

**BAL HARBOUR VILLAGE POLICE OFFICERS'
PENSION PLAN AND TRUST**

2nd Floor Conference Room
655 – 96th Street, Bal Harbour, Fl 33154
REGULAR QUARTERLY MEETING – APRIL 22ND, 2013

1. Call to Order – Chairperson Lois L. Evans called the meeting of the Bal Harbour Village Police Officers' Pension Plan and Trust to order at 3:02 P.M.

Roll Call

Present

Lois Evans, Chairperson
Paul Eppler, Secretary
Dr. Abraham Gotman

Absent

Alex Alvarez
Daniel Gold

OTHERS PRESENT: Patrick Donlan from Foster & Foster, Inc., Greg Gosch from Sawgrass Asset Management, John McCann from Thistle Asset Consulting, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Clerk to the Board of Trustees.

2. Additions/Deletions to Agenda – None.

3. Approval of Minutes for Meeting of January 21st, 2013. Chairperson Evans presented the minutes from the previous meeting for approval. Paul Eppler moved to approve. Dr. Gotman seconded the motion. The motion carried unanimously.

4. Approval of Warrant #080. Chairperson Evans presented the invoices listed on Warrant #080 for approval and payment. Paul Eppler moved to approve payment. Dr. Gotman seconded the motion. The motion carried unanimously, authorizing payment of the following:

Cypen & Cypen, February, March & April, 2013 Retainers @ \$2,000 each	\$ 6,000.00
Joan L. Wall, 1/14 – 4/9/13; 51 3/4 hrs @ \$41.60, plus expenses \$130.93	\$ 2,283.73
Salem Trust Co., Custody Fee for quarter ending 3/31/13	\$ 2,330.92
Sawgrass Asset Management; Investment Fee for Qtr Ending 3/31/13	\$21,393.00
Thistle Asset Consulting, Inc., Performance Report for Qtr Ending 3/31/13	\$ 3,900.00
Marcum, Invoice #10436037 dated 1/31/13 (final billing)	\$ 2,929.00
Foster & Foster, Inc.	\$ 6,586.00
<u>TOTAL FOR WARRANT #080</u>	<u>\$41,901.75</u>

5. UNFINISHED BUSINESS – None

NEW BUSINESS

6. a) Approve Commencement of Benefits and Distributions from DROP.

Chairperson Evans presented the four items on the agenda for approval and payment. Paul Eppler moved to approve payment. Dr. Gotman seconded the motion. The motion carried unanimously, authorizing payment of the following:

ING Life Ins & Annuity Company (FBO John A. Fruchey) 3/31/13 DROP Balance of \$1,149.05 final

Thomas E. Hunker, (left DROP 3/8/13) Monthly Benefit effective 4/1/2013; \$3,339.82,
Nationwide Retirement Solutions (FBO Thomas E. Hunker), DROP Balance of \$53,964.34

Alfred J. Treppeda, Monthly Benefit effective 5/1/2013 \$4,000.09
(DROP Balance to be paid after 4/30/13)

The forms for the DROP retirements for Gregory Roye and Alvin McFarlane had not been received at the time of today's meeting and will be continued until the next meeting.

6. b) Patrick Donlan from Foster & Foster – Presentation of Actuarial Valuation as of October 1, 2012.

Mr. Donlan stated there have been no changes in the Plan provisions since the prior valuation. The payroll growth assumption used in amortizing the Unfunded Actuarial Accrued Liabilities is limited to the lesser of the actuarial historical 10-year average payroll growth, or 4%. Last year this amount was 4% per year and this year it is 2.68%. Additionally, in order to more appropriately portray the fact that the accumulated DROP Balances of the members are both in the Market Value of Assets and represent a liability of an amount payable to DROP Members when they terminate employment, these balances are now being added both to the assets and the DROP Retiree liabilities. While the investment return for the year was recognized as 18.70%, the negative return for plan year ended 9/30/08 and low returns for 9/30/09 and 9/30/11 resulted in an annualized rate for return for the prior five years of 4.33%. This and the lack of any members resigning during the year resulted in actuarial losses. Based on last year's valuation the required Village contribution for FYE 9/30/13 was 59.1% of non-DROP payroll and based on a State contribution of \$39,186. This equated to approximately \$1,179,000. Based on this year's valuation the required Village contribution for FYE 9/30/14 was 70.8% of non-DROP payroll and based on a State contribution of \$39,186. This equated to approximately \$1,295,000, an increase of \$116,000. Compared to prior years, the State contribution received in 9/30/12 was considerably lower than in prior years. Paul Eppler moved to accept the October 1, 2012 Actuarial Valuation Report. Dr. Gotman seconded the motion. The motion carried unanimously.

6. c) Gregory Gosch from Sawgrass Asset Management – Investment/Market Report. Stocks burst out of the gate on the first day of the

year, up 2.5%, and kept a strong pace to finish with a 10.6% (S&P 500) return for the quarter. Neither political uncertainty nor economic malaise could keep the market down. Value outperformed growth, while mid and smaller cap companies outperformed larger ones. From a sector perspective, the quarter had more of a defensive tone as Health Care and Staples led while Technology, Materials and Industrials were weaker. It is hard to imagine that the market can maintain its current pace, which if continued would result in a 50% return for the year. What seems more likely is that it will attract its last skeptics before at least taking a pause. It is also worth noting that interest rates have remained low. We continue to focus the portfolio on the visible consistent growth with the notion that the next 10% higher in stocks will be more challenging than the last.

6. d) John McCann from Thistle Asset Consulting – Performance Report for the Quarter Ending March 31st, 2013. In reviewing the Compliance Report, which was excellent, with the trustees, Mr. McCann requested that Sawgrass rebalance due to the market value of stocks slightly exceeding 65%. Asset allocation was 3% Cash, 32% Fixed Income and 65% Equities for a total market value of \$15,519,000. The net return for the quarter was 7.52%, 9.31% for one year, 10.03% for three years and 6.70% for five years as compared with the policy returns of 6.40%, 9.83%, 9.75% and 5.78% for the same time periods. The fund ranked in the 1st, 30th, 25th and 25th percentiles for these periods. This was an excellent report. Sawgrass had performed well for the plan.

6. e) Review/Accept – Net DROP Return of 7.52% for the Quarter Ending March 31st, 2013. Paul Eppler moved to accept the return based on the report provided by Thistle Asset Consulting. Dr. Gotman seconded the motion. The motion carried unanimously.

6. f) Adoption of Earnings Assumption Rate for current year, next year and going forward. Dr. Gotman moved to adopt 8% as the earnings assumption rate based on the advice of Sawgrass and Thistle Asset Consulting. Paul Eppler seconded the motion. The motion carried unanimously.

6. g) Schools/Conferences

- Division of Retirement – Annual School, 5/20 – 22/2013, Tallahassee, FL
- FPPTA – 29th Conference, 6/23 – 26/2013, Omni at ChampionsGate, Orlando, FL

7. Input from Active/Retired Members – None.

8. Trustees' Concerns – None.

9. REPORTS

- **Attorney –**
 - Cypen & Cypen letter dated 2/20/13 regarding changes in the manner of

handling delivery of pension benefits at Salem Trust – Attorney Bieler reviewed with the trustees their communication with Salem Trust regarding Salem Trust’s letter dated 2/1/2013. Salem Trust’s additional communications dated 2/4/2013, 4/9/2013 and 4/18/2013 were discussed. Hopefully, the new accounting system going into effect on 6/1/2013 would not create any additional work.

- Financial Disclosure Forms due 7/1/2013.
- The Legislative Session was still continuing, with nothing to be reported at this time.
- **Board Clerk** – Status of Annual Affidavits, etc. - Completed
- **Other**
 - Commission Recapture received; \$273.63 and \$100.65
 - Current Certificate of Liability Insurance had been received from Sawgrass
 - Paul Eppler reported the recent communication from the Division of Retirement requesting signature of an employee of the Village regarding handling of public records would be taken care of.

10. Next Meeting Date/Adjournment. Chairperson Evans announced the next quarterly meeting was scheduled for Monday, July 22nd, 2013. There being no further business before the board, Paul Eppler moved to adjourn at 4:48 P.M. Dr. Gotman seconded the motion. The motion carried unanimously.

Respectfully submitted,

Lois L. Evans, Chairperson

Paul Eppler, Secretary