

**COOPER CITY GENERAL EMPLOYEES PENSION PLAN
BOARD OF TRUSTEES MEETING
SUMMARY OF MEETING MINUTES
April 29, 2015**

Approved _____

Approved _____

CITY HALL

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

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| 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 Nacknouck – present | Brendon Vavrica – Thistle Asset Consulting |
| Roland Berrios – present | Margie Adcock– Pension Resource Center |
| | Melissa Algayer-Gabriel, Roeder, Smith & Company |

2. Public Comments
There were no public comments.

4. Presentations
C. Sawgrass Asset – Greg Gosch– Quarterly Presentation

Mr. Gosch provided a brief firm update. He stated that there have been no changes on the investment team and no significant changes to the portfolio. He noted that they have added nine new clients this year.

Mr. Gosch reported on performance for the quarter ending March 31, 2015. He stated that they underperformed in the quarter, with most of the underperformance due to large cap growth. The portfolio was up 2.1% net of fees for the quarter while the benchmark was up 2.6%. The Diversified Large Cap Growth portfolio was up 1.6% while the Russell 1000 Growth was up 3.8%. The Diversified Small Cap Growth portfolio was up 7.7% while the Russell 2000 Growth was up 6.6%. The Fixed Income portfolio was up 1.4% while the benchmark was up 1.5%. The asset allocation for the quarter ending March 31, 2015 was 64% in equities; 33% in fixed income; and 3% in cash.

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 reviewed the portfolio characteristics and the holdings in the portfolio as of March 31, 2015.

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 bonds are a very expensive investment right now compared to the amount of risk taken. He stated that they have lessened the duration to about 10% less than the Index.

Mr. Gosch discussed their proxy voting process. He stated that they hire ISS, a third party, to do their proxy voting. He stated that they try to represent the Fund's interest without spending a lot of the Plan's money on proxy voting.

Although they are not required, they send out their voting policy each year to their clients and provide their proxy voting summary each quarter. He stated that he would be happy to obtain information on any specific proxy voting the Board would be interested in.

B. Highland Capital Management (formerly ICC Capital) – Grant McMurry – Quarterly Presentation

Mr. McMurry reported on performance for the quarter ending March 31, 2015. He stated that the total market value as of March 31, 2015 was \$13,785,628. The asset allocation was comprised of 51.4% in value; 30.6% in core fixed; 8.5% in international; and 9.5% in cash. The total portfolio was up 1.72% for the quarter while the benchmark was up 1.19%. The value portfolio was up 1.74% for the quarter while the benchmark was up .11%. The international portfolio was up 4.31% for the quarter while the benchmark was up 4.88%. The core fixed portfolio was up 1.41% for the quarter while the benchmark was up 1.32%. Mr. McMurry stated that he thought the Fed has to be concerned about the strength of the dollar. If the Fed raises rates, the dollar will be even more attractive. He stated that they do not want it to go up that much more. It is not good to have a strong dollar for a significant amount of time. The Fed is under pressure to not raise rates.

A. GRS – Actuarial Valuation- Melissa Algayer

Ms. Algayer presented the Actuarial Valuation as of October 1 2014. She noted that the Valuation sets forth the employer contribution for the fiscal year ending September 30, 2016. She stated that the total required contribution is \$1,097,743 with \$889,989 from the City and \$207,754 from BSO. It was noted that BSO over contributed to the Fund in 2013 and 2014. As such, BSO will be given a credit for \$174,004. The BSO contribution of \$270,711 for the fiscal year ending September 30 2015 will be reduced by \$174,004.

Ms. Algayer noted that the funded ratio is 80.8% versus 77.3% last year. She reviewed the revisions in the actuarial assumptions and methods. She stated that the investment assumption was decreased from 7.3% to 7.2%. She noted that the investment assumption will be reduced by .1% each year until the rate reaches 6.5%. It was noted that the amortization of the unfunded actuarial accrued liability was reduced from 26 years to 24 years as of October 1, 2014. This amortization period will continue to be reduced by one year each year.

Ms. Algayer discussed the actuarial experience. She stated that there was a net actuarial gain of \$736,566 which was primarily due to lower than expected salary increases and a recognized investment return above the assumed rate. The investment return was 10.8% based on market value and 9.3% based on the actuarial value of assets versus the assumed rate of 7.3%. It was noted that the gains were partially offset by a loss primarily due to establishment of a prepaid contribution of \$174,004 from BSO. It was noted that salaries were 1.9% versus the expected rate of 6%. Ms. Algayer stated that the market value of assets exceeded the actuarial value of asserts by about \$2 million.

Ms. Algayer reviewed the new GASB reporting requirements. She discussed GASB 67 regarding the net pension liability and related ratios. She discussed GASB 68 and noted that it related to employer reporting. She stated that some plans have the employer pay for the expenses related to the GASB 68 reporting while other plans have the pension plans paying for the expenses related to the reporting. It was noted that if the pension plan pays for the expenses, those expenses are passed through to the employer anyway as an administrative expense of the Plan.

Ms. Algayer provided a letter dated October 29, 2014 regarding SB 534. It was noted that SB 534 requires additional disclosure requirements that must be filed within 60 days of acceptance of the Valuation. She stated that the fee associated with such disclosure requirements would be between \$2,500 and \$3,000. There was a lengthy discussion.

Mr. Loucks made the motion to approve the additional actuarial fee associated with compliance with SB 534. The motion was seconded by Mr. Berrios and approved unanimously by voice vote.

Mr. Loucks made the motion to approve the Actuarial Valuation as of October 1, 2014. The motion was seconded by Mr. Berrios and approved unanimously by voice vote.

Mr. Vavrica recommended the Board set the expected rate of investment return at 7.2% for next year, the next several years, and for the long term as is required by the State.

Mr. Loucks made the motion to set the expected rate of investment return at 7.2% for next year, the next several years, and for the long term as is required by the State. The motion was seconded by Mr. Berrios and approved unanimously by voice vote.

Grant McMurry and Gregg Gosch departed the meeting.

D. Thistle Asset Consulting – Brendon Vavrica – Quarterly Presentation

Mr. Vavrica reviewed the market environment. He stated that active managers are having better opportunities in the last two quarters, which has really has not been the case in the last five years. Mr. Vavrica reviewed the Fund's performance for the quarter ending March 31, 2015. The total market value as of March 31, 2015 was \$31,669,000. The Fund was up 2.16% net of fees for the quarter while the benchmark was up 1.66%. Total equities were up 2.58% for the quarter while the benchmark was up 1.58%. Total fixed income was up 1.56% for the quarter while the benchmark was up 1.45%. The total ICC portfolio was up 1.75% for the quarter while their benchmark was up .85%. The total Sawgrass portfolio was up 2.12% for the quarter while their benchmark was up 2.55%. With respect to equities, ICC was up 2.29% while their benchmark was up .53% and Sawgrass was up 2.82% while their benchmark was up 3.06%. With respect to fixed income, ICC was up 1.80% and Sawgrass was up 1.35% while their benchmarks were up 1.45%. American Realty was up 4.18% for the quarter while the NCREIF was up 3.40%.

Brandon Vavrica and Melissa Algayer departed the meeting.

3. Approval of Minutes Summary for Meeting of January 27, 2015.
The minutes of the meeting of January 27, 2015 were reviewed.
Mr. Berrios made the motion to approve the minutes of the meeting of January 27, 2015. The motion was seconded by Mr. Nacknouch and approved unanimously by voice vote.

5A. Bills and Warrants

- A. GRS – For actuarial services for period ending 3/31/15 - \$6,922.00
 - B. Pension Resource Center–For administrative services for February, March and April 2015-\$5,049.00
 - C. Klausner, Kaufman – For legal services for March 2015-\$342.00
 - D. FMIT – Renewal of Fiduciary Liability Insurance - \$5,182
 - E. Thistle Asset Consulting – Quarterly Fee for period ending 3/31/15 - \$6,743.00
 - F. ICC Capital Management – Quarterly Fee for period ending 3/31/15 - \$17,234.57
 - G.. Sawgrass Asset Management–Quarterly Fee for period ending 3/31/15-\$20,362.00
 - H. Kerri Anne Fisher – Expense Reimbursement for FPPTA School- \$399.30
- Mr. Loucks 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 –Steve Younghans partial distributions (\$15,000.00 and \$10,000.00) and monthly recurring distribution of \$500.00
 - B. Application to Retire – Jane Filos
- Mr. Loucks made the motion to approve items A-B. Mr. Berrios seconded the motion, which passed unanimously by voice vote.**

6. Report on Fund Activity as of March 31, 2015

The Board was provided an unaudited financial statement as of March 31, 2015. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.

7. Plan Administrator –Margie Adcock

A. Refund of Contributions -Brett Neiviller

It was noted that Brett Neiviller has requested a refund of contributions from the Fund. The City advised the Administrator that it inadvertently overpaid Mr. Neiviller by issuing him an extra paycheck and asked that the amount that was overpaid be deducted from the pension contribution amount to be refunded. Ms. Adcock stated that after discussing the matter with the Chair, the Attorney was asked to provide an opinion on whether the Fund could deduct the amount overpaid by the City from Mr. Neiviller's refund of pension contributions. The Attorney advised that the Fund could not deduct the amount overpaid by the City.

8. Old Business

There was no old business.

9. New Business

A. Conflict of Interest Question Regarding Primerica

It was noted that a Trustee asked the Attorney regarding a conflict of interest question regarding possible employment with Primerica. The Board reviewed the Attorney's response noting that there would be no conflict of interest as the Board does not currently have any relationship with Primerica.

B. Salem Trust Company SSAE-16

The Board was provided with a copy of the most recent SSAE-16 of Salem Trust Company. The Board discussed the adverse opinion and various options available. The Board decided to discuss this further at the next meeting.

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.