

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN  
BOARD OF TRUSTEES MEETING  
SUMMARY OF MEETING MINUTES  
October 29, 2014**

Approved \_\_\_\_\_

Approved \_\_\_\_\_

CITY HALL

Chairman Schinder called the meeting to order at 8:33 AM.

- |                             |  |
|-----------------------------|--|
| 1. <u>Roll Call</u>         | <u>Guests</u>  |
| Barry Schinder – present    | Horacio Montes de Oca                                  |
| Bruce Loucks – present      | Grant McMurry – ICC Capital                            |
| Kerri Anne Fisher – present | Gregg Gosch– Sawgrass Asset Management                 |
| James Nacknouch – present   | John McCann – Thistle Asset Consulting                 |
| Roland Berrios – present    | J. Scott Baur & Margie Adcock– Pension Resource Center |
|                             | Richelle Hayes-American Realty                         |
|                             | Michelle Alvarez                                       |
|                             | Adam Levinson – Klausner Kaufman Jensen & Levinson     |

7. Attorney Report – Adam Levinson  
A. BSO Contributions

Mr. Levinson stated that BSO recently raised an issue regarding possible overpayments made to the Plan for employer contributions. He stated that he has had conversations with Mr. Schinder, Mr. Montes de Oca and BSO regarding the issue. He stated that in reviewing all the information BSO is correct. He noted that the employer contribution amount fluctuates every year, but BSO was not adjusting their contribution amount. As such, they have overpaid about \$130,000 to the Plan, which has been verified with the Actuary and Mr. Montes de Oca. Mr. Levinson stated that the appropriate way to give BSO credit for the overpayment is to give them a credit off future contributions. He stated that the Actuary can give a recommendation at the next meeting they attend on how to handle the overpayment. He stated that his recommendation would be to correct the overpayment BSO made to the Plan and make sure in the future that BSO knows exactly what the contribution amount is that they are required to pay to the Plan. There was a lengthy discussion. Ms. Alvarez stated that the Plan was adamant in telling BSO what contribution amount they owed in prior years and would often have to fight with BSO to get the balance owed to the Plan. She noted that even when BSO was told what they were to pay, they would not adjust the payment properly. Mr. Levinson stated that he would advise BSO that the Plan does not dispute the overpayment and that the only issue is how the overpayment will be credited.

Mr. Levinson discussed Senate Bill 534 with the Board. He stated that new law takes effect with the October 1, 2014 valuation reporting cycle and has various new disclosure requirements. There was a lengthy discussion.

B. American Realty Consent Solicitation

Mr. Levinson noted that American Realty has provided the Board with a Consent Solicitation that would allow them to change from a LLC to a Limited Partnership. Ms. Hayes discussed the reason for the request. She stated that other

foreign investors cannot take advantage in investing in their fund if they are a LLC. If American Realty changes to a Limited Partnership, it would be more attractive for foreign investors to invest in their fund. She stated that right now they only invest in US holdings. They have had interest from foreign investors and are always looking to grow. She stated that they would be taking international money but not buying international properties. She stated that this would not have any effect on the Plan. Mr. Levinson stated that he previously spoke with Ms. Hayes about this change. He stated that if American Realty wanted to change how they are organized to put themselves in a better position, he did not see any disadvantages to the Plan. He recommended the Board execute the Consent Solicitation.

9. Old Business

B. Policy Discussion Regarding Procedure for Distribution of Final DROP Account Balances

It was noted that at the last meeting there was discussion on the process for distribution of a final DROP Account and how to credit earnings during the quarter where the distribution was requested. The Board decided to hold back 10% of the DROP Account to account for any possible negative fluctuation in the market before final investment earnings is posted for the quarter in which the distribution is to be made. Mr. Levinson agreed that a hold back would be appropriate to account for any possible negative market fluctuation. He also noted that some plans limit distributions by only allowing quarterly distributions. There was a lengthy discussion.

Adam Levinson departed the meeting.

2. Public Comments

There were no public comments.

5. Presentations

A. American Realty – Richelle Hayes

Ms. Hayes provided a brief background of the firm. She stated that they have nine offices and discussed their professional staff. They have \$6.2 billion under management and have 152 properties. She discussed risk management and client focus. She stated that in the last year they have added about four employees and a new Director of Research. Ms. Hayes reviewed the fundamental principles of their strategy. She stated that they focus on income. They invest in significant innovation hubs/growth clusters. They target supply constrained markets and capture economic diversification to reduce risk. They invest in markets with globally competitive industries. She discussed the specifics of the American Core Realty Fund. The net contributions were \$2,075,000 as of September 30, 2014. The total market value as of September 30, 2014 was \$2,533,824. She stated that the last contribution of \$425,000 was made on October 1, 2014 so they Fund is fully funded as of October 1, 2014. Ms. Hayes reviewed performance as of September 30, 2014. She stated that the total return was 3.06% for the quarter ending September 30, 2014 while the benchmark was up 3.26%. Since inception of January 3, 2011 the total return was 11.68% while

the benchmark was 12.17%. She reviewed the property type strategies and investment highlights. She reviewed the portfolio composition. She discussed the portfolio holdings versus the target ranges. She reviewed diversification across target markets and property type. She discussed leverage and reviewed investment activity and recent transactions.

**B. ICC Capital – Grant McMurry – Quarterly Presentation**

Mr. McMurry reported on performance for the quarter ending September 30, 2014. He stated that he was not very happy with the returns for last quarter. He stated that the market sold off the last two weeks of September. The areas that got hurt were small cap stocks, emerging markets and high yield bonds. It appeared that people were moving out of riskier assets. He stated that the selloff continued in October until about the middle of the month and has now bounced back. He stated that he thinks the money is on the sidelines waiting for the upcoming elections. He does not think interest rates will be more than 3%. He noted that 80% of companies have exceeded their expectation of earnings with 61% of those companies showing earnings being due to sales and not from cutting costs.

Mr. McMurry reviewed the performance of the portfolio. He stated that the total market value as of September 30, 2014 was \$12,806,761. The asset allocation was comprised of 52.2% in value; 30.8% in core fixed; 8.4% in international; and 8.6% in cash.

**C. Sawgrass Asset – Greg Gosch– Quarterly Presentation**

Mr. Gosch provided a brief firm update. He stated that they have recently been hired as a manager for several pension plans. He reported on performance for the quarter ending September 30, 2014. The portfolio was up .5% net of fees for the quarter while the benchmark was up .1%. The Diversified Large Cap Growth portfolio was up 1.7% while the Russell 1000 Growth was up 1.5%. The Diversified Small Cap Growth portfolio was down 1.5% while the Russell 2000 Growth was down 6.1%. The Fixed Income portfolio was up .1% while the benchmark was flat.

Mr. Gosch reviewed the Diversified Large Cap Growth portfolio. He stated that energy is getting hammered in the market. He reviewed the sector breakdown. He reviewed the top ten performers and the bottom ten performers. He stated that there were no changes in terms of adding any holdings or subtracting any holdings to the portfolio.

Mr. Gosch reviewed the Diversified Small Cap Growth portfolio. He reviewed the portfolio holdings and reviewed the portfolio characteristics. He reviewed the sector breakdown and contributions to return.

Mr. Gosch reviewed the fixed income portfolio. He stated that they feel there will be a rise in interest rates in the next six to twelve months. He stated that fixed income is very volatile right now. They have seen 20 basis point moves daily on Treasuries in the last couple of weeks.

D. Thistle Asset Consulting – John McCann – Quarterly Presentation

Mr. McCann reported on performance for the quarter ending September 30, 2014. He stated that the total market value as of September 30, 2014 was \$29,372,000. The asset allocation of the Plan was 43.6% with ICC; 47.7% with Sawgrass; and 8.7% with American Realty. Mr. McCann stated that he recommended putting more money in American Realty to bring it up to 10%. He stated that he would recommend taking \$400,000 from Sawgrass Fixed Income. There was discussion on the amount of cash being held. It was noted that ICC had about \$1,196,000 in cash while Sawgrass had about \$682,000 in cash. Mr. Gosch stated that they are sitting on a little more cash than normal right now.

**Mr. Berrios made the motion to follow the Investment Monitor's recommendation and invest an additional \$400,000 in American Realty. The motion was seconded by Mr. Nacknouch and approved unanimously by voice vote.**

Mr. McCann reviewed the Fund's performance for the quarter ending September 30, 2014. The Fund was up .09% net of fees for the quarter while the benchmark was up .06%. Total equities were down .13% for the quarter while the benchmark was up .09%. Total fixed income was up .07% for the quarter while the benchmark was down .03%. The total ICC portfolio was down .98% for the quarter while their benchmark was down .15%. The total Sawgrass portfolio was up .54% for the quarter while their benchmark was up .06%. With respect to equities, ICC was down 1.43% while their benchmark was down .21% and Sawgrass was up 1.04% while their benchmark was up .11%. With respect to fixed income, ICC was up .06% and Sawgrass was up .08% while their benchmarks were down .03%. American Realty was up 3.10% for the quarter while the NCREIF was up 3.24%. Mr. McCann reviewed the equity analysis of ICC and Sawgrass as well as the aggregate as of September 30, 2014. He reviewed the analysis of the total equity portfolio. He stated that the managers complement each other well. He is very pleased with where the portfolio is at now.

10. New Business

A. Schedule 2015 Meeting Dates

There was a discussion on the 2015 meeting dates. The Board scheduled the dates as follows:

Tuesday, January 27, 2015  
Wednesday, April 29, 2015  
Wednesday, July 29, 2015  
Tuesday, October 27, 2015

Grant McMurry, Gregg Gosch and Richelle Hayes departed the meeting.

9. Old Business

A. Salem Fee Concession – Letter dated August 8, 2014

The Board was provided with a letter dated August 8, 2014 from Salem Trust Company which confirmed the fee concession provided to the Board at the July 30, 2014 Board meeting.

7. Attorney Report

B. American Realty Consent Solicitation (Continued)

The Board further discussed the matter involving American Realty's request for the Board to execute a Consent Solicitation. Mr. McCann recommended the Board sign the Consent.

**Mr. Loucks made the motion to execute the American Realty Consent Solicitation. The motion was seconded by Mr. Berrios and approved unanimously by voice vote.**

9. Old Business

B. Policy Discussion Regarding Procedure for Distribution of Final DROP Account Balances (Continued)

There was further discussion on the process for distribution of a final DROP Account and how to credit earnings during the quarter where the distribution was requested. It was noted that the Board would like to develop a Policy. The Board decided to address this at a future meeting after getting more information.

3. Approval of Minutes Summary for Meeting of July 30, 2014.

The minutes of the meeting of July 30, 2014 were reviewed.

**Mr. Loucks made the motion to approve the minutes of the meeting of July 30, 2014. The motion was seconded by Mr. Nacknuck and approved unanimously by voice vote.**

5A. Bills and Warrants

A. GRS – For actuarial services for period ending 9/30/14 - \$5,717.00

B. Pension Resource Center–For administrative services for August, September and October 2014-\$4,950.00

C. Klausner, Kaufman – For legal services for July and September 2014-\$2,479.50

D. Thistle Asset Consulting – Quarterly Fee for period ending 9/30/14 - \$6,422.00

E. ICC Capital Management – Quarterly Fee for period ending 9/30/14 - \$16,014.08

F. Sawgrass Asset Management–Quarterly Fee for period ending 9/30/14-\$19,259.00

G. Hyatt Regency Coconut Point Resort – Reservation for Roland Berrios- \$525.00

H. FPPTA – Registration for Roland Berrios - \$450.00

**Mr. Berrios made the motion to approve items A-H. Ms. Fisher seconded the motion, which passed unanimously by voice vote.**

5B. Benefit Approvals

A. DROP Distributions –Jerome Mannellino 6/30/14 balance less 10% holdback (\$1,077.14)

B. Applications to Retire – Arthur Scott Wiesel (Normal Retirement); Richard Gaimari (Normal Retirement); Mitchel Correa (Normal Retirement)

C. Application to Enter the DROP – Robert Martin

**Mr. Loucks made the motion to approve items A-C. Mr. Nacknouck seconded the motion, which passed unanimously by voice vote.**

4. Report on Fund Activity as of September 30, 2014 –

Mr. Baur provided an unaudited financial statement as of September 30, 2014. He noted that it was in a different format from that which the Board has previously been provided. He reviewed the Balance Sheet as well as the Income and Expense Sheet. He stated that the Statements conform to the Generally Accepted Accounting Principals and GASB. There was a lengthy discussion on the holding Vodafone.

Mr. Schinder departed the meeting.

8. Plan Administrator – Scott Baur and Margie Adcock

Mr. Baur discussed GASB 67 and 68, which are two new accounting standards. GASB 67 is required this year and GASB 68 is required in 2015. He stated that the Board needed to authorize the Actuary to produce a GASB 67 statement this year. The Board believed this was addressed at a prior meeting.

**Mr. Berrios made the motion to approve any additional costs charged by the Actuary associated with the implementation of GASB 67. Ms. Fisher seconded the motion, which passed unanimously by voice vote.**

11. Board Members Concerns

There were no Board Member Concerns.

12. Adjournment

There being no further business before the Board, motion was made and seconded, and the meeting was adjourned.