

## **SUNRISE POLICE OFFICERS' RETIREMENT PLAN**

13790 N.W. 4<sup>th</sup> Street, Suite 105

Sunrise, FL 33325

August 12, 2019

10:00 A.M.

### **Call to Order**

On behalf of the Board, Mr. Dave Williams called the meeting to order at 10:02 A.M.

### **Public Discussion**

None

### **Roll Call**

Present were Mr. Michael West – Chairman; Mr. William Bettencourt – Secretary; Mr. Eric Goldstein and Mr. Kevan Sweat - Trustees.

### **Absent & Excused**

Mr. Lou Berman.

### **Others Present**

Mrs. Richelle Levy – Rice Pugatch Robinson Storfer & Cohen, PLLC.; Mr. Brendon Vavrica – AndCo Consulting (left at 12:00 P.M.); Mr. John Faust & Mr. John Hipsher – Barings Real Estate (left at 11:05 A.M.); Mr. Clyde Robinson – ASB Real Estate (left at 10:34 A.M.); Ms. Jeanine Bittinger & Mr. Richard Cristini – Saltmarsh, Cleaveland & Gund, CPA (left at 10:08 A.M.); Mr. Anthony Bulzone - City of Sunrise. Mr. Dave Williams - Plan Administrator; Mrs. Patty Ostrander - Recording Secretary.

### **Approval of Minutes**

Motion to approve the minutes of 05-09-19 and 05-15-19 by Mr. Bettencourt, seconded by Mr. West. Motion carried 4-0.

### **Approval of Payables**

After review and consideration of the payables of 05-09-19 through 08-11-19, a motion to approve was made by Mr. Bettencourt, seconded by Mr. West. Carried 4-0

### **ASB Real Estate**

Mr. Clyde Robinson indicated that as of June 30, 2019, the account balance was valued at \$5,884,972. The portfolio returns for the quarter ending June 30, 2019 was valued at 1.40%. Since inception of July 01, 2017, the portfolio return was valued at 7.00%.

Mr. Robinson stated that Barney's New York filed bankruptcy last week. They have several stores around the country and one of their stores in Chicago is in their building, occupying a very high percentage in that building (over 95%). Since the location is prime, ASB is thinking through several alternative strategies, some of the potential tenants could be other retail stores or converted to office space, or multi family apartments. Because they just received the news last week, the performance as of the second quarter continues to be strong. They do think and do expect that the performance in the third quarter will be impacted by this.

### **Barings Real Estate**

Mr. John Faust & Mr. John Hipsher indicated that as of June 30, 2019, the account balance was valued at \$6,836,373. The portfolio returns for the quarter ending June 30, 2019 was valued at 1.55%. Since inception of July 01, 2017, the portfolio return was valued at 6.74%.

Ms. Levy asked if any of their holdings are affected by bankruptcies. Mr. Faust stated that Charming Charlies filed for bankruptcy and as of now that is the only holding.

### **AndCo Consulting – Quarterly Investment Report**

Mr. Brandon Vavrica advised that as of June 30, 2019 the total fund was valued at \$157,673,909. The manager allocation was 3.7% for ASB Real Estate, 4.3% for Barings Real Estate, 0.3% for Cash, 15.6% for Ceredex, 16.2% for Garcia Hamilton Fixed Account, 14.9% for Garcia Hamilton EXCL Fixed A+ Account, 4.9% for Great Lakes SMID Cap, 4.3% for J.P. Morgan, 10.1% for Mutual of America, 7.9% for Rhumblin R1000G, 8.1% for Polen, 5.0% for Vanguard R2000 and 4.6% for Vanguard Intl Equity.

Mr. Vavrica discussed with the Board an investment strategy called Global Tactical Asset Allocation. This is not an asset class; it is a few mutual funds and their goal is to generate income in a very diversified tactical approach. There are three funds he would consider: BlackRock Multi-Asset Income, JP Morgan Income Builder and PIMCO All-Asset. These funds invest all over the world in things like commodities, real estate, fixed income, convertibles and equity and offer an opportunity to invest in many different asset classes with a tactical component. Mrs. Levy stated that if the Board is interested in these investments, Mr. Vavrica will need to review the ordinance and determine if there is compliance.

For the quarter ending June 30, 2019, the total net portfolio returned 3.06% compared to the benchmark of 3.38% placing it in the 60<sup>th</sup> percentile. For the trailing year, the net portfolio returned 2.40% compared to 3.35% for the benchmark or in the 71<sup>st</sup> percentile.

### **Attorney's Report**

Mrs. Levy informed the Board that the updated Tier I and Tier II Summary Plan Descriptions have been updated to include language that members can have payroll deductions for a buyback and are available on the website.

Mrs. Levy updated the Board on the two tax issues:

When someone has an Income Deduction order and their spouse is getting directly paid out of the fund, they are assessed the tax liability. There was an issue with FTIS that they did not code the 1099's correctly and that has been rectified and 1099's was reissued to those members and spouses who are affected.

There is a member who is on an in service disability pension and after submitting their tax returns to the IRS, they IRS questioned the non-taxability for life of the pension payments, FTIS lists them as taxable amount not determinable. The IRS requested that the member contact the Pension Administrator and for the Private Letter Ruling received by the pension plan stating that the disability is nontaxable. Mrs. Levy stated that the Fund does not have a private letter ruling and that the taxability or non-taxability of benefit is governed by the Code. She contacted our tax attorney and requested on behalf of the board that he respond to the IRS. The IRC provides that for workers compensation payments or any payments under the statute of the nature of workers compensation where someone is receiving compensation for personal injuries or sickness which occurred during employment, are nontaxable. We received the member's authorization to allow the tax attorney to act on his behalf and respond to the IRS. The tax attorney has compiled the information necessary regarding the disability and how it is paid. This was all sent to the IRS and as of today, we haven't received a response, but she wants to let the Board know that on behalf of the fund and this member, we have responded to the IRS.

Mr. West asked if this member's situation is different from any other member on disability and Mrs. Levy said it is not different than other members on an in-service disability pension and it is possible that they looked at prior IRS tax returns and saw something and made them think that they need to look into this a little bit further. It is in the best interest of our members and the plan to get this handled correctly.

At the prior request of the Board, Mrs. Levy put a presentation from a Monitoring Attorney Firm, Levi and Korinsky in the Drop Box for the Board's review. We currently have Robbins Geller who have done very well for the Plan. After lengthy discussion of their qualifications and review of their printed material, Mr. Bettencourt made a motion to hire the second Monitoring Attorney, seconded by Mr. Goldstein. Motion passed 4-0. Mrs. Levy will prepare the contract and Mr. West has been authorized to sign between meetings.

Mrs. Levy reminded the Board that our Operating Rules recommend that the trustees attend education conferences and the FPPTA Fall Trustee School is October 6-9, 2019. Mrs. Levy stated that they are working on a legal certificate day which will include a full day of speakers on legal topics more than would be available through the course of the school. Mr. West said that he will be attending the trustee school. Mrs. Ostrander will handle his registration.

Mr. Bettencourt stated that a member who for whatever reason does not show up for work anymore and calls in sick every day for the past year and a half / two years. The City lets him call in sick, is out of sick time and isn't getting paid. Mrs. Levy stated that depending on the circumstance and length of time they may be taking a break in service. Mrs. Levy asked Mr. Bettencourt to email her the specifics and she will look into this. Generally, when a break in service occurs the member's plan start date is adjusted.

### **Administrator's Report**

Mr. Williams informed the Board that several Confirmation of Receipt of Retirement Benefit forms are still outstanding. Mrs. Ostrander will attempt to contact these retirees and get an update from them. This will be turned over to the Attorney if forms are not received.

Mr. Williams thanked Mrs. Levy for all her time and detail on the tax issues.

Mr. Williams presented the annual budget for review. Motion by Mr. Bettencourt to approve the annual budget, seconded by Mr. West. Motion carried 4-0.

Mr. Bettencourt made a motion to adjust Mr. Williams & Mrs. Ostrander by a 2.50% cost of living adjustment effective October 01, 2019, seconded by Mr. Goldstein. Motion passed 4-0. Mrs. Ostrander and Mr. Williams thanked the Board.

### **New Business**

Revised Auditor Contract – Ms. Bittinger and Mr. Cristini appeared before the Board to advise the Board that Davidson, Jamieson & Cristini are no longer doing audit work. Ms. Bittinger and Mr. Cristini have been hired by Saltmarsh, Cleaveland & Gund, CPA and have presented a revised contract (same as the previous one) with the new name. Motion to approve the contract by Mr. Bettencourt, seconded by Mr. Goldstein. Motion carried. 4-0.

### **Open Board Discussion**

Mr. Bettencourt requested that we start a Trustee Training Program. Mrs. Levy stated that they have plans that have this program with certain conditions on it. The person must show an actual interest in becoming a board member before the Board will expend the money to get them educated.

The Board asked for an update on the members returning their signed benefit selection form. Mrs. Levy stated that at the last meeting the Board made a policy that a member has 30 days to return their signed benefit selection form, if they have not, they will receive a letter from her saying if they do not submit it with 30 days, they receive the Ten Year Life and Certain benefit. The members who have not turned their forms in had until this meeting to do so. Mr. West asked that the letter she sends is scanned and emailed to their work emails as well as mailed to their house via registered and regular mail.

**Adjournment**

Motion to adjourn at 12:32 P.M. by Mr. Bettencourt, seconded by Mr. West. Motion passed 4-0.