

SUNRISE POLICE OFFICERS' RETIREMENT BOARD

13790 N.W. 4th Street, Suite 105

Sunrise, FL 33325

February 06, 2014

9:00 A.M.

Call to Order

On behalf of the Board, Mr. Dave Williams called the meeting to order at 9:05 A.M.

Public Discussion

None

Roll Call

Present were Mr. Michael West – Chairman, Mr. William Bettencourt – Secretary, Mr. Louis Berman & Mr. Roger Torres

Absent & Excused

Mr. Eric Goldstein

Others Present

Also present were Mr. Dave Williams - Plan Administrator, Mrs. Patty Ostrander - Recording Secretary, Mr. Ron Cohen & Mrs. Richelle Levy – Board Attorneys, Mr. Richard Cristini & Ms. Jeanine Bittinger – Board Auditors, Mr. John McCann (arrived at 9:45 A.M.) & Mr. Brendon Vavrica (arrived at 10:22 A.M.) – Thistle Asset Consulting, Mr. Steve Loncar – Ceredex Ridgeworth, Mr. Aaron Reed – Kayne Anderson Rudnick, Ms. Kelly Scapecchi - City of Sunrise.

Approval of minutes

Motion to approve minutes of November 07, 2013 by Mr. Bettencourt, seconded by Mr. Berman. Carried 4-0.

Approval of Payables

After review and consideration of the payables of 11-06-13 through 02-05-14, a motion to approve was made by Mr. Berman, seconded by Mr. Bettencourt. Carried 4-0.

Attorney's Report

DROP Extension: Mr. Cohen reported on rescinding a DROP Extension request. We received an inquiry from a member who originally was eligible for a 6 year DROP. This member extended to the 7 year DROP plan based on the Collective Bargaining Agreement. The member wanted to know if he could rescind the extension & revert back to the 6 year DROP. Mr. Cohen does not feel that this can be done and he quoted “Notwithstanding any other provision in this subparagraph (6), a member who commenced participation in DROP on or after October 1, 2010 and who is participating in the DROP on September 25, 2012 shall be eligible to extend their DROP participation period and their resignation from city employment by up to one (1) year, by submitting a signed DROP election extension form provided by the city. The signed DROP election extension form must be received by the city finance department within ninety (90) days following September 25, 2012, and prior to the end of the member's original DROP period. Provided however, to be eligible to extend the DROP participation period to eighty-four (84) months, a member must agree that all DROP account earnings earned from the date of DROP entry to the date the member's election to extend DROP participation takes effect shall be recalculated at an annual interest rate of six (6) percent, and DROP earnings for the entire period of DROP participation following such election shall be credited at an annual interest rate of six (6) percent.”

Mr. Cohen reflected that there was nothing saying that you can back out of this & there was nothing saying you can choose it & then change your mind later on. Mr. Cohen further stated that he tries to "View these things in the light most favorable to the employee when he is able to." Mr. Cohen thinks that we would be not administering the Plan as it is given to us. Mr. Bettencourt stated that in the long run he doesn't think the City will have a problem with this because it will be saving the City money.

Recapture Program: Mr. Cohen informed the Board that ConvergeEx plead guilty to SEC violations. While the charges may not be directly related to the Recapture Program, Mr. Cohen recommends that we suspend participating in the services of ConvergeEx. Motion for same by Mr. Bettencourt, seconded by Mr. West. Motion carried 4-0.

FTIS Tax Reclaim: Mrs. Levy presented the FTIS documents for approval by the Board. Mrs. Levy reflected that we are a tax exempt organization and FTIS is asking for consent to reclaim taxes from foreign authorities. Mrs. Levy has spoken to Mr. McCann and he agreed. Motion to execute documents by Mr. Torres, seconded by Mr. Berman. Motion carried 4-0.

Financial Statements – September 30, 2013 Davidson, Jamieson & Cristini, P.L.

Mr. Richard Cristini and Ms. Jeanine Bittinger, of Davidson, Jamieson & Cristini appeared before the Board. Mr. Cristini stated that the firm has issued a clean unqualified opinion on the *pension plan*, the *DROP plan*. As of September 30, 2013, combined trust assets exceed its liabilities with a total of \$96,495,201.00, which is a \$12,967,356.00 increase from September 30, 2012. Employer contributions were valued at \$6,863,371.00 for the plan year ending September 30, 2013. This was an increase of \$847,988.00 from September 30, 2012. Plan members contributed \$1,260,531.00 for the plan year ending September 30, 2013. This is a decrease of \$8,438.00 for the plan year ending September 30, 2012.

As of September 30, 2013, the Plan had 135 retired members and beneficiaries. The Plan also had 78 vested active members and 59 non-vested members as of September 30, 2013. As of September 30, 2013, the DROP Account balance was valued at \$8,890,314, in comparison to \$7,085,581 as of September 30, 2012. Plan administrative expenses decreased for the plan year ending September 30, 2013 to 0.21% of net assets. Ms. Bittinger reflected the expenses continued to be well below the acceptable standard in the industry. Mr. Berman made a motion to accept the Financial Statements for the Plan, for September 30, 2013 as noted, which was seconded by Mr. West. Motion carried 4-0.

The Memorandum on Review of Internal Control Structure was presented to the Board to consider. Mr. Williams noted that we will send copy of the Memorandum on Review of Internal Control Structure will be sent to the City of Sunrise Finance Department and to Fiduciary Trust, our custodian to reflect upon.

Motion to authorize the Chairman to sign the representation letter by Mr. Berman, seconded by Mr. West. Motion carried 4-0.

Ceredex Ridgeworth – Quarterly Investment Report

Mr. Steve Loncar indicated that as of 12-31-13, the large cap portfolio had a market value of \$18,283,582.49. Our allocation at the end of the quarter was 2.0% in cash, 98.0% in equities and our gross performance for the quarter was 9.75% vs. 10.00% for the Russell 1000 Value Index. Since the inception date of November 03, 2011, the portfolio had a gross annualized return of 26.03% vs. 25.11% for the Russell 1000 Value Index. Investment changes since inception have been positive with an increase of \$374,423.07. Net performance for the quarter was 9.59% vs. 10.00% for the Russell 1000 Value Index. Since the inception date of November

03, 2011, the portfolio had a net annualized return of 25.21% vs. 25.11% for the Russell 1000 Value Index.

Mr. Loncar presented a document regarding a change in assignment at the Ridgeworth level. This change is happening at the Ridgeworth level, not at the level that we work together. They are changing from Ridgeworth Capital Management, Inc. to Ridgeworth Capital Management, LLC. (This is a corporate structure change) Mr. McCann agreed with the letter. Motion to direct the chairman to execute said letter by Mr. Torres, seconded by Mr. Bettencourt. Motion passed 4-0.

Kayne Anderson Rudnick – Quarterly Investment Report

Mr. Aaron Reed indicated that as of 12-31-13, the small cap portfolio had a market value of \$13,151,469. Our allocation at the end of the quarter was 9.61% in cash, 90.39% in equities and our performance for the quarter was 10.95% vs. 12.50% for the Russell 2000 Value index. Since the inception date of October 01, 2010, the portfolio had an annualized return of 19.63% vs. 21.80% for the Russell 2000 Value Index. Investment changes since inception have been positive with an increase of \$4,275,933.

Discussion about changing the wording in the Investment Policy to state “that they can buy no stock greater than the largest company in the Russell 2000 value index at the time of purchase.” Motion to change the Investment Policy to reflect the above wording by Mr. Bettencourt. Seconded by Mr. Berman. Motion carried 4-0.

Thistle Asset Consulting – Quarterly Investment Report

Mr. John McCann & Mr. Brandon Vavrica advised that as of 12-31-13 the total fund was valued at \$108,310,000. He indicated the total asset allocation for the portfolio was 29.8% in large cap equities, 35.0% in Fixed Income, 1.0% in small cap equities, 12.2% in mid cap equities, 8.4% in International Equity and 3.6 % in cash. The manager allocation was 4.4% for Vanguard, 4.1% for Wentworth Hauser, Violic 50.2% for Garcia Hamilton, 12.2% for Mutual of America, 16.9% for Ceredex, 12.1% for Kayne Anderson Rudnick and 0.0% for Cash. For the quarter ending 12-31-13, the total portfolio returned 6.02% compared to the benchmark of 5.31% placing it in the 22nd percentile. For the trailing year, the portfolio returned 18.42% compared to 17.59% for the benchmark or in the 56th percentile. For equities, the fund returned 9.84% for the quarter compared to the benchmark of 9.08% or the 10th percentile. For fixed income, the fund returned 0.84% for the quarter compared to -0.18% for the benchmark or the 27th percentile.

Mr. McCann advised the Board that he is going to update the self directed DROP numbers when someone goes into the self directed DROP.

Open Board Discussion

Mr. Williams followed the Boards direction but was unsuccessful in getting Mr. Eddy Marill's numbers from the City. Mr. Torres will talk to the City Manager.

Mr. Bettencourt stated that he was contacted by the Union Representative regarding the 300 hour calculations. Mr. Krege e-mailed Mr. Williams who referred him to Mr. West

Adjournment - Motion to adjourn at 11:31 A.M. by Mr. Berman seconded by Mr. West. Carried 4-0.