr. Amrose. Mr. Amrose explained the background of 415 where the IRS has a 415 limitation that essentially dictates the maximum amount of benefit that can be paid from a qualified pension plan each year. That maximum amount for 2017 is \$215,000. There are adjustments that can be made to that limit. The first is an age adjustment. If you retire or exit the DROP before age 62 there is a significant reduction to the 415 limit, however, for Public Safety employees both Police and Fire, you do not reduce that limit. Another adjustment for the DROP balance to reduce the 415 limit. The third adjustment is we reduce whatever 415 limit further by the value of the Plan COLA.

Mr. Amrose suggested changing the ordinance wording to reflect – 415 limit will not be reduced by the Plan COLA. Mrs. Levy stated that this will require an ordinance change even though there is no impact on the cost.

Mr. West asked Mr. Amrose if the firefighters (FD) are in the same position as we are. Mr. Amrose stated that he cannot speak for them, but they are certainly subject to the same provisions.

Mr. Torres said he will speak for FD and that is how this matter surfaced. It is in fact already impacting one of their members.

Mr. Amrose stated that he is the Actuary for the general employee pension plan and he knows that they are paying out excess benefits. In the ordinance, there is no mention of an excess benefit plan so he is assuming that there is a separate excess benefit plan for the Sunrise General Employees. Mr. Torres said that his information is that certain exceptions were made for certain individuals (Fire Directors) that are receiving this. He doesn't know if it is in an ordinance or their employment contract that the City is making up the difference. He doesn't know how that impacts IRS rules, that is where the information is that some people may be receiving the excess benefit.

Mr. Amrose presented some examples to the Board and after Board discussion, Mr. Torres made a motion to direct Mrs. Levy to contact the City Attorney to explore changing the ordinance 1 – Create excess account, 2 – Allow COLA not to be a factor in 415, seconded by Mr. Ransone. Motion passed 5-0.

The Board also gave Mrs. Levy permission to contact a tax attorney. A special meeting will be held if necessary. Mr. Amrose will assist Mrs. Levy with the above requests. Report to follow next meeting.

Break 11:00 – 11:14 A.M.

Mrs. Levy stated that in between the Board meetings, there was a Share Holder derivative suit issue. She contacted Mr. West regarding several shares of Emergent BioSolutions. We lost about \$57,000.00. We are one of the largest institutional clients who lost money. Mrs. Levy contacted Mr. West who signed the documents necessary for us to petition the court to be lead plaintiff and to retain them to act on our behalf. An order from the court was received awarding us as co-leads, along with Cape Coral Fire. Mrs. Levy asked the Board to ratify this request. Mr. Bettencourt made a motion to approve this, seconded by Mr. Goldstein. Motion passed 4-0 (Mr. Torres was not present for this vote).

Mrs. Levy presented the Final Disability order for Mr. Eliran Vidal. Motion to approve and execute by Mr. Bettencourt, seconded by Mr. Ransone. Motion passed 4-0 (Mr. Torres was not present for this vote).

Administrative Report:

Mr. Williams advised the Board that the lease renewal was executed and submitted to the leasing office. The landlord agreed to all the update requested and at no expense of the plan. Mr. Williams presented a furniture proposal for the Board to review. As the current office furnishings, have not been updated since 1998 and is in need of replacement, Mr. Bettencourt made a motion to provide Mr. Williams a \$15,000.00 budget for the office update, seconded by Mr. Goldstein. Motion passed 4-0 (Mr. Torres was not present for this vote).

Mr. Williams reported that the audit field work was completed with no known issues.

Mr. Williams advised the Board that GRS is still waiting on numbers from the City regarding Mr. Eddy Marill as well as others. IT has not come through to date with the open request. Mr. West stated that he will follow up with them.

Mr. Williams will check with Mr. Amrose for an update as well for a report at next meeting. Mr. Williams reflected that Mr. Marill does have the final calculation based on payroll provided.

J.P. Morgan - Quarterly Investment Report:

Mr. Field & Ms. Morgenier indicated that as of September 30, 2016, the International Unconstrained Equity portfolio had a market value of \$5,442,162.57. Our net quarterly performance was 8.19% compared to the MSCI EAFE which had 6.50%. For the last year, the fund had a stellar return valued at 10.45% vs. 7.06% for the benchmark.

The Boghdan Group – Quarterly Investment Report:

Mr. Vavrica advised the Board that the firm will be changing their name in 2017 (rebranding) since the founder Mr. Boghdan is no longer involved in the firm.

Quarterly Investment Report - Mr. Vavrica advised that as of September 30, 2016, the total fund was valued at \$122,271,148. The manager allocation was 4.7% for Vanguard, 4.5% for JP Morgan, 29.5% for Garcia Hamilton, 19.5% for Garcia Hamilton A+ Account, 13.1% for Mutual of America, 16.4% for Ceredex, 11.7% for New Amsterdam SMID and 0.7% for Cash.

For the quarter ending September 30, 2016, the total net portfolio returned 3.41% compared to the benchmark of 2.97%. For the trailing year, the portfolio returned 9.25% compared to 10.01% for the benchmark. For equities, the fund returned 5.64% for the quarter compared to the benchmark of 4.84%. For fixed income, the fund returned 0.24% for the quarter compared to 0.19% for the benchmark. For the rolling twelve months, the plan return for this asset class was valued at 4.79%, outperforming the benchmark by 78 basis points. On a three and five-year basis, the total fund return as follows: 5.98% & 9.72%.

Break 12:12 – 12:15 P.M.

Real Estate Search – After many years of trying to get the ordinance changed to permit real estate investment of this nature, Mr. Vavrica could present his search results to the Board for consideration. Mr. Vavrica explained how the “queue” process works among other items of interest. After discussion among the Board and included consensus building, Mr. Ransone made a motion to invest 6 million with Clarion Partners and 5 million with ASB Capital Management with Cornerstone as a backup, pending the Ordinance approval, seconded by Mr. West. Motion passed 4-0 (Mr. Torres was not present for this vote). Mrs. Levy will proceed with the required contracts and report back at the next meeting.

Investment Policy Revision – Mr. Vavrica presented the revised Investment Policy to the Board for approval. Motion to approve this report by Mr. Goldstein, seconded by Mr. Ransone. Motion passed 4-0 (Mr. Torres was not present for this vote). Mr. Vavrica stated that the funds will come from Garcia Hamilton to fund the real estate portfolio.

Open Board Discussion:

Mr. West stated that he spoke with the Board Attorney (Mrs. Levy) and learned that their retainer has not increased since inception. He stated that we have had excellent service and he recommends an increase. After Board discussion, Mr. Bettencourt made a motion to increase their monthly retainer to \$2,500.00/month effective December 01, 2016, seconded by Mr. West. Motion passed 4-0. (Mr. Torres was not present for this vote).

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Adjournment:

Motion to adjourn at 1:10 p.m. by Mr. Goldstein seconded by Mr. Bettencourt. Motion passed 4-0 (Mr. Torres was not present for this vote).