

**CITY OF COOPER CITY  
FIREFIGHTERS PENSION PLAN MEETING  
February 5, 2020**

The regular meeting of the City of Cooper City Firefighters Pension Plan was called to order by Chairman Bufalo at 8:30 a.m., on February 5, 2020 at the Cooper City Fire Department conference room.

**TRUSTEES PRESENT:** Michael Bufalo, Michael Jurgrau, Kevin Donnelly and Greg Butler. Reginald Esiobu joined the meeting at 8:33.

**OTHERS PRESENT:** Attorney Ken Harrison of Sugarman & Susskind, Frank Wan of Burgess Chambers & Associates, Greg Gosch of Sawgrass Asset Management, Piotr Krekora of GRS, Eric Leventhal of KSDT, and Livia Giuliani of Benefits USA, Inc.

**APPROVAL OF MINUTES:**

**November 6, 2019 Regular meeting minutes**

Trustee Butler moved to approve the November 6, 2019 regular meeting minutes as presented and Trustee Jurgrau seconded the motion. The motion passed.

**PUBLIC COMMENTS:**

There were no public comments at this meeting.

**INVESTMENT REPORTS FOR QUARTER ENDING 12/31/2019**

**Sawgrass Asset Management**

Mr. Gosch reported that the stock market posted strong returns at the beginning and end of the year. The S&P returned 9.1% for the quarter and 31.5 for the one-year period. Technology sector was the only sector to outperform the broad market for the year. Small cap stocks outperformed for the quarter and large cap led for the full year. 2019 was the 3<sup>rd</sup> year in the last 7 that Growth stocks returned over 30% which resulted in a 7-year annual return of almost 17%. The Russell 1000 Growth returned 34% over the last 2 years. What helped the portfolio was strong stock selection in Financials and Industrials. What hurt the portfolio was Consumer Discretionary, Information Technology and lower Beta profile. Mr. Gosch reported on the returns noting that the Sawgrass Equity returned 8.3% for the quarter vs. the Russell 1000 Growth of 10.6% and the S&P 500 of 9.1%. The Sawgrass bonds returned -0.2 vs. the blended index of 0.2%. The TIP's returned 1.1% vs. the blended index of 1.0%. Mr. Gosch reported on the asset allocation noting that the equities are 33%; fixed income is 66%; TIP's are 6% and cash and equivalents are 1%. Mr. Gosch noted that they bought Akamai Technologies. Attorney Harrison noted that a motion was in order to accept the Investment report as presented. Trustee Esiobu moved to accept the investment report as presented and Trustee Jurgrau seconded the motion. The motion passed.

**Burgess Chambers & Associates**

Mr. Wan reported that on a statement from the Federal Reserve Chairman Ben Bernanke noting that the economy and financial markets seem likely to be contained and that the overall economy appears likely to expand for the upcoming quarters. Several months later, the U.S. experienced a banking crisis and collapses of the equity and credit markets that was not seen since the Great Depression. Mr. Wan reported that the strategist forecast for the S&P 500 typically falls between the 5% to 10% range. Currently, the survey shows an average predicted the 2020 S&P 500 gain of 5% with the maximum forecast of 9%.

This range seems reasonable since the long-term average annualized gain for U.S. stocks is around 8%. Since 1928, the S&P has only showed a gain of between 5% and 10% in six out of the 91 calendar years. In 2019 the equities were at bear market levels and strategists, as a group were looking for a rebound of 11%. The actual experience for 2019 was higher in stocks with the S&P 500 up over 31%.

Mr. Wan reported on the fund returns noting that for the quarter, the Fund earned \$1.2 million or 4.8% net, ahead of the Strategic Model of 4.7%. The top performing asset classes were: international equity returning 9.5%, large cap growth returned 8.8%, large-cap value and small cap returned 8.2% respectively. For the one-year period, the Fund earned \$4.4 million or 19.3% net, similar to the Strategic Model of 19.8%. The three best performing asset classes were: large-cap growth, 32.1%, mid-cap 31.0% and small-cap 27.4%. For the three-year period, the Fund earned 8.9% net and for the five-year period, the Fund averaged 6.3% net. Mr. Wan reported on the manager performance noting that Sawgrass Large-Cap Growth was behind the benchmark for the quarter 8.8% vs. 10.6% and for the one-year period 32.1% vs. 36.4%, ranking in the 70th and 66th percentiles, respectively. Cohen & Steers CIT was behind the benchmark for the quarter 2.7% vs. 3.9%. Euro Pacific Growth beat the benchmark for the quarter returning 10.2% vs. 9.0% and for one-year 28.0% vs. 22.1%), ranking in the top 23rd and 40th percentiles, respectively. MEPT private real estate returned 0.9% for the quarter and 4.6% for the one-year period. Sawgrass High Quality Core Fixed Income was behind the benchmark for the quarter declining -0.3% vs. 0.2% and ahead of the benchmark for the one-year period 9.2% vs. 8.7%. For the five-year period, 3.4% vs. 3.0% and ranked in the 53rd percentile. Sawgrass TIPS were ahead of the benchmark for the quarter 1.1% vs. 1.0% and was behind the benchmark for the one-year period 6.4% vs. 6.9%.

Finally, Mr. Wan reported on the Compliance checklist noting that the Equity allocation did not exceed 70% of total assets at market value. All equities were listed on a major U.S. exchange or NASDAQ. No single equity issue exceeded 5% of the equity portfolio. Foreign equities were limited to 25% of total assets. All bond issuers had a quality rating in one of the top 4 classifications by either Standard & Poor's or Moody's. Non-governmental bonds did not exceed 2.0% of the total bond portfolio at market. In closing, Mr. Wan said the Fund was doing well and had no recommendations at this time. After the presentation, Trustee Jurgrau moved to accept the Consultant's report and Trustee Donnelly seconded the motion passed 5-0.

**CONSENT AGENDA: Warrant #297**

Benefits USA, Inc. (Flat Monthly Fee-for February 2020)	\$1,250.00
Benefits USA, Inc. (Bookkeeping Fee for February 2020)	\$225.00
FPPTA (CPPT Re-Certification fees for Butler, Donnelly & Jurgrau @ \$31 each)	\$93.00
KSDT (Final Billing for 9/30/19 Audit-Inv #80934 dated 11/30/19)	\$3,950.00
Salem Trust (Q4-19 Custodian Fee-Invoice #M04382 dated 1/6/2020)	\$3,626.79
Sawgrass Asset Mgmt (Q4-19 Mgmt Fee-Inv #ccf1c7s-123119)	\$14,372.32
Sugarman & Susskind (Legal Fees-Invoice #144887 dated 1/9/2020)	\$1,750.00
<b>Total</b>	<b>\$25,267.11</b>

The Administrator noted that the description on Warrant #297 states that the Administration fee said it was for January but should have been for February. She noted that she would make the correction before sending it to the bank. That being said, Trustee Donnelly moved to approve Warrant #297 as amended and Trustee Butler seconded the motion. The motion passed.

**For Ratification: Warrants #295-296**

Professional Indemnity Group (2020 Fiduciary Liability insurance renewal)	\$4,780.00
Sugarman & Susskind (Legal Fees-Invoice #143151 dated 11/7/19)	\$1,750.00
<b>Total</b>	<b>\$6,530.00</b>
Benefits USA, Inc. (Flat Monthly Fee-for December 2019)	\$1,250.00
Benefits USA, Inc. (Bookkeeping Fee for December 2019)	\$225.00
Benefits USA, Inc. (Flat Monthly Fee-for January 2020)	\$1,250.00
Benefits USA, Inc. (Bookkeeping Fee for January 2020)	\$225.00
Benefits USA, Inc. (Submission of 2019 Audit File)	\$502.50
Burgess Chambers & Assoc. (Q4-19 Consulting Fee-Invoice #19-441)	\$4,750.00
KSDT (Progress Billing for 9/30/19 Audit-Inv #80934 dated 11/30/19)	\$1,200.00
Miller Howard (Management Fees-Invoice #20190826 dated 12/24/19)	\$765.41
Sugarman & Susskind (Legal Fees-Invoice #144104 dated 12/5/19)	\$1,750.00
<b>Total</b>	<b>\$11,917.91</b>

Trustee Butler moved to approve the Consent agenda and Trustee Donnelly seconded the motion and the motion passed.

**NEW BUSINESS:**

**Presentation of 9/30/19 Financial Statements**

Mr. Leventhal reported that they have audited the accompanying financial statements of the City of Cooper City Firefighters Retirement Plan noting that the financial statements presented fairly, in all material aspects, the fiduciary net position of the City of Cooper City Firefighters Retirement Plan as of September 30, 2019 and the changes in its fiduciary net position in accordance with accounting principles generally accepted in the United States of America. Mr. Leventhal reported that the total net position restricted for pensions was restricted for pensions was \$24,983,748, which was 6% lower than the 2018 net position. Total interest and dividend income was \$667,191 which was 10% lower than the 2018 income. Net investment income was \$1,134,770, which was 40% lower than the 2018 income. The total benefits paid directly to retirees were \$1,421,997, which was 17% greater than the benefits paid directly to retirees during 2018. Total contributions for the year were \$1,254,171, which was 7% lower than the 2018 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Employee contributions are 8.45% of their compensation. The Broward Sheriff's Office (BSO), as part of their contractual obligations to the City, picks-up rather than deducts from firefighter's pay 5% of the required contribution rate and submits these contributions on behalf of the participants. The total investments at fair value as of September 30, 2019 were \$24,736,291, a 6% decrease from the investments at September 30, 2018. Revenues were \$2,389,881, which was comprised of total contributions of \$1,254,171, plus net investment income of \$1,134,770, plus other income of \$940. Expenses increased from \$2,378,310 during 2018 to \$3,957,312 during 2019. The receivables were \$275,215; the accounts payable totaled \$27,758; the net position restricted for DROP Benefits is \$2,152,436 and the net position restricted for Defined Benefits \$22,831,312. Mr. Leventhal reported on the plan membership noting that there were a total of 25 members consisting of 22 Inactive Plan participants or beneficiaries currently receiving benefits; 2 Active Plan participants and 1 vested-terminated participant eligible for benefits.

Finally, Mr. Leventhal reported on the Administrative expenses which totaled \$99,285 and consisted of Accounting and audit \$10,038, Actuarial \$34,758, Administrator \$15,000, Insurance \$4,780, Legal \$21,000 and miscellaneous which is dues, membership and trustee travel of \$13,709. Mr. Leventhal said he had nothing further to report. That being said a Trustee Jurgrau moved to approve the financial statements as presented and Trustee Donnelly seconded the motion. The motion passed.

A second motion was made by Trustee Jurgrau to authorize the Chairman to sign the management representation letter. The motion was seconded by Trustee Butler and passed.

#### **Presentation of 10/1/18 Actuarial Valuation**

Mr. Krekora reported on the valuation noting that the actual employer and State contributions for the fiscal year ending September 30, 2019 were \$962,514 by BSO (based on a payment of \$946,677 and a prepaid of \$15,837), \$93,551 by the City, and \$200,485 by the State, for a total of \$1,256,550. The required contribution was \$1,256,550.

Mr. Krekora reported on the revision in benefits noting that subject to the limitations in Section 112.1816, Florida Statutes, effective July 1, 2019, a firefighter who is diagnosed with certain specified cancers is presumed to have contracted those cancers while in the line of duty for purposes of determining the disability or death benefit payable from the Plan. Since the pre-retirement death benefit payable from this Plan is the same regardless of whether or not death occurred in the line of duty, the cancer presumption would have no actuarial impact on the Plan. The current assumption is that 75% of disabilities are service connected. Since there are only 2 active members remaining in the Plan, and such members are less likely to be exposed to cancer causing conditions than less senior members, it is our opinion that the 75% service connected disability assumption is appropriate. Furthermore, the amount of benefit will be almost the same whether the benefit is due to retirement or disability. Therefore, the pre-retirement cancer presumption for disabled members would not have a material actuarial impact on the Plan.

Mr. Krekora reported that there was a net actuarial experience loss of \$325,449 since the last valuation, which means that actual experience was less favorable than expected. The experience loss was mainly due to lower than expected investment return. The investment return was 5.33% based on the actuarial value of assets and 4.51% based on the market value of assets. The funded ratio this year is 87.6% compared to 85.4% last year. The Actuarial Value of Assets exceeds the Market Value of Assets by \$22,437. This difference will be gradually recognized over the next several years, causing the contribution requirement to increase. If Market Value had been the basis for the valuation, the BSO contribution rate would have been 132.14% and the funded ratio would have been 87.5%. Mr. Krekora noted that no changes were made to the assumption rate of 6% was the same for last year's report.

Mr. Krekora concluded his report by noting that the participant data as of 10/1/19 were 2 active members; 24 retirees & beneficiaries including DROP retirees and 1 terminated vested member. That being said, the Attorney noted that a motion was in order to accept the actuary's report. Trustee Butler moved to approve the 10/1/19 Valuation and Trustee Donnelly seconded the motion. The motion passed. Trustee Esiobu left the meeting.

#### **Detail of Administrative Expenses**

The Administrator reported that the actual expenses at 9/30/19 were \$134,418 which did not exceed the budget of \$152,375. The attorney noted that a motion would be in order to accept the expenses. Trustee Donnelly moved to accept the detail of Administrative Expenses and Trustee Butler seconded the motion. The motion passed.

#### **UNFINISHED BUSINESS:**

##### **CCF DROP Plan and Procedures**

Attorney Harrison reported that he drafted ~~up~~ a policy for the current DROP members in the plan. A lengthy discussion ensued regarding the changes of the language in the Ordinance of how members can take their DROP money or if they can invest it in the money market fund. It was noted that this option is not available to the members. Trustee Donnelly noted that the Ordinance should be given to each member in the DROP so that they are aware of what options are available to them when they exit the DROP.

That being said, Trustee Donnelly moved to send the Ordinance to all the DROP members and Trustee Jurgrau seconded the motion. The motion passed 4-0.

**ATTORNEY'S REPORT:**

Attorney Harrison reported on Senate Bill 1270 is pending. This bill requires that Trustees serving in Public office will need to have at least 5 hours of specific education.

Attorney Harrison reported that all documents being posted on the websites should be converted to ADA compliant. The Actuary noted earlier that they cannot make their report ADA compliant however; there are companies that will convert the documents for a cost.

Attorney Harrison also reported on Cyber insurance noting that if the computers are compromised, that this insurance will cover. The Board requested the Administrator to send an email to the vendors to ask if they have Cyber insurance.

**ADMINISTRATOR'S REPORT**

The Administrator had nothing further to report.

**TRUSTEES COMMENTS:**

The Trustees had nothing further to report.

**NEXT MEETING DATE:**

The Administrator noted that the next meeting is on May 6, 2020 at 8:30 am.

**ADJOURNMENT:**

Trustee Donnelly moved to adjourn and Trustee Jurgrau seconded the motion. The meeting was adjourned at 11:50 am.

  
Secretary

7/2/2020  
Date