

SUNRISE POLICE OFFICERS' RETIREMENT PLAN

13790 N.W. 4th Street, Suite 105

Sunrise, FL 33325

May 08, 2023

10:00 A.M.

Call to Order

On behalf of the Board of Trustees, Mr. Dave Williams called the meeting to order at 10:06 A.M.

Public Discussion

No Comments.

Roll Call

Present were Mr. Michael West – Chairman; Mr. Lou Berman, Mr. William Bettencourt and Mr. Eric Goldstein – Trustees.

Absent & Excused

Mr. Keven Sweat

Others Present

Mrs. Richelle Levy – Lorium Law; Mr. Brendon Vavrica – AndCo Consulting; Ms. Katie Hammond and Ms. Anjali Balani from JP Morgan¹ (arrived at 10:06 A.M. and left at 10:25 A.M.); Mr. Jeff Amrose – Gabriel Roeder Smith (left at 11:55 A.M.); Mr. Anthony Xuereb and Ms. Lauren Harmon – Polen Capital² (left at 10:45 A.M.); Mr. Timothy McGovern – Active Member; Mr. Dave Williams – Plan Administrator and Mrs. Patty Ostrander – Recording Secretary.

Approval of Minutes

Motion to approve the minutes February 13, 2023 by Mr. Berman, seconded by Mr. West. Motion carried 4-0.

Approval of Payables

After review and consideration of the payables of February 13, 2023 through May 07, 2023 a motion to approve was made by Mr. Berman, seconded by Mr. West. Motion carried 4-0.

Gabriel Roeder Smith

Actuarial Valuation Report – Mr. Amrose presented the October 01, 2022 Actuarial Valuation Report. Based on the recommendation of Mr. Amrose, Mr. Bettencourt made a motion to approve the report and reduce the assumption rate to 6.9% for the October 2023 fiscal year report. Mr. Goldstein seconded the motion. Motion carried 4-0. Mr. Amrose will inform the city actuary of the Board's decision.

Motion by Mr. Goldstein, seconded by Mr. Berman, to declare that the short term, medium term and long term 6.9% is a reasonable assumption starting October 2023. Motion carried 4-0.

Mr. West stated that the FOP wants to know what the cost would be for the City for Tier 2 members to go into and buy into the FRS System. Mr. Amrose stated that he will only do this study if the Board approves it. Mr. Goldstein made a motion to authorize Mr. Amrose to discuss this with the Union, seconded by Mr. Bettencourt. Motion passed 4-0. Mr. Goldstein made a motion to allow Mr. Amrose to speak to the Union regarding this matter, second by Mr. Bettencourt. Motion carried 4-0.

¹ Attended remotely

² Attended remotely

Polen Capital

Mr. Anthony Xuereb and Ms. Lauren Harmon indicated that as of March 31, 2023, the large cap portfolio had a market value of \$12,360,219. Net performance for the quarter was 7.93 vs. 6.84% for the Russell 1000 Growth Index. Since the inception date of December 19, 2017, the portfolio had a net annualized return of 11.7% vs. 12.99% for the Russell 1000 Growth Index.

Account Performance

As of March 31, 2023

City of Sunrise Police Officers Retirement Plan

	Currency: USD
Beginning Net Assets (12-19-2017)	8,276,857
Cash Flows	-5,036,169
Appreciation	9,119,531
Ending Net Assets (03-31-2023)	12,360,219

	MTD	QTD	FYTD ¹	YTD	1Y	3Y	5Y	Since Inception (12/19/2017)
Portfolio Return (Gross)	7.93	14.46	14.13	14.46	-17.55	11.52	12.06	11.79
Portfolio Return (Net)	7.93	14.32	13.85	14.32	-18.00	10.88	11.40	11.17
Russell 1000 Growth	6.84	14.37	16.88	14.37	-10.90	18.59	13.66	12.99
Excess Return (Net)	1.09	-0.05	-3.03	-0.05	-7.10	-7.71	-2.26	-1.82
S&P 500	3.67	7.50	15.62	7.50	-7.73	18.62	11.19	10.28
Excess Return (Net)	4.26	6.82	-1.77	6.82	-10.27	-7.74	0.21	0.89

Mrs. Levy asked if there has been any discussion on the Florida Law that just passed recently and the effect it would have on them as an investment manager for this Board. Mr. Xuereb responded that they are not an ESG manager and look to make investments based on the merits of the financial fundamentals of a business. Therefore, the law will not affect the way Polen manages the portfolio.

J.P. Morgan International

Ms. Kate Hammond and Ms. Anjali Balani indicated that as of March 31, 2023, 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.

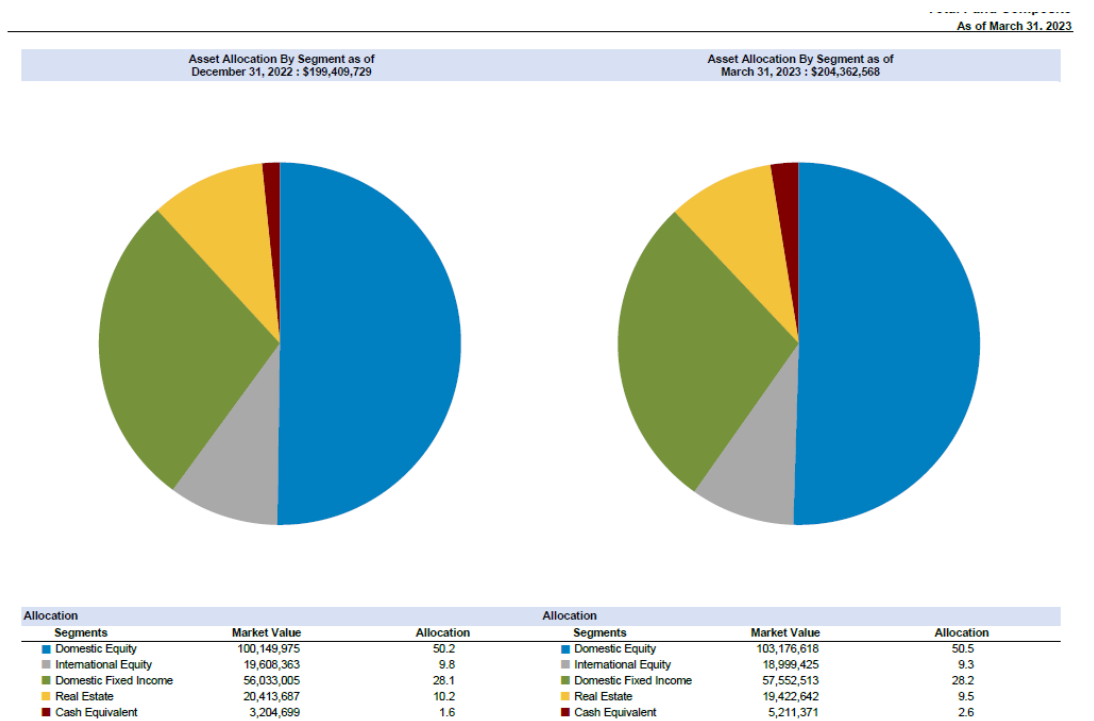
As of March 31, 2023

	Market Value [^]					
	JPMorgan International Focus Fund	\$1.3bn				
	JPMorgan International Focus Strategy	\$3.5bn				
Performance, at NAV (%)	Q1	One year	Three years*	Five years*	Ten years*	Since inception*
International Focus Fund (R6 Share, IUENX)	8.15	-2.42	11.50	3.81	5.58	7.04
MSCI ACWI ex US NTR	6.87	-5.07	11.80	2.47	4.17	5.28
Excess return	1.28	2.65	-0.30	1.34	1.41	1.76
Morningstar Rank % (Foreign Large Blend)	41	51	74	24	14	13
Annual operating expenses	R6 Share					
Net expenses	0.55%					

Mrs. Levy asked if there has been any discussion on the Florida Law that just passed recently and the impact it will have. JP Morgan’s strategy is when we consider ESG, the main question we look to address is: What are the financially material risks from an ESG perspective? We systematically assess financially material ESG factors amongst other factors in our investment decisions with the goals of managing risk and improving long-term returns. Importantly, these considerations are not meant to be exclusionary (in other words, we will not choose to include specific stocks or sectors based on ESG credentials alone).

AndCo Consulting – Quarterly Investment Report

Mr. Brendon Vavrica advised that as of March 31, 2023, the total fund was valued at \$204,362,568.



The entire investment report may be viewed on-line at the following link:

<http://www.sunrisepension.com/docs/investments/2023-03-31%20Sunrise%20Police%20Quarterly%20Report.pdf>

Mr. Vavrica stated that per the Board’s request, he will work with Ms. Levy on creating a draft ordinance regarding private equity, hedge funds etc. that can be presented to the City for their consideration.

Mrs. Levy asked Mr. Vavrica if there was anyone else, we need to hear from regarding the Silicon Valley Bank failure other than ASB who stated that they had modest holdings with banks and there was no issue.

Mr. Vavrica stated that there is going to be a report required by December 31st regarding compliance with the new law on investment decisions by the Board. No one knows what will be required to show compliance. AndCo is talking to the State about creating the report. Mr. Vavrica will make sure we are complying.

Attorney’s Report

Mrs. Levy discussed the benefits of education for those members that have an interest in becoming a trustee and that if Mr. McGovern was interested the Board should discuss training for him.

Mrs. Levy stated that the Global Payment class action that was discussed at the last meeting as determined by the monitoring attorney and that it is not a case they would recommend. The lawsuit brought by the Federal Consumer Protection Agency did not appear to impact losses.

Mrs. Levy discussed the monitoring firm, Labaton Sucharow and distributed presentation material. The Board reviewed the material, and the value of adding this firm was discussed. It is a large monitoring firm who approached Mrs. Levy to see if we would be interested in hearing from them or adding them as one of our monitoring firms. Motion by Mr. Goldstein to retain Labaton Sucharow based on the recommendation of counsel, seconded by Mr. Bettencourt. Motion passed 4-0.

Secure Act 2.0. – There is an increase in the required beginning date, which is the date that you must pay a member a benefit. It was 70.5 and was raised to 72 and is now being incrementally increased up to the year 2033. We do not have to amend our Plan.

Distribution to public safety members is an additional 10% early withdrawal penalty which does not apply to members who separate from service in the same year in which they turn age 50. The Secure Act 2.0 now makes it the earlier of age 50 or 25 years of service.

If a member received a disability retirement it is tax exempt. If a member chooses to convert to a normal retirement at which time, it will become taxable.

Health Insurance – this is an optional benefit that the Board can implement which allows members to exclude \$3,000 from their gross income if they have the pension plan pay their insurer directly but has been expanded to allow direct payment to the member.

The Public Safety Officers Act which is a Federal Act which gives death and disability benefits to officers who die or are disabled in the line of duty. They have extended the program to include deaths or disabilities as a result of a traumatic incident that happened on the job.

House Bill 3 just passed and was signed by the governor which amends chapter 185.06 to require compliance with the newly created chapter 112662, This requires that the boards only consider pecuniary factors when making investment decisions. We will have to change our Investment Guidelines and notify the investment managers. All contracts or amendments after July 01, 2023 must include a disclaimer that addresses any political, social or governance ideology with this statement “the views and opinions expressed in this communication are those of the sender and do not reflect the views and opinions of the people of the State of Florida.”

Administrator’s Report

Mr. Williams had no formal report.

New Business

None

Old Business

None

Open Board Discussion

August Board meeting date was changed to August 21, 2023.

Adjournment

Motion to adjourn at 12:45 P.M. by Mr. Bettencourt, seconded by Mr. Berman. Motion passed 4-0.