

SUNRISE POLICE OFFICERS' RETIREMENT BOARD

13790 N.W. 4th Street, Suite 105

Sunrise, FL 33325

November 09, 2017

10:00 A.M.

Call to Order

On behalf of the Board, Mr. Dave Williams called the workshop to order at 10:13 A.M.

Public Discussion

None

Roll Call

Present were Mr. Michael West and Mr. Dan Ransone.

Absent & Excused

Mr. Lou Berman, Mr. William Bettencourt & Mr. Eric Goldstein.

Others Present

Mr. Dave Williams - Plan Administrator, Mrs. Patty Ostrander - Recording Secretary; Mr. Richelle Levy – Rice Pugatch Robinson Storfer & Cohen, PLLC; Mr. Jeff Amrose & Mrs. Trisha Amrose – GRS (arrived at 10:47 and left at 11:30 A.M.); Mr. Brendon Vavrica – AndCo Consulting left at 10:34 A.M.); Mr. Anthony Bulzone - City of Sunrise (arrived at 10:20 A.M.)

Approval of minutes

Tabled

Approval of Payables

Tabled

Attorney's Report

Mrs. Levy advised the Board that the Rhumblin and Polen contracts have been done and signed by the Chairman yesterday. Mrs. Levy has the transition manager agreement and doesn't foresee any issues other than adding the required 119 languages to it. Other than that, they have already accepted fiduciary responsibility and have all the appropriate language in it. She expects that to be done very quickly as well and be available for the Chairman to sign.

Jeff Amrose – Gabriel Roeder Smith

AFC – Mr. & Mrs. Amrose met with Mr. Bulzone and Ms. Liu from the City and reviewed their methodology. Several questions were asked, and they now have a better understanding of the procedure. They are okay with the math behind the procedure which was their goal. Mr. Amrose read the definition of the AFC. They reviewed the two test cases and based on the methodology used by the City, they calculate the same AFC as the first test. They adhere to what they are doing and get the same numbers. The second test however reveals a different number and are still trying to iron that out with the City.

Mr. Amrose stated that if the year calculated is looked at in a different way, it can be different.

The main issue that they see with the City method is that the best year of pay are selected based on rolling twelve months of pay using all the paychecks in the twelve-month period. If they take August 01st to July 31st of the next year, what they do is take every paycheck that was paid during those twelve months and that makes up the year. The problem is the selection and way they are doing this is that the selection of a top year is biased to periods that he just defined that have a lot of paychecks in them which may not be aligned with the best years. You can take this pay period and maybe it has an extra paycheck, so it turns out to be a very high year, but when you select that year in the same method it gets trimmed down because they will carve it out to be 365 days, in other words it may be selected due to bias in their method. The ultimate question is does that violate the ordinance or is that just their administrative procedure. Under the City method there is two adjustments done after the best years are selected.

Since it is a manual calculation, they can't say that they agree with all the calculations because there are manual elements to what they are doing. They can't give their assurance that every calculation is correct. It is a very labor-intensive procedure that they have, and it takes quite a while to calculate so they are more open to error. Mr. West asked Mr. Bulzone how long it takes to do one calculation and his reply was "days". The calculations go through three sets of eyes. Mr. West asked if the same procedure is done each time a calculation is done. Mr. Bulzone said that he is checking every number. Ms. Liu does her calculation, Mr. Bulzone checks her numbers and then Ms. Scapecchi checks his numbers. Mr. Ransone asked if we asked to do the numbers ourselves, how long would that take. Mr. Bulzone said it isn't terrible to run the check history, the issue is going through the raw history. When they find a retro, they have to find out what it is due to and where it applies to and there is nothing in the system that has this information. Mr. Amrose stated that once they get the data in the format they want and enter it into their system, they hit a button and the calculation is done. Mr. Amrose confirmed that it will not take them two days to enter the raw data.

Mr. Ransone feels that we should be doing the calculations starting yesterday for anyone that needs a calculation, whatever the cost. Mr. West stated that he would like to ask the City Manager and Ms. Wendy Dunbar to attend the next meeting to hear this information and that they fully understand what we are trying to do.

Mr. Williams explained how easy the calculation is by showing them an example from a Hollywood member.

After discussion, Mr. West authorized Mr. & Mrs. Amrose to meet with the City again and report back at the next meeting.

AndCo Consulting – Large Cap Manager Search

Mr. Vavrica advised that as of September 30, 2017 the total fund was valued at \$137,781,854. The manager allocation was 5.7% for Vanguard, 4.7% for J.P. Morgan 27.6% for Garcia Hamilton Balanced Account, 16.2% for Garcia Hamilton Fixed A+ Account, 10.8% for Mutual of America, 15.9% for Ceredex, 10.6% for New Amsterdam SMID, 4.4% for Barings Real Estate, 3.6% for ASB Real Estate and 0.4% for Cash.

For the quarter ending September 30, 2017, the total net portfolio returned 2.90% compared to the benchmark of 3.06% placing it in the 85th percentile. For the trailing year, the net portfolio returned 11.28% compared to 10.90% for the benchmark or in the 64th percentile. For equities, the fund returned 4.74% for the quarter compared to the benchmark of 4.49%. For fixed income, the fund returned 0.42% for the quarter compared to 0.66%.

Mr. Vavrica presented the Investment Policy to the Board, however since there was no quorum, it can't be approved. Upon discussion, Mr. Vavrica was asked to correct the spelling of the name of the Plan. Mr. Vavrica will make the corrections and present it to the Board for approval at the February meeting.

Recess at 10:34 A.M.

Back in session at 10:47 A.M.

Administrator's Report

Mr. Williams advised the Board that the 2018 COLA adjustments have been sent to FTIS and letters have been mailed to the members.

Mr. Williams also advised the Board that the supplemental payments for members who are age 65 will be sent to FTIS today.

Mr. Williams updated the Board on the two disability members who Ms. Levy reported on at the last meeting that did not return their annual forms. The forms have been received.

Mr. Williams reported that the field audit work is next week.

Mr. Williams notified the Board that we received the Public Pension Coordinating Council award. Mr. Williams explained what the qualifications are for this award.

Open Board Discussion

None

Adjournment

Workshop adjourned at 11:29 A.M.