

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN  
BOARD OF TRUSTEES MEETING  
SUMMARY OF MEETING MINUTES  
January 27, 2015**

Approved \_\_\_\_\_

Approved \_\_\_\_\_

CITY HALL

Chairman Schinder called the meeting to order at 8:35 AM.

1. Roll Call

<u>Barry Schinder – present</u>	<u>Guests</u>
<u>Bruce Loucks – present</u>	Horacio Montes de Oca
<u>Kerri Anne Fisher – present</u>	Grant McMurry – ICC Capital
<u>James Nacknouch – present</u>	Gregg Gosch– Sawgrass Asset Management
<u>Roland Berrios – present</u>	John McCann – Thistle Asset Consulting
	J. Scott Baur & Margie Adcock– Pension Resource Center
  
2. Public Comments  
There were no public comments.
  
3. Approval of Minutes Summary for Meeting of October 29, 2014.  
The minutes of the meeting of October 29, 2014 were reviewed.  
**Mr. Nacknouch made the motion to approve the minutes of the meeting of October 29, 2014. The motion was seconded by Mr. Loucks and approved unanimously by voice vote.**
  
4. Presentations
  - A. GRS – Actuarial Valuation  
It was noted that the Actuary had not been finalized the Actuarial Valuation as of yet. The Actuary will attend the April meeting to present the Valuation.
  
  - B. ICC Capital – Grant McMurry – Quarterly Presentation  
Mr. McMurry provided a letter dated January 21, 2015 regarding ICC’s entering an agreement with Argent Financial Group, and its subsidiary Highland Capital Management, for ICC to become part of the Highland family. Mr. McMurry stated that there are three partners nearing the end of their career and a situation presented itself that makes sense for the future of their company. He stated that he was the largest shareholder of ICC. He stated that they have been looking for a fixed income company to partner with and had looked into buying Highland Capital three years ago. However, they got out bid by Argent at that time. He stated that Highland recently approached ICC to see if they would like to become part of Argent Financial Group. The agreement was signed on Friday and the closing is scheduled to take effect April 1, 2015. It was noted that ICC would be changing their name to Highland Capital Management. Mr. McMurry stated that this would not change their equity process but noted that they will utilize Highland’s fixed income because they are stronger on the fixed income side. Mr. McCann stated that this is a big change and he has reviewed the situation. He stated that the portfolio will be managed in the same way. On the fixed income

side this change should be beneficial to the portfolio. He stated that they do not anticipate that the Fund will see any substantial change. He recommended keeping an eye on ICC to make sure they continue to do the job that they were hired to do.

Mr. McMurry reported on performance for the quarter ending December 31, 2014. He stated that the total market value as of December 31, 2014 was \$13,659,896. The asset allocation was comprised of 52.5% in value; 30.9% in core fixed; 7.5% in international; and 9.1% in cash. The total portfolio was up 3.57% for the quarter while the benchmark was up 2.46%. The value portfolio was up 6.61% for the quarter while the benchmark was up 4.96%. The international portfolio was down 3.20% for the quarter while the benchmark was down 3.57%. The core fixed portfolio was up 1.13% for the quarter while the benchmark was up 1.20%. Mr. McMurry stated that the market is continuing to reward where they are at but not so much because of fundamentals. He stated that they are in the right place and it is continuing to pay off.

**Mr. Loucks made the motion to approve the assignment of the contract arising from the combination of ICC Capital Management with Highland Capital Management and authorize the Chair to execute the Acknowledgement and Consent Form. The motion was seconded by Mr. Berrios and approved unanimously by voice vote.**

C. Sawgrass Asset – Greg Gosch– Quarterly Presentation

Mr. Gosch provided a market overview. He reviewed the 2014 market returns noting that the S&P 500 beat most of the other asset classes. The US market is still the place to be. Euro is going to be doing a quantitative easing which will continue to strengthen the dollar. Mr. Gosch provided a brief firm update. He stated that they hired three new employees last year so there are now 25 employees. They are celebrating their 17<sup>th</sup> year. It was noted that 9 clients hired them in 1998, including this Plan, and all of those clients are still with them. They hired 14 new clients this past year.

Mr. Gosch reported on performance for the quarter ending December 31, 2014. The portfolio was up 4.7% net of fees for the quarter while the benchmark was up 4.1%. The Diversified Large Cap Growth portfolio was up 6.4% while the Russell 1000 Growth was up 4.8%. The Diversified Small Cap Growth portfolio was up 9.6% while the Russell 2000 Growth was up 10.1%. The Fixed Income portfolio was up .9% while the benchmark was up .9%.

Mr. Gosch reviewed the Diversified Large Cap Growth portfolio. He reviewed the sector breakdown. He reviewed the top ten performers and the bottom ten performers. He stated that this is the third year in a row that the S&P 500 has been up more than 10%. That has not happened since the 1990's. It is also the first time the S&P 500 has had no more than three consecutive negative days in a row. It was noted that it was the worst year for oil since the financial crisis.

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. He stated that the best performer for the quarter was their holding in Denny's.

Mr. Gosch reviewed the fixed income portfolio. He stated that they are keeping a short duration. They expect by the third quarter for short term rates to increase.

D. Thistle Asset Consulting – John McCann – Quarterly Presentation

Mr. McCann reported on performance for the quarter ending December 31, 2014. He reviewed the Callan Periodic Table of Investment Returns. It was noted that for 2014 large cap growth was the highest asset class at 14.89%, with international equities being the worst at a negative 4.90%. This conveys a strong case for diversification across asset classes.

Mr. McCann reviewed the Fund's performance for the quarter ending December 31, 2014. The total market value as of December 31, 2014 was \$31,264,000. The Fund was up 3.86% net of fees for the quarter while the benchmark was up 3.20%. Total equities were up 6.22% for the quarter while the benchmark was up 4.35%. Total fixed income was up 1.07% for the quarter while the benchmark was up .89%. The total ICC portfolio was up 3.54% for the quarter while their benchmark was up 2.27%. The total Sawgrass portfolio was up 4.67% for the quarter while their benchmark was up 4.08%. With respect to equities, ICC was up 5.37% while their benchmark was up 3.05% and Sawgrass was up 7.00% while their benchmark was up 5.70%. With respect to fixed income, ICC was up 1.21% and Sawgrass was up .96% while their benchmarks were up .89%. American Realty was up 1.55% for the quarter while the NCREIF was up 3.25%.

Grant McMurry, Gregg Gosch and John McCann departed the meeting.

5A. Bills and Warrants

- A. GRS – For actuarial services for period ending 12/31/14 - \$6,790.00
- B. Pension Resource Center–For administrative services for November and December 2014 and January 2015-\$4,950.00
- C. Klausner, Kaufman – For legal services for October 2014-\$826.50
- D. Thistle Asset Consulting – Quarterly Fee for period ending 12/31/14 - \$6,422.00
- E. ICC Capital Management – Quarterly Fee for period ending 12/31/14 - \$17,073.67
- F. Sawgrass Asset Management–Quarterly Fee for period ending 12/31/14-\$20,085.00
- G. Rosen Centre Hotel – Reservation for Kerri Anne Fisher- \$435.00
- H. FPPTA – Registration for Kerri Anne Fisher - \$450.00
- I. FPPTA – 2015 Membership Dues - \$600.00
- J. FPPTA – Re-certification for Kerri Anne Fisher - \$30.00

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

5B. Benefit Approvals

- A. DROP Distributions –Jerome Mannellino Final 9/30/14 balance (\$119.58)
- B. Application to Enter the DROP – Greg Butler

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

4. Report on Fund Activity as of December 31, 2014 –

Mr. Baur provided an unaudited financial statement as of December 31, 2014. He stated that the statement will not match the Investment Report because of accruals versus the cash balance. He stated that there would be small variances. The Investment Report is done using settlement date and the financial statement is done using trade date. He reviewed the Balance Sheet as well as the Income and Expense Sheet.

7. Plan Administrator – Scott Baur and Margie Adcock

- A. Salem Trust Client ACH Authorization Agreement

The Board was presented with a Client ACH Authorization Agreement from the Custodian for payment to service providers. It was noted that this was completely voluntary on the part of the service providers. The Authorization would allow the Custodian to contact the various service providers of the Fund to see if they would like to receive their payments via ACH versus by check. There was a lengthy discussion.

**Mr. Berrios made the motion to authorize the Chair to execute the Client ACH Authorization Agreement. Mr. Berrios seconded the motion, which passed unanimously by voice vote.**

8. Old Business

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

It was noted that at prior meetings there was discussion on the process for distribution from the DROP Accounts. There was a lengthy discussion. The Board unanimously decided to not impose any further restrictions on the distributions from DROP accounts because there is no abuse at this time on distributions. The Board will address this at a future point if it becomes necessary.

9. New Business

There was no new business.

10. Board Members Concerns

There were no Board Member Concerns.

11. Adjournment

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