

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

Approved \_\_\_\_\_

Approved \_\_\_\_\_

CITY HALL

Chairman Schinder called the meeting to order at 8:34 AM.

1. Roll Call

Barry Schinder – present  
Bruce Loucks – present  
Kerri Anne Fisher – present  
James Nacknouch – present  
Roland Berrios – present

Guests

Horacio Montes de Oca  
Grant McMurry & Todd Wishnia– ICC Capital  
Gregg Gosch– Sawgrass Asset Management  
John McCann – Thistle Asset Consulting  
Margie Adcock– Pension Resource Center  
Brad Rinsem & Karen Russo, Salem Trust

2. Public Comments

There were no public comments.

4. Presentations

D. Salem Trust Company – Brad Rinsem and Karen Russo

Brad Rinsem and Karen Russo appeared before the Board. Mr. Rinsem briefly discussed the background of their SSAE-16. He noted that their previous report was done for the period during their conversion process and resulted in an unsatisfactory report. He presented the current SSAE-16. It was noted that the same auditors looked at the same criteria and found that there were no exceptions for Salem Trust. Mr. Rinsem highlighted a couple of items in the report such as the scope of the audit, the opinion, and the eleven controls tested. He stated that for Salem, it is back to business as normal. They have always been recognized for their superior service and he apologized to the Board for what they went through last year during the conversion and the issues associated with it. It was noted that there was an exception noted in the current SSAE-16. Mr. Rinsem stated that it was on the GreatBanc side that deals with ESOPs, not the Salem side that deals with custody. He stated that the exception had absolutely nothing to do with the Salem side. He stated that they deal with 200 municipal plans and there has not been one instance where any client went through an audit where any irregularity was found that caused a problem with their plan.

There was then discussion on the September 30, 2015 statements related to Sawgrass that have been delayed related to a transaction involving DirecTV to AT&T. Mr. Rinsem stated that it is a unique asset which needs to be corrected in their SunGard system. The holding caused the statements to be out of balance and they are in the process of trying to correct the issue. Mr. McCann stated that he was presenting a preliminary report as the market value for Sawgrass was not exactly accurate. As such, his report will change a little bit once the final custodial statements are received. Mr. Rinsem stated that he will waive the fee for this inconvenience, which will be reflected in the December 31, 2015 invoice.

Brad Rinsem, Karen Russo and Bruce Loucks departed the meeting.

A. 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 stated that in the last two years they have added 28 new clients. Their firm has \$3.7 billion in assets under management.

Mr. Gosch reported on performance for the quarter ending September 30, 2015. The total market value of the portfolio was \$13,857,244 as of September 30, 2015. The portfolio was down 2.7% net of fees for the quarter while the benchmark was down 4.5%. The Diversified Large Cap Growth portfolio was down 4.5% while the Russell 1000 Growth was down 5.3%. The Diversified Small Cap Growth portfolio was down 5.2% while the Russell 2000 Growth was down 13.1%. The Fixed Income portfolio was up .8% while the benchmark was up 1.0%. The asset allocation for the quarter ending September 30, 2015 was 49% in large cap growth equities; 13.7% in small cap growth equities; 33.7% in fixed income; and 3.5% in cash.

Mr. Gosch reviewed the Diversified Large Cap Growth portfolio. He reviewed the top ten performers and the bottom ten performers. He reviewed the attribution of the portfolio. He stated that it was the most active quarter in the past three or four years. He reviewed the new holdings in the portfolio – McDonald's Corporation; McCormick & Company, Inc. and United Heath Group, Inc. He stated that it was a negative quarter with the pullback that they had been expecting since last year. He noted that everything that was negative last quarter is positive now. The volatility continues in the market. He feels like the portfolio is still in good position.

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 the Fed delayed the anticipated rate hike. He stated that they are still conservative and are staying somewhat short in duration.

B. Highland Capital Management – Grant McMurry & Todd Wishnia – Quarterly Presentation

Mr. McMurry reported on performance for the quarter ending September 30, 2015. He stated that the total market value as of September 30, 2015 was \$12,626,070. The asset allocation was comprised of 50.6% in value; 39.2% in core fixed; 8.0% in international; and 2.2% in cash. The total portfolio was down 4.7% for the quarter while the benchmark was down 4.84%. The value portfolio was down 7.31% for the quarter while the benchmark was down 8.39%. The international portfolio was down 11.32% for the quarter while the benchmark was down 10.23%. The core fixed portfolio was up .92% for the quarter while the benchmark was up 1.08%. Mr. McMurry stated that he thinks stocks are relatively cheap. He thinks small cap will make a turnaround pretty soon. The market is

doing better in October, although it is still very volatile. He thinks that the market is more concerned with the psychology of the volatility than the reality of it. He thinks the Fed is concerned with strengthening the dollar and hurting the domestic markets.

C. Thistle Asset Consulting – John McCann – Quarterly Presentation

Mr. McCann reviewed the market environment. He reviewed the Fund's performance for the quarter ending September 30, 2015. The total market value as of September 30, 2015 was \$29,663,000. The Fund was down 3.05% net of fees for the quarter while the benchmark was down 3.87%. Total equities were down 6.25% for the quarter while the benchmark was down 7.46%. Total fixed income was up .80% for the quarter while the benchmark was up .95%. The total Highland Capital portfolio was down 4.71% for the quarter while their benchmark was down 5.21%. The total Sawgrass portfolio was down 2.89% for the quarter while their benchmark was down 4.47%. With respect to equities, Highland Capital was down 8.05% while their benchmark was down 8.11% and Sawgrass was down 4.63% while their benchmark was down 7.04%. With respect to fixed income, Highland Capital was up .81% and Sawgrass was up .80% while their benchmarks were up .95%. American Realty was up 3.03% for the quarter while the NCREIF was up 3.68%. Mr. McCann stated that August and September really hurt. He stated that the numbers might change slightly based on the finalized custodian statements for Sawgrass for September 30<sup>th</sup>.

Mr. McCann reviewed the aggregate equity analysis as of September 30, 2015. He reviewed the current investment style which shows the Fund is well diversified. He reviewed the percentage holding in net assets. Apple is the highest at 2.10%. Out of 212 stocks, 9 are in both portfolios. He reviewed the current investment style of Highland Capital and of Sawgrass.

Mr. McCann provided an asset allocation analysis. He noted that at the last meeting the Board discussed adding more to the real estate portfolio. He stated that the Board had hired a real estate manager as an alternative to fixed income. He reviewed the investment alternative asset allocations with four different mixes: 2%, 3% or 5% from fixed income to real estate or 3% from equities to real estate. He stated that all of the mixes from fixed income to real estate show more return with extra risk. The mix from equities to real estate shows no extra return with no extra risk. He stated that he does not think fixed income is going anywhere anytime soon. Real estate is doing well. He thinks 5% is a bit aggressive, but thinks 3% from fixed income would be a good move. There was a lengthy discussion. Mr. Nacknouch stated that he was not comfortable with adding more risk to the portfolio. Mr. Schinder thought that Sawgrass and Highland had too much in fixed income and thought a move to real estate would be best. There was further discussion.

**Mr. Berrios made a motion to allocate an extra 3% to real estate from fixed income. The motion was seconded by Ms. Fisher and approved 3-1 by voice vote. Mr. Nacknouch opposed the motion.**

Mr. McCann stated that he would determine where to pull the money from at the time of the capital call. He stated that the money will be taken from fixed income;

it will be just be a matter of from which manager he will take it from. He will use the capital call as a form of rebalancing the portfolio, not punishing any manager.

Greg Gosch departed the meeting.

9. New Business

A. Schedule 2016 Meeting Dates

Ms. Adcock provided proposed meeting dates for 2016. It was noted that since there were no fifth Wednesdays in the first months of the quarter in 2016, she proposed meeting on the fourth Tuesday of those months. It was reported that there is a conflict with a City meeting on the fourth Tuesday of those months. The Board decided to meet on the last Thursday of the first month of each quarter.

3. Approval of Minutes Summary for Meeting of July 29, 2015.

The minutes of the meeting of July 29, 2015 were reviewed.

**Mr. Berrios made the motion to approve the minutes of the meeting of April 29, 2015. 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 9/30/15 - \$5,458.00

B. Pension Resource Center–For administrative services for August, September and October 2015-\$5,598.50

C. Thistle Asset Consulting – Quarterly Fee for period ending 9/30/15 - \$6,743.00

D. Highland Capital Management – Quarterly Fee for period ending 9/30/15 - \$15,799.74

E. Sawgrass Asset Management–Quarterly Fee for period ending 9/30/15-\$19,054.00

F. Ellen Schaffer- For computer programming services for August 2015 - \$4,628.75

G. Naples Grande Beach Resort – Reservation for Roland Berrios- \$537.00

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

I. FPPTA – Registration for Kerri Anne Fisher - \$450.00

J. City of Cooper City – Expense Reimbursement for FPPTA School- \$401.98

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

5B. Benefit Approvals

A. DROP Distributions –Steve Younghans partial distributions (\$10,000.00 and \$10,000.00); Bradley Sicari 6/30/15 final (\$31,203.86); Linda Victor 6/30/15 balance less 10% holdback (\$131,379.11)

**Mr. Nacknuck made the motion to approve item A. Mr. Berrios seconded the motion, which passed unanimously by voice vote.**

B. DROP Distribution Request – James Bowman recurring monthly distribution to begin January 1, 2016 (\$4,200.00). It was noted that the Plan provides that some form of payment shall be made from the DROP account no more than 90 days after separation from the City. Mr. Bowman's request for a monthly distribution to

begin on January 1, 2016 would be more than 90 days after his separation from service with the City. There was a lengthy discussion. The Board stated that while they wanted to be able to approve Mr. Bowman's request, they felt that they needed to keep in compliance with the Ordinance.

**Mr. Berrios made the motion to advise Mr. Bowman that he would need to withdraw some amount in November and December in order to keep in compliance with the Ordinance, and could increase the amount withdrawn beginning January 1, 2016. Mr. Nacknouch seconded the motion, which passed unanimously by voice vote.**

6. Report on Fund Activity as of August 30, 2015

The Board was provided an unaudited financial statement as of August 30, 2015. The Board reviewed the Balance Sheet as well as the Income and Expense Sheet.

7. Plan Administrator –Margie Adcock

There were no further items to report.

8. Old Business

There was no old business.

9. New Business

B. Actuary GASB Statement No. 68 Implementation Package

The Board reviewed the GASB Statement No. 68 Implementation Package dated September 18, 2015.

**Mr. Berrios made the motion to approve authorizing the Actuary to prepare the necessary GASB Statement No. 68 Report. Ms. Fisher seconded the motion, which passed unanimously by voice vote.**

C. NCPERS Code of Conduct for Public Pension Service Providers

The Board reviewed an email from the Attorney dated October 14, 2015 regarding the NCPERS Code of Conduct for Public Pension Service Providers. It was noted that the Attorney recommended that all public pension plans review the Code of Conduct and consider adopting it. Schedule A to the Code identifies organizations that actively work against public pension plans. 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.