

SUNRISE POLICE OFFICERS' RETIREMENT BOARD

13790 N.W. 4th Street, Suite 105

Sunrise, FL 33325

August 10, 2017

10:00 A.M.

Call to Order

On behalf of the Board, Mr. Dave Williams called the meeting to order at 10:01 A.M.

Public Discussion

None

Roll Call

Present were Mr. Lou Berman, Mr. Eric Goldstein and Mr. Dan Ransone

Absent & Excused

Mr. Michael West & Mr. William Bettencourt

Others Present

Mr. Dave Williams - Plan Administrator, Ms. Richelle Levy – Rice Pugatch Robinson Storfer & Cohen, PLLC; Mr. Anthony Bulzone - City of Sunrise.

Approval of minutes

Motion to approve by minutes of May 11, 2017 by Mr. Ransone, seconded by Mr. Berman. Carried 3-0.

Approval of Payables

After review and consideration of the payables of May 11, 2017 through August 09, 2017, a motion to approve was made by Mr. Berman, seconded by Mr. Ransone. Carried 3-0.

Attorney's Report

415 Update – Mrs. Levy looked at the agenda for the Commission meeting and noted a few items that pertain to us. She called the City Attorney and spoke to them. The first reading on Tuesday is for an Ordinance amending section 1166 of our pension ordinance which deals with Tier 2 members. The AFC as it currently is written is the best five consecutive years out of the last ten. The ordinance that was up before the commission and passed on the first reading simply eliminated the word consecutive. The City Attorney explained to her that this is more in line with what was actually bargained for and that is why they made the change. The second reading was scheduled for the next commission meeting.

On Tuesday's agenda for first reading was a grievance settlement agreement with Fire. Fire had apparently prepared a grievance against the City regarding the 415 issues. It actually has some bearing on us as well. What this settlement agreement says is that 30 days after ratification of this agreement (which is after second reading). The first thing is that they will amend the pension plan ordinance so that the COLA is not part of the 415-limitation calculation, that provision of the pension plan ordinance once that takes place will apply to Police as well. She received this information from the City Attorney. Mr. Williams asked if this is because we are in one ordinance and Mrs. Levy said she believes so. Mrs. Levy's understanding is that if they change the 415 calculations will apply

across the board. The City also agrees to create an excess benefit plan which will also apply to Police as well and is limited in who it applies to. Any member who enters the DROP between March 01, 2010 and 35 days after the ordinance takes effect will be eligible for the excess benefit plan. On or after the 35th day the plan closes. Mr. Berman asked when the second reading is for that and Mrs. Levy stated that she doesn't know the exact date as of now. Mrs. Levy stated that the third part of this agreement is that the Plan will require that any Firefighter who enters the DROP from this point forward must receive a calculation from the Actuary indicating whether or not they are eligible for this. Mrs. Levy stated that she agrees with this and that the provision is not going to apply to the Police because they said the Police will not negotiate with them on this 415 issue, so any one who is not a bargaining unit member will be required to get the 415 statement and anyone who is a bargaining unit member will not. The Board can direct the Actuary to provide this statement. Mr. Williams and Mrs. Levy stated that if the ordinance is changed and it doesn't specify Police or Fire, it just says that there is an excess benefit plan and if it applies to Police and a member has a 415 issue and you are eligible to enter this plan then it is your decision whether or not you want to enter the plan. Mrs. Levy further stated that we can't pay more than the 415 limitation allows us to pay.

AFC Update – Mrs. Levy stated that they picked two members and requested the payroll files from the City who charged us \$1,500.00 to produce the records within about a week. The City refunded the plan since it didn't take as much time as they had originally thought. Mrs. Levy forwarded the data to Mr. Amrose who is in the process of inputting the data and starting next week this will be one of their priorities. Mrs. Levy stated that Mr. Amrose said that the bulk of the work was the input and once that was done it will not take long. She will check with him and provide the Board with an update. Mr. Williams stated that if it turns out that we will have to do this for every individual going back and forward then it might be reasonable to develop a line item in the budget for this.

Mrs. Levy also noticed that the Collective Bargaining Agreement was on the agenda. In this agreement they have the Chairman sign off on the retirement provisions, they have an attachment that has our Actuarial assumptions and cost methods. There are a couple of changes that she will contact the City Attorney about. She has proposed rates and they are the actual rates. The most recent Valuation has 10-01-13 and it should be 10-01-16.

Mrs. Levy stated that a Bill passed recently regarding Public records request saying that if an agency does not respond to a public records request, the Judge may award Attorney's fees if they are sued because those records were not provided to them. There are some requirements to include give the agency five days' notice to rectify before they can file suit, but it does require custodian information to be on our website.

Administrator's Report

Mr. Williams distributed the projected buyback schedule for members who are looking to buyback time in the system. Mr. Williams explained the format for this to be placed on the website

Ceredex Ridgeworth – Quarterly Investment Report

Mr. Steve Loncar indicated that as of June 30, 2017, the large cap portfolio had a market value of \$21,170,900.16. Our allocation at the end of the quarter was 1.7% in cash, 98.3% in equities. Net performance for the quarter was 2.4% vs. 1.34% for the Russell 1000 Value Index. Since the inception date of November 03, 2011, the portfolio had a net annualized return of 14.22% vs. 14.64% for the Russell 1000 Value Index.

Mutual of America - Quarterly Investment Report

Mr. Kevin Quinn indicated that as of June 30, 2017, the large cap portfolio had a gross market value of \$14,372,318.49. Our allocation at the end of the quarter was 0.3% in cash, 99.8% in equities, accrued income receivables were 0.1%, and net of payables / receivables were -0.2%. Our performance for the quarter was 1.95% vs. 1.97% for the S & P Mid Cap 400 Index. Since the inception date of March 31, 2008, the portfolio had an annualized return of 10.27% vs. 10.33% for the S & P Mid Cap 400 Index.

Garcia Hamilton – Balanced Account Report

Mrs. Janna Hamilton indicated that as of June 30, 2017, the Balanced Account portfolio had a market value of \$39,272,585.80. Our asset allocation was 39.4% in equities, 56.6% in fixed income and 3.9% in cash. Equities returned 5.8% compared to the Russell 1000 which returned 4.7%.

Garcia Hamilton – Fixed Account Report

Mrs. Janna Hamilton indicated that as of June 30, 2017, the Fixed Account portfolio had a market value of \$22,221,804.24. Our asset allocation was 0.0% in equities, 99.8% in fixed income and 0.2% in cash. Fixed Income returned 1.4% compared to the Barclays Capital Int. Gov. / Credit which returned 1.4%.

AndCo Consulting – Quarterly Investment Report

Mr. Brandon Vavrica advised that as of June 30, 2017 the total fund was valued at \$129,953,220. The manager allocation was 5.7% for Vanguard, 4.7% for J.P. Morgan 30.2% for Garcia Hamilton Fixed Account, 17.1% for Garcia Hamilton Fixed A+ Account, 13.0% for Mutual of America, 17.2% for Ceredex, 11.6% for New Amsterdam SMID and 0.4% for Cash.

For the quarter ending June 30, 2017, the total net portfolio returned 2.68% compared to the benchmark of 2.36% placing it in the 69th percentile. For the trailing year, the net portfolio returned 6.04% compared to -0.22% for the benchmark or in the 94th percentile. For equities, the fund returned 3.68% for the quarter compared to the benchmark of 3.20%. For fixed income, the fund returned 1.18% for the quarter compared to 1.10%.

Mr. Vavrica stated that we should be receiving the State monies in the next few days and he stated that the biggest underweight now is the Garcia Hamilton Equity portfolio. It doesn't make sense to give them the full amount, have them make 45 transactions only to sell them next month. Allocating there is not unreasonable. One solution would be that when the money comes in from the State, assuming it is not needed in the R & D

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would be to put it in to Garcia Hamilton Equity account, with specific instructions that they just buy an ETF which is a single transaction. Mr. Vavrica spoke to Ms. Hamilton and she is perfectly fine with this.

AndCo Consulting – Large Cap Manager Search

Tabled for September meeting.

New Business

Mr. Williams presented the proposed 17-18 budget. Motion to approve by Mr. Ransone, seconded by Mr. Berman. Carried 3-0.

Open Board Discussion

None

Adjournment

Motion to adjourn at 11:04 A.M. by Mr. Ransone, seconded by Mr. Berman. Carried 3-0.