CITY HALL

Chairman Schinder called the meeting to order at 8:36 AM.

1. Roll Call  Guests
   Barry Schinder – present  Horacio Montes de Oca
   Bruce Loucks – present  Grant McMurry – ICC Capital
   Kerri Anne Fisher – present  Dean McQuiddy – Sawgrass Asset Management
   Roland Berrios – present  John McCann – Thistle Asset Consulting
   J. Scott Baur & Margie Adcock – Pension Resource Center
   Jeff Amrose – Gabriel, Roeder, Smith & Company
   Michelle Alvarez

   It was noted that Bob King resigned from the Board.

5. Presentations
   A. Annual Actuarial Valuation – Jeff Amrose
      Mr. Amrose presented the Actuarial Valuation as of October 1, 2013. He noted that the Valuation sets forth the employer contribution for the fiscal year ending September 30, 2015. He stated that the total required contribution is $1,302,015 with $1,031,304 from the City and $270,711 from BSO. He stated that there was a modest decrease from last year. The decrease is due to the investment assumption decreasing from 7.4% to 7.3% and the shortening of the amortization periods from 30 years to 25 years. Mr. Amrose stated that there was a net actuarial loss of $37,518 which was primarily due to an investment return on the actuarial value of assets of 7% which was below the assumed rate of 7.4%. The funded ratio is 77.3% versus 75.9% last year. There was a discussion on mortality tables. Mr. Amrose stated that they currently use the same mortality table for all of the Participants in the Plan. He stated that they are using an updated mortality table. If an outdated mortality table was used, that would generate losses. It was noted that the market value of assets are $1.4 million higher than the smoothed assets. Mr. Amrose stated that if the Plan keeps meeting the investment assumption that will keep downward pressure on the contribution requirement. He reviewed two components of cost: the employer normal cost and the unfunded actuarial accrued liability. He reviewed the reconciliation of plans assets. The total market value of assets as of September 30, 2013 was $25,097,156. He reviewed the reconciliation of DROP Accounts. The total market value of the assets in the DROP Accounts as of September 30, 2013 were $874,312. He reviewed the development of the actuarial value of assets.

      Mr. Berrios made the motion to approve the Actuarial Valuation as of October 1, 2013. The motion was seconded by Mr. Loucks and approved unanimously by voice vote.
Jeff Amrose departed the meeting.

B. ICC Capital – Grant McMurry – Quarterly Presentation

Mr. McMurry reported on performance for the quarter ending March 31, 2014. He reviewed the market environment. He stated that in January stocks went down 2% and bonds went up 4%. He stated that it was the result of forced sell offs where equities were being sold to buy bonds so as to reallocate back to the targets. In February the stock market bounced back. Mr. McMurry noted that value did better than growth in the quarter. He talked about high frequency trading noting that in the 1950’s there was a 4 year average holding period which reduced to 8 months in 2000; 2 months in 2007; and 22 seconds in 2011. He noted that a lot of that change comes from the fact that trading costs are very low now, usually at about 1 cent per share. He stated that ICC does not apply frequency trading. Rather, they buy to hold and noted that trading after 8 months would be on the short side.

Mr. McMurry reviewed the performance of the portfolio. He stated that the total market value as of March 31, 2014 was $12,798,820. The asset allocation was comprised of 51.7% in value; 26.6% in core fixed; 9.1% in international; and 12.5% in cash. The portfolio was up 1.43% net of fees for the quarter while the benchmark was up 1.73%. Value was up 2.12% while the S&P 500 was up 2.42%. International was down .13% while the EAFE was up .66%. Cored Fixed was up 1.18% while the benchmark was up 1.13%.

C. Sawgrass Asset Management – Greg Gosch – Quarterly Presentation

Mr. McQuiddy reported on performance for the quarter ending March 31, 2014. He provided a brief background of the firm. He stated that they work with 80 Florida pension plans. He reviewed their investment team and noted that they have never lost an investment professional. Mr. McQuiddy discussed the market environment. He stated that large cap did better than small cap for the quarter. He stated that it was a very volatile quarter.

Mr. McQuiddy reviewed the performance of the portfolio. He stated that the total market value as of March 31, 2014 was $13,852,242. The asset allocation was comprised of 62% in equities; 36% in fixed income; and 2% in cash. The portfolio was up 1.4% net of fees for the quarter while the benchmark was up 1.2%. The Diversified Large Cap Growth portfolio was up 1.9% while the Russell 1000 Growth was up 1.1%. The Diversified Small Cap Growth portfolio was up 1.5% while the Russell 2000 Growth was up .5%. The Fixed Income portfolio was up 1.3% while the benchmark was up 1.0%.

Mr. McQuiddy reviewed the Diversified Large Cap Growth portfolio and the buys and sells for the quarter. He stated that they sold UPS and bought Fed Ex because they thought Fed Ex was a better value. He compared the Sawgrass Diversified Large Cap Growth portfolio to the Russell 1000 Growth. He stated that they have preserved capital in tough markets and participated in up markets. They have consistent results across various markets with an average return of 6.25% versus 4.39% since inception of March 31, 1998 through March
31, 2014. Mr. McQuiddy reviewed the Diversified Small Cap Growth portfolio. He reviewed the portfolio characteristics. He reviewed the top 10 holdings in the portfolio. He stated that 75% to 80% of the holdings in the portfolio exceed the analysts forecast. He reviewed the fixed income portfolio. He stated that the outlook is consistent. Interest rates will go up but they do not know when or by how much. They are underweight in Treasuries and overweight in corporates. They are defensively positioned being shorter than the market.

D. Thistle Asset Consulting – John McCann – Quarterly Presentation

Mr. McCann reported on performance for the quarter ending March 31, 2014. He stated that the total market value as of March 31, 2014 was $29,045,000. The asset allocation of the Plan was 44.1% with ICC; 47.7% with Sawgrass; and 8.2% with American Realty. Mr. McCann noted that the Board previously approved an additional allocation to American Realty which he thought would be called on April 1. However, American Realty was not ready to call the money in April, but should be calling in in the next month or two. He noted that the money for the call will come from the Sawgrass Fixed Income portfolio. Mr. McCann stated that he was not recommending any other changes at this time.

Mr. McCann reviewed the Fund’s performance for the quarter ending March 31, 2014. The Fund was up 1.51% net of fees for the quarter while the benchmark was up 1.45%. Total equities were up 1.84% for the quarter while the benchmark was up 1.56%. Total fixed income was up 1.40% for the quarter while the benchmark was up 1.0%. The total ICC portfolio was up 1.43% for the quarter while their benchmark was up 1.70%. The total Sawgrass portfolio was up 1.34% for the quarter while their benchmark was up 1.21%. With respect to equities, ICC was up 1.84% while their benchmark was up 2.05% and Sawgrass was up 1.81% while their benchmark was up 1.32%. With respect to fixed income, ICC was up 1.53% and Sawgrass was up 1.29% while their benchmarks were up 1.0%. American Realty was up 2.95% for the quarter while the NCREIF was up 2.50%. There was discussion on ICC. It was noted that their 5 year return was 12.69% but they were ranked in the 99th percentile. Mr. McCann stated that much of that is due to the conservative nature of the Fund’s Investment Policy Statement. There are a lot of stocks that they are not allowed to hold under the Investment Policy Statement that are allowed in the benchmark to which they are compared. Additionally, there is an issue of survivorship where half of the firms they are being compared to have not even been around for 5 years. As such, the longer time period becomes more of an issue. Mr. McCann stated that the Fund’s managers do different things to bring diversification and noted that the diversification here is working.

Grant McMurry and Dean McQuiddy departed the meeting.

7. Old Business
   A. Salem Trust Fee Request

The Board was provided with a Memorandum dated April 20, 2014 from the Administrator regarding the request by the Board to have Salem Trust reduce
and waive fees for the period of time during the Custodian’s system conversion. It was noted that Salem Trust has offered to meet with the Board as well as reduce fees for three quarters in 2013. Mr. McCann stated that he has two other pension plans where Salem has offered to reduce fees as well. He stated that Salem is addressing the issue on a case by case basis. It appeared that perhaps there might have been more of a problem in this Plan than the other plans Mr. McCann referred to so perhaps more of a concession should be made. The Board decide to have Salem Trust attend the next Board meeting.

John McCann departed the meeting.

2. Approval of Minutes Summary for Meeting of January 22, 2014.
   The minutes of the meeting of January 22, 2014 were reviewed. Mr. Loucks made the motion to approve the minutes of the meeting of January 22, 2014. The motion was seconded by Mr. Berrios and approved unanimously by voice vote.


   Mr. Montes de Oca provided the Board with four reports for the months ended December 31, 2013 through March 31, 2014. He stated that he did not have the information at the last meeting because he was not able to obtain the information from Salem Trust due to the trouble Salem was experiencing with the system conversion. He noted that there was a big fluctuation in the last four months with regard to unrealized gain/loss.

   Mr. Montes de Oca reported on the performance for the month of December 2013.
   Portfolio Composition
   - Cash and equivalents: 5.76%
   - Equities: 57.84%
   - Fixed income: 28.23%
   - Real Estate: 8.17%
   - Carrying value: $25.32 million
   - Market value: $28.67 million
   - Unrealized GAIN/(LOSS): $402,690.00
   - Total Income: $60,385.00
   - Realized GAIN/(LOSS): $(22,150.00)
   - Investment Income: $82,535.00
   - Contributions: $52,178.00
     - Employer contributions: $14,726.00
     - Employee contributions: $37,452.00

   Mr. Montes de Oca reported on the performance for the month of January 2014.
   Portfolio Composition
   - Cash and equivalents: 7.99%
Equities 54.92%
Fixed income 28.80%
Real Estate 8.29%
Carrying value $25.75 million
Market value $28.26 million
Unrealized GAIN/(LOSS) $(490,553.00)
Total Income $34,968.00
   Realized GAIN/(LOSS) $(6,096.00)
   Investment Income $41,064.00
Contributions $118,322.00
   Employer contributions $57,849.00
   Employee contributions $60,471.00

Mr. Montes de Oca reported on the performance for the month of February 2014.
Portfolio Composition
   Cash and equivalents 7.07%
   Equities 55.65%
   Fixed income 29.16%
   Real Estate 8.12%
Carrying value $25.75 million
Market value $28.83 million
Unrealized GAIN/(LOSS) $650,079.00
Total Income $20,703.00
   Realized GAIN/(LOSS) $(12,790.00)
   Investment Income $33,493.00
Contributions $46,200.00
   Employer contributions $10,949.00
   Employee contributions $35,250.00

Mr. Montes de Oca reported on the performance for the month of March 2014.
Portfolio Composition
   Cash and equivalents 6.67%
   Equities 56.55%
   Fixed income 28.70%
   Real Estate 8.08%
Carrying value $25.89 million
Market value $28.99 million
Unrealized GAIN/(LOSS) $143,107.00
Total Income $42,767.00
   Realized GAIN/(LOSS) $(6,927.00)
   Investment Income $49,694.00
Contributions $117,458.00
   Employer contributions $57,256.00
   Employee contributions $60,202.00
4A. Bills and Warrants
   A. GRS – For actuarial services for period ending 3/31/14 - $4,514.00
   B. Pension Resource Center–For administrative services for March and April 2014-$3,300.00
   C. Klausner, Kaufman – For legal services for January and February 2014-$912.00
   D. FMIT – Fiduciary Liability Insurance - $5,004.22
   E. Cooper City–Reimbursement for FPPTA payment – Kerri Anne Fisher - $1,078.26
   F. Thistle Asset Consulting – Quarterly Fee for period ending 3/31/14 - $6,422.00
   G. ICC Capital Management – Quarterly Fee for period ending 3/31/14 - $16,002.96
   H. Sawgrass Asset Management–Quarterly Fee for period ending 3/31/14-$19,047.00

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

4B. Benefit Approvals
   A. Refund of Contributions – Erika Cooper ($26,895.95) and Lisa Provost ($37,573.27)
   B. Vested Deferred Benefit – Mitchel Correa
   C. DROP Distributions – Luther Gimblet total distribution ($71,361.42); Jerome Mannellino partial distributions ($2,500.00 and $1,250.00) and monthly recurring distribution of $275.00)
   D. Applications to Retire – Lynn Duvall (Early Retirement) and Luther Gimblet (DROP Separation)

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

Ms. Alvarez stated that James Bowman is a member in the DROP that has recently extended his DROP period by 22 months. She stated that he entered the DROP 22 months late and elected to take advantage of extending his DROP within the time frame allowed by submitting signed paperwork.

   Mr. Berrios made the motion to allow James Bowman to extend his DROP period by 22 months. Mr. Loucks seconded the motion, which passed unanimously by voice vote.

6. Plan Administrator – Scott Baur and Margie Adcock
   A. Transition Update
      Mr. Baur stated that things are moving along with the transition. He stated that he has made a request of the City for both current and historical payroll.
   B. Salem Trust – Authorized Signors
      Mr. Baur stated that an updated Authorized Signors Form needed to be completed for the Custodian. The last Form was done in July 2011. The Form needed to be updated to be current and provide for the addition of the Administrator.
Mr. Berrios made the motion to update the Authorized Signors Form for Salem Trust. Mr. Loucks seconded the motion, which passed unanimously by voice vote.

C. Member Introduction Letters
Mr. Baur provided the Board with a proposed letters to be sent to the active and retired Participants in the Plan. The letters would advise the Participants of their role as the new Administrator and provide them with various contact information for their office and website.

D. Summary of Plan Provisions
Mr. Baur provided the Board with a draft of his Summary of Plan Provisions. He stated that the Summary does not include the most recent DROP Ordinance that was passed, but reflects all other current benefits. He stated that he uses the Summary as a guide to programming their system. He asked the Board to review the Summary carefully because this is how benefits will be calculated.

E. Member Workshop
There was discussion on holding a Member Workshop. It was noted that it might be possible to do it after the next Board meeting.

F. PRC Website Information
Mr. Baur stated that they have already set up the Plan on their website. The website includes information such as the names of the Trustees, minutes, forms, investment reports, etc.

8. New Business
A. Board Vacancy
It was noted that Bob King resigned from the Board because he was no longer a City resident. The City is working on finding a replacement Trustee.

9. Board Members Concerns
There was discussion on attendance at educational seminars and conferences. Mr. Baur discussed the process for registering for such conferences and for reimbursement of expenses associated with attending such conferences.

10. Adjournment

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