

## **SUNRISE POLICE OFFICERS' RETIREMENT BOARD**

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

Sunrise, FL 33325

August 11, 2016

10:00 A.M.

### **Call to Order**

On behalf of the Board, Mr. Dave Williams called the meeting to order at 10:09 A.M.

### **Public Discussion**

None

### **Roll Call**

Present were Mr. Michael West – Chairman, Mr. William Bettencourt – Secretary, Mr. Eric Goldstein and Mr. Dan Ransone.

### **Absent & Excused**

Mr. Roger Torres

### **Others Present**

Mrs. Richelle Levy – Rice Pugatch Robinson Storfer & Cohen, PLLC (via conference call); Mr. Brendon Vavrica – The Boghdan Group, Mrs. Janna Hamilton – Garcia Hamilton, Mr. Kevin Quinn – Mutual of America; Mr. Steve Loncar – Ceredex Ridgeworth; Mr. Dave Williams - Plan Administrator & Mrs. Patty Ostrander - Recording Secretary.

### **Approval of minutes**

Motion to approve by minutes of May 12, 2016 by Mr. Goldstein, seconded by Mr. West. Carried 4-0.

### **Approval of Payables**

After a detailed review and consideration of the payables of May 12, 2016 through August 10, 2016, a motion to approve was made by Mr. Bettencourt, seconded by Mr. West. Carried 4-0.

### **Attorney's Report**

Mrs. Levy reminded the Board that we have the Final Disability Hearing on August 26<sup>th</sup> and the time is to be determined. Mr. West stated that we have the Community room at the Public Safety Building reserved. Mr. Goldstein questioned the duration of the meeting for planning purposes. Mrs. Levy stated that it will come down to how many issues are left to go over at the hearing. We did receive the translated document from the Israeli Embassy which shows his military service which showed that he did very little basic training and was then put as warehouse maintenance. It states that he was in basically a somewhat civilian capacity. Mrs. Levy stated that it looks like he spent six weeks in basic training and then she stated that she can't tell what the service was after that. Mrs. Levy stated that the Special Counsel wanted to interview Major Anthony Rosa. It was requested that he speak with the Special Counsel but he stated that he was required to receive a subpoena in order for him to appear and that it has to be in the form of a deposition and not willing or given permission to just essentially have a conversation with special counsel. A subpoena has been issued for him to attend the deposition on Tuesday.

**Administrator's Report:**

Mr. Williams presented Mr. Dion Smith's early retirement paperwork which has been prepared by our Actuary and reviewed by Mrs. Levy, Board Attorney. Motion to approve this paperwork by Mr. Bettencourt, seconded by Mr. Ransone. Motion passed 4-0.

Mr. Williams stated that we have been working with the McCue Estate. Her legal representative was given the option of collecting under early retirement with a reduction and that was elected. This was effective August 01<sup>st</sup> and Mr. Williams received the paperwork yesterday. A Ten Year Certain option will be paid to the Estate of Cindi McCue and it will be filed under the Estates Tax ID number, which is a little unusual because we have not referenced that in the past. (The Estate must stay open for ten years). We will pay 120 payments and there is an end date. Mr. Williams will follow up with our Actuary to see if a supplement is applicable. Motion to approve the payments by Mr. Ransone, seconded by Mr. Bettencourt. Motion passed 4-0. Mr. Bettencourt recognized and thanked Mr. Williams for all his hard work.

Mr. Williams advised the Board that the office lease is up in April 2017. Mr. Williams has contacted our landlord and we have been offered the same rate with no increase for the term. Mrs. Levy has reviewed and approved the amendment. Motion to approve by Mr. Bettencourt, seconded by Mr. West. Motion passed 4-0. The Board gave Mr. Williams was directed to contact the landlord regarding replacing the carpet and opening the room up for membership seating area.

Further, the Board asked Mr. Williams to seek quotes for new furniture for the office accordingly.

Mr. Williams presented the Administrative Budget to the Board for review and approval. After consideration, a motion to accept the 2016/17 Administrative Budget by Mr. Bettencourt was offered & seconded by Mr. West. Motion passed 4-0.

Mrs. Levy left the meeting via conference call at 10:54 A.M.

Mr. Williams presented the electronic satisfaction survey created to gauge the service provided to the membership.

**Garcia Hamilton – Balanced Account Report**

Mrs. Hamilton advised the Board that they received the Institutional Award for the Third year in a row.

Mrs. Hamilton indicated that as of June 30, 2016, the Balanced Account portfolio had a market value of \$36,622,814.23. Our asset allocation was 42.1% in equities, 56.2% in fixed assets and 1.8% in cash. Equities returned 1.3% compared to the Russell 1000 which returned 0.6%.

Mrs. Janna Hamilton indicated that as of June 30, 2016, the Fixed Account portfolio had a market value of \$23,813,002.38. Our asset allocation was 0.0% in equities, 98.1% in fixed assets and 1.9% in cash. Fixed Income returned 2.2% compared to the Barclays Capital Int. Gov. / Credit which returned 2.2%.

**Ceredex Ridgeworth – Quarterly Investment Report**

Mr. Steve Loncar indicated that as of June 30, 2016, the large cap portfolio had a market value of \$19,548,347.09. Our allocation at the end of the quarter was 4.7% in cash, 95.3% in equities. Net performance for the quarter was 4.38% vs. 4.58% for the Russell 1000 Value Index. Since the inception date of November 03, 2011, the portfolio had a net annualized return of 13.73% vs. 14.45% for the Russell 1000 Value Index.

**Mutual of America - Quarterly Investment Report**

Mr. Kevin Quinn indicated that as of June 30, 2016, the large cap portfolio had a gross market value of \$15,328,639.97. Our allocation at the end of the quarter was 0.1% in cash, 99.9% in equities and our performance for the quarter was 3.96% vs. 3.99% for the S & P Mid Cap 400 Index. Since the inception date of March 31, 2008, the portfolio had an annualized return of 9.33% vs. 9.39% for the S & P Mid Cap 400 Index.

**The Boghdan Group Consulting – Quarterly Investment Report**

Mr. Brandon Vavrica advised that as of June 30, 2016 the total fund was valued at \$119,120,498. The manager allocation was 4.5% for Vanguard, 4.2% for J.P. Morgan 30.8% for Garcia Hamilton Balanced Account, 20.0% for Garcia Hamilton Fixed A+ Account, 12.9% for Mutual of America, 16.4% for Ceredex, 10.9% for New Amsterdam SMID and 0.4% for Cash.

For the quarter ending June 30, 2016, the net total portfolio returned 1.65% compared to the benchmark of 2.16% placing it in the 50<sup>th</sup> percentile. For the trailing year, the net portfolio returned 5.6% compared to 2.06% for the benchmark or in the 37<sup>th</sup> percentile. For equities, the fund returned 1.76% for the quarter compared to the benchmark of 2.43%. For fixed income, the fund returned 1.79% for the quarter compared to 1.74%. On the three and five-year basis, the total fund return exceeded the assumed rate of return as follows: 6.58% and 6.71%.

Mr. Vavrica stated that three years of fixed income was 4.7% which is what we earned on our Fixed Income. If we had taken 10% of it and earned 13% which is roughly what the Real Estate earned annually over the three years. If it is at a 10% allocation, that is an 80-basis point loss to the total fund, hypothetically. In relative under performance by not having a Real Estate index and having the current fixed income, the difference is large. Mr. Vavrica stated that about a year ago, they did a calculation for us and he will update that and provide it to the Board.

**Open Board Discussion**

AFC Update – No update to report as the City has not provided any electronic information to our Actuary. Mr. West spoke to Ms. Dunbar and they are working on it. Mr. West will reach out to her again.

Mr. West asked Mr. Williams when he and Mrs. Ostrander last had a review and Mr. Williams told him it was two years ago and he didn't want to put it on the agenda to burden the trustees with any outside pressures. Mr. West feels that they get professional and excellent service and that it is warranted at this time.

After affording each Trustee the opportunity to review the efforts of the staff, a motion was offered to adjust Mr. Williams & Mrs. Ostrander by a 2.5% cost of living adjustment effective August 1, 2015 & 2.5% cost of living adjustment effective August 1, 2016 by Mr. Goldstein, seconded by Mr. Bettencourt. Motion passed 4-0. Mrs. Ostrander and Mr. Williams thanked the Board. *Note: The U.S. Census Bureau announced that real median household income increased by 5.2 percent between 2014 and 2015.*

**Adjournment**

Motion to adjourn at 11:58 A.M. by Mr. Goldstein, seconded by Mr. West. Carried 4-0.