

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

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

Sunrise, FL 33325

May 09, 2022

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. Lou Berman and Mr. Eric Goldstein (arrived at 10:35 A.M.) - Trustees.

### **Absent & Excused**

Mr. Keven Sweat

### **Others Present**

Mrs. Richelle Levy – Lorium Law; Mr. Brendon Vavrica – AndCo Consulting; Mr. Anthony Bulzone – City of Sunrise (arrived at 10:07 A.M.); Mr. Brian Smith - Polen Capital (remotely left at 12:10 P.M. remote); Ms. Kate Hurley and Ms. Angali Balani – JP Morgan (remotely left at 12:14 P.M.); Mr. Jeff Amrose – Gabriel Roeder Smith (left at 11:55 A.M.); Mr. Dave Williams – Plan Administrator and Mrs. Patty Ostrander – Recording Secretary.

### **Approval of Minutes**

Motion to approve the minutes February 14, 2022 by Mr. Bettencourt, seconded by Mr. Berman. Motion carried 3-0. (Mr. Goldstein was not present for this vote).

### **Approval of Payables**

After review and consideration of the payables of February 14, 2022 through May 09, 2022 a motion to approve was made by Mr. Bettencourt, seconded by Mr. West. Motion carried 3-0. (Mr. Goldstein was not present for this vote).

### **Gabriel Roeder Smith**

Actuarial Valuation Report – Mr. Amrose presented the October 01, 2021 Valuation report. He noted the assumption rate used for the valuation is 7.15% for the rate of return. There was a lengthy discussion concerning the reasonableness of that assumption and the likelihood of achieving that return. Mr. Amrose felt 6.5% was a reasonable and attainable rate over the long term. The Board had a lengthy discussion considering the actuary's recommendation, the impact on the contribution and the best interest of the Fund. Mr. Bettencourt made a motion to adjust the October 01, 2021 Valuation from 7.15% to 6.75%, seconded by Mr. Goldstein. Motion failed. After additional discussion, Mr. Berman made a motion to adjust the October 01, 2021 Valuation from 7.15% to 6.90%, seconded by Mr. West. Motion carried 3-1 (Mr. Goldstein voted no). In accordance with the ordinance, Mr. Amrose will contact the city's Actuary to review the Board's action and based on the outcome of that interaction, the Board will hold a special meeting. Mr. West asked Mr. Amrose to send a letter to the City Manager and Actuary explaining how this adjustment.

### **Polen Capital**

Mr. Brian Smith indicated that as of March 31, 2022, the large cap portfolio had a market value of \$11,436,136. Net performance for the quarter was -13.54 vs. -9.04% for the Russell 1000 Growth Index. Since the inception date of December 19, 2017, the portfolio had a net annualized return of 19.35% vs. 19.43% for the Russell 1000 Growth Index.

# Account Performance

As of March 31, 2022  
 City of Sunrise Police officers Retirement Plan

Account Summary Inception Date: 12/19/2017	Currency: USD
Beginning Net Assets (12-19-2017)	8,276,857
Cash Flows	-7,845,705
Appreciation	11,031,984
Ending Net Assets (03-31-2022)	11,463,136

	QTD	FY '21	FYTD <sup>1</sup>	1Y	3Y	Since Inception (12/19/2017)
Portfolio Return (Gross)	-13.41	30.44	-8.61	6.46	20.14	20.03
Portfolio Return (Net)	-13.54	29.66	-8.89	5.82	19.43	19.35
Russell 1000 Growth	-9.04	27.32	1.54	14.98	23.59	19.43
Excess Return (Net)	-4.50	-2.34	-10.43	-9.15	-4.17	-0.08
S&P 500	-4.60	30.01	5.92	15.65	18.92	14.97
Excess Return (Net)	-8.94	-0.35	-14.81	-9.82	0.51	4.39

## J.P. Morgan International

Ms. Kate Hurley and Ms. Angali Balani indicated that as of March 31, 2022, the International Equity portfolio had a market value of \$7,821,822. Since the inception date of October 01, 2015, the portfolio had a net annualized return of 8.00% vs. 6.35% for the MSCI ACWI ex US Index.

JPMorgan International Focus Fund – R6 Share Class as of March 31, 2022

Market Value  
 City of Sunrise Police Retirement Fund: \$7,821,822

### Annualized performance, at NAV (%)

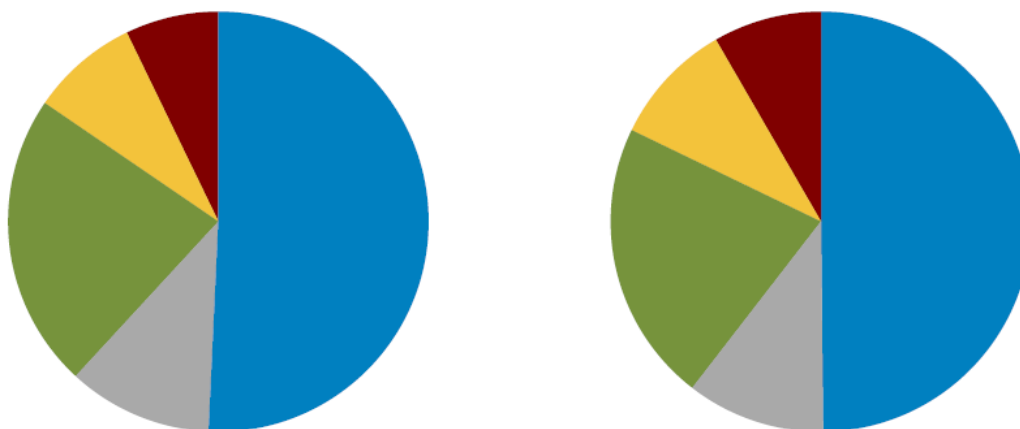
	1Q	One year	Three years	Five years	Ten years	Since Inception
IUENX (%)	-9.52	-5.37	8.52	7.46	7.03	8.00
MSCI ACWI ex US (%)	-5.44	-1.48	7.51	6.76	5.55	6.35
Excess return	-4.08	-3.89	1.01	0.70	1.48	1.65
Morningstar Rank (%) Foreign Large Blend	84	85	29	21	12	12

**AndCo Consulting – Quarterly Investment Report**

Mr. Brendon Vavrica advised that as of March 31, 2022, the total fund was valued at \$217,501,749.

Asset Allocation Summary  
 Total Fund Composite  
 As of March 31, 2022

Asset Allocation By Segment as of December 31, 2021 : \$232,892,703      Asset Allocation By Segment as of March 31, 2022 : \$217,501,749



Allocation			Allocation		
Segments	Market Value	Allocation	Segments	Market Value	Allocation
Domestic Equity	118,179,520	50.7	Domestic Equity	108,413,870	49.8
International Equity	25,876,832	11.1	International Equity	23,109,849	10.6
Domestic Fixed Income	52,943,627	22.7	Domestic Fixed Income	47,201,189	21.7
Real Estate	19,200,986	8.3	Real Estate	20,632,035	9.5
Cash Equivalent	16,725,738	7.2	Cash Equivalent	18,144,807	8.3



The entire investment report may be viewed on-line at the following link:  
<http://sunrisepolicepension.com/docs/investments/2022-03-31%20Sunrise%20Police%20Quarterly%20Report.pdf>

Mr. Vavrica provided an asset / manager summary which denoted over and underweighting's in the portfolio. After review and discussion, Mr. Goldstein made a motion to liquidate \$750,000 from Vanguard International equity and \$750,000 from JPM International, transfer the assets to the following: First Trust Cloud, Defiance Next Gen and ARK Autonomous, the dollar amount will be based on the underweighting at the time of the transaction, the remaining balance will be divided evenly with Polen, ARKK and Vanguard Russell 2000 seconded by Mr. West. Motion carried 4-0.

**Attorney's Report**

Mrs. Levy updated the Board on the legislative sessions.

Ms. Levy stated that one of the Fund's monitoring attorneys has asked her to present a possible shareholder derivative suit against the Board for a company named Vertex. She explained what a Shareholder Derivative suit is and how it differs from a shareholder class action suit. The Board discussed it at length, considering the possibility of an impact on corporate governance but also

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that the Fund would not recover any monetary damages under this type of suit. The Board declined to proceed.

Mr. West stated that he was notified about a Sunrise disability member possibly working as an armed security guard at a public school. After several phone calls, he confirmed that this member is working as a unarmed school security guard. No further action was considered necessary.

In-Service distribution language – The city proposal allows members in the DROP to exit and receive In-service distributions while employed for the duration of their DROP term. The intent of this was to avoid any 415 limitations because they would stop having funds go into the DROP account and they would be enrolled in the plan for too short of a time to ever vest. A member can only do this if the actuary informs them that they will have a 415 issue while employed as a Police Officer. Mr. Goldstein stated that this was agreed to at the Union meeting. Counsel stated that she is aware that Fire has passed it. She stated that she discussed amendment with the tax attorney and the City outside labor counsel and it is the opinion that to enroll members who are already at normal retirement age and not allow them to vest potentially violated IRS rules.

### **Administrator's Report**

2022/23 Administrative Expense Budget: Mr. Williams outlined the Administrative Expense Budget provision. 175.061(8) and 185.05(8) require that all firefighter and police Boards of Trustees shall provide a detailed accounting report and operate under an administrative expense budget. A copy of the budget shall be provided to the plan sponsor and made available to plan members before the beginning of the fiscal year. If the Board amends the administrative expense budget, the Board must provide a copy of the amended budget to the plan sponsor and make available a copy of the amended budget to plan members. For plans that use a September 30 - October 1 fiscal year, the new administrative expense budget must be prepared and made available prior to October 1st.

Mr. Williams presented an Administrative Expense Budget based on the expenses reported in the financial statements of September 30, 2021 for the Board to consider. Mr. Williams stated that 100 basis points of expense is considered reasonable in the industry. The proposed budget is estimated at 27 basis points which is based on the September 30, 2021 balance of the System, so he believes it is extremely reasonable. After review and discussion, Mr. Berman made a motion to approve the 2022/23 Administrative Expense Budget as presented, which was seconded by Mr. Goldstein. Motion carried 4-0.

In a spirit of transparency, the 2022/23 Administrative Expense Budget may be viewed on-line at:

[http://www.sunrisepolicepension.com/docs\\_state/AnnualBudget/2022-23%20Sunrise%20Police%20Pension%20Admin%20Expense%20Budget%20FINAL%20-%20approved%2005-09-2022.pdf#zoom=100](http://www.sunrisepolicepension.com/docs_state/AnnualBudget/2022-23%20Sunrise%20Police%20Pension%20Admin%20Expense%20Budget%20FINAL%20-%20approved%2005-09-2022.pdf#zoom=100)

Mr. Williams advised the Board that our lease was up in between meetings, but he was able to renew our lease for five years with no rent increase. Mr. West sanctioned this action. Motion to approve the lease renewal authorized by the chairman as outlined by Mr. Goldstein, seconded by Mr. Berman. Motion carried 4-0.

Mr. Berman made a motion to accept Mr. Goldstein as the Fifth Member, seconded by Mr. Bettencourt. Motion passed 3-0.

### **New Business**

Mr. Goldstein made a motion to increase the Attorney retainer fee by \$500.00, seconded by Mr. West. Motion carried 4-0.

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**Old Business**

Website – Mr. Williams provided the trustees with a temporary website for them to review and comment on.

**Open Board Discussion**

None

**Adjournment**

Motion to adjourn at 12:50 P.M. by Mr. Berman, seconded by Mr. Goldstein. Motion passed 4-0.