

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

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

1. Call to Order – Secretary Paul Eppler called the meeting of the Bal Harbour Village Police Officers' Pension Plan and Trust to order at 3:09 P.M.

Roll Call – Secretary Paul Eppler, Alex Alvarez (participated via speakerphone), Dr. Abraham Gotman and David Levin (appointed by Village Council on 7/17/13 to replace Daniel Gold).

Secretary Eppler announced that Lois Evans had resigned due to the recent death of her husband Tom Evans and her own health issues. She had served since 2000 when the Board of Trustees was initially selected and will be missed.

OTHERS PRESENT: Gregg Gosch from Sawgrass Asset Management, John McCann from Thistle Asset Consulting, Village Councilman Martin Packer, Interim Village Manager Jay R. Smith, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Clerk to the Board of Trustees.

2. Introduction of New Trustee – David Levin. Mr. Levin announced he had recently been made Vice Chairman and President of Trade Street Residential, prior to the position of Vice Chairman of Investor Relations and Office of Executive Management of Asset Services at LNR, indicating a deep financial background. From 1992 to 2007 he had several roles at LNR including leading LNR's investments in its sponsored funds with third-party institutional partners, and sourcing, diligence, structuring, acquisition, financing and portfolio management for investments in B-notes and mezzanine loans. From 1992 to 1997 Mr. Levin managed the Lennar's Miami Real Estate Investment and Asset Management Division where he was responsible for the acquisition, financing and management of distressed loan portfolios in excess of \$5 billion. Previously Mr. Levin spent 14 years with various commercial real estate firms in New York, including Bear Stearns Real Estate Group, where he was a Managing Director and department co-head.

3. Appointment of Fifth Trustee (replacing Lois Evans who resigned 7/3/2013). Secretary Eppler announced there were two individuals who were interested in the position, Daniel Gold, who had served for four years and had been replaced by the Village due to his plans to move out of the Village limits, and David A. Geula, whose application was available at today's meeting for review. Dr. Gotman nominated David Geula, stating he was concerned about Daniel Gold's absences in the past. David Levin

seconded the nomination for discussion. After input from the trustees the question was called and all trustees except Dr. Gotman voted no. Alex Alvarez nominated Daniel Gold. David Levin seconded the nomination for discussion. After discussion, all trustees voted yes. Attorney Bieler advised that Daniel Gold will have to be sworn in by the Village Clerk due to a short lapse in service.

4. Election of Officers.

- **Chairperson** – Secretary Eppler called for nominations. David Levin nominated Paul Eppler. Alex Alvarez seconded the nomination. There were no additional nominations. All trustees, with the exception of Paul Eppler, voted for the nomination.
- **Secretary** – Chairman Eppler called for nominations. David Levin nominated Dr. Gotman. Paul Eppler seconded the nomination. There were no additional nominations. All trustees, with the exception of Dr. Gotman, voted for the nomination.

5. Additions/Deletions to Agenda – None.

6. Approval of Minutes for the meeting of April 22nd, 2013. Chairman Eppler presented the minutes from the previous meeting for approval. Dr. Gotman moved to approve. Alex Alvarez seconded the motion. The motion carried unanimously.

7. Approval of Warrant #081. Chairman Eppler presented Warrant #081 in the amount of \$33,952.87 for approval and payment of invoices as listed on the agenda. Dr. Gotman moved to approve payment. Alex Alvarez seconded the motion. The motion carried unanimously, authorizing payment of the following:

Cypen & Cypen, May, June & July, 2013 Retainers @ \$2,000 each	\$ 6,000.00
Joan L. Wall, 4/16 – 7/14/13; 58 hrs @ \$41.60, plus expenses \$158.07	\$ 2,570.87
Salem Trust Co., Custody Fee for quarter ending 6/30/13	\$ Not Available
Sawgrass Asset Management; Investment Fee for Qtr Ending 6/30/13	\$21,482.00
Thistle Asset Consulting, Inc., Performance Report for Qtr Ending 6/30/13	\$ 3,900.00
TOTAL FOR WARRANT #081	\$33,952.87

8. Approval of DROP Distribution. Chairman Eppler presented the DROP Distribution listed on the agenda to Alfred J. Treppeda who completed his DROP participation on April 30th, 2013. Alex Alvarez moved to approve payment. Dr. Gotman seconded the motion. The motion carried unanimously, authorizing payment of the following:

Etrade Clearing (FBO Alfred J. Treppeda) DROP Distribution in Full	\$246,751.30
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Gregg Gosch from Sawgrass Asset Management recommended a letter of instruction requesting the raising of the necessary funds to pay for this distribution be addressed to both Salem Trust and Sawgrass Asset Management, with the necessary trustee signatures required. Chairman Eppler stated he would sign this and obtain the signatures of two other trustees and return to the clerk for distribution.

9. UNFINISHED BUSINESS – None.

NEW BUSINESS

10. a) Approve Commencement of Benefits. Chairman Eppler presented the DROP benefit for Gregory Roye. David Levin moved to approve. Dr. Gotman seconded the motion. The motion carried unanimously, approving the following:

Gregory Roye, DROP effective 1/1/2013, monthly benefit	\$ 6,404.03
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Alvin McFarlane had not returned his selection of benefit in time for today's meeting. Officer McFarlane's DROP participation began on March 1st, 2013.

The DROP Report for the quarter ending March 31st, 2013 had not been completed.

DROP Statements for the quarter ending June 30th, 2013 would not be prepared and distributed until this was received.

Paul Eppler had applied to participate in the DROP on July 3rd, 2013, with benefits beginning on August 1st, 2013.

10. b) Gregg Gosch from Sawgrass Asset Management – Investment/Market Report. Despite a pullback of 7+% (S&P 500) triggered by the Fed's indication of less stimulus, the market posted another positive quarter. Larger value stocks led growth stocks while mid and small cap growth posted better returns than value. Sector performance was unusual as the more cyclical sectors saw the best (Financials & Discretionary) and some of the worst (Energy & Materials) returns for the quarter. For the quarter, we marginally outperformed the Russell 1000 Growth maintaining our relative lead for the year. With the Fed signaling a less stimulative policy, it will be interesting to see how the market reacts. Given this environment, we favor our positioning which anticipates a more modest rise in stock prices in the second half of 2013. Interest rate risk is asymmetric and volatile and our defensive duration and curve positioning will provide marginal positive benefits when there is a sustained movement upwards in rates. Corporate spreads still offer some relative value although they have tightened considerably. Security selection will be a primary driver as OAS distribution offers relative value opportunities. Portfolio positions will continue to bias high quality issuers. We will continue to use FRNs that provide interest rate protection.

10. c) John McCann, Thistle Asset Consulting – Performance Report. In spite of Salem Trust's July 10th, 2013 notice that they did not expect to release the June statements before July 31st, 2013 Mr. McCann was able to use the other information Salem Trust did provide along with verification from Sawgrass to complete a performance report today. As of June 30th, 2013, Equities are 63%, Fixed Income 36% and Cash 1%, with a market value of \$15,600,000. The return, net of fees, for the quarter was 0.66%, one year was 11.49%, three years was 12.37% and five years was 7.09% as compared with the policy returns of 1.06%, 12.12%, 12.34% and 6.46% for the same time periods. All percentile rankings were above the 40 percentile. Equity performance was down for the quarter and one year, while outperforming in the three and five year periods. Fixed Income performance rankings were higher than the policy.

Mr. Levin requested receipt of both the manager's and consultant's reports as early as possible prior to future meeting dates.

10. d) Review/Accept – Net DROP Return of .66% for the quarter ending June 30th, 2013. David Levin moved to accept. Dr. Gotman seconded the motion. The motion carried unanimously.

10. e) Schools/Conferences

- FPPTA – Trustees' School, 9/29 – 10/2/13, PGA National Resort & Spa, Palm Beach Gardens
- Division of Retirement will be hosting another program 10/21 – 23/2013 at Orlando

Mr. Levin was excused due to a prior commitment.

10. f) Request from Alfred J. Treppeda to discuss the issue of interest on his DROP funds from date of DROP termination to date of funds in his possession. Attorney Bieler read from the Rules and Procedures, item 8 Payout, (b) "*Within ninety (90) days after the end of any calendar quarter following the termination of a Participant's employment, the balance in the Participant's DROP account shall be payable at the Participant's option*". The trustees reviewed the history of final DROP distribution of the eight participants who had previously left the DROP and who had not received interest after completion of their DROP. No action on Mr. Treppeda's request was taken.

11. Input from Active/Retired Members/Members of the Public – None.

12. Trustees' Concerns – Chairman Eppler announced that Alex Alvarez has resigned and will be leaving the department in the next few weeks to attend law school. The Village Clerk has sent out notice of election for a replacement trustee.

13. REPORTS

- **Attorney –**
 - Senate Bill 50 requires public comment at all meetings. A place for public comments regarding any item on the agenda should be at the beginning of future agendas. A memorandum with a proposed policy will be submitted to the Board for approval at the next board meeting.
 - A revision of the plan ordinance was currently being prepared, mainly regarding housekeeping issues and state law compliance issues.
- **Board Clerk –** Trustee Expiration Dates are as follows:
 - Alex Alvarez 9/30/13
 - Paul Eppler 9/30/13
 - Dr. Gotman 9/30/14
 - Daniel Gold 9/30/15 (revised due to appointment as 5th trustee)
 - David Levin 9/30/15
- **Other –** Commission Recapture received; \$187.28, \$517.55 and \$321.47

14. Next Meeting Date/Adjournment. Chairman Eppler announced the next quarterly meeting was scheduled for Monday, October 28th, 2013 at 3 P. M.

There being no further business before the board, Alex Alvarez moved to adjourn at 5:08 P.M. Dr. Gotman seconded the motion. The motion carried unanimously.

Respectfully submitted,

Paul Eppler, Chairman

Dr. Abraham Gotman, Secretary