

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

2nd Floor Conference Room
655 – 96th Street, Bal Harbour, Fl 33154
REGULAR QUARTERLY MEETING – JANUARY 27TH, 2014

1. Call to Order – Chairman Paul Eppler called the meeting of the Bal Harbour Village Police Officers' Pension Plan and Trust to order at 3:10 P.M.

Roll Call – Chairman Paul Eppler, Secretary Abraham Gotman, David Levin, Daniel Gold and Hector Gonzalez.

OTHERS PRESENT: Gregg Gosch from Sawgrass Asset Management, John McCann from Thistle Asset Consulting, Michael Futterman and Julian Sardinas from Marcum LLP, Patrick Donlan from Foster & Foster, Inc., participating via speaker phone for agenda item #8 f), Stephen H. Cypen, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Clerk to the Board of Trustees.

2. Additions/Deletions to Agenda. Since the agenda was posted two additional invoices were received from Marcum LLP in the amounts of \$308 and \$3,313, bringing the total of Warrant # 083 to \$44,990.23. Hector Gonzalez moved to add these items under agenda item # 4. David Levin seconded the motion. The motion carried unanimously.

3. Approval of Minutes. Chairman Eppler presented the minutes from the previous meeting for approval. Daniel Gold moved to approve. Hector Gonzalez seconded the motion. The motion carried unanimously.

4. Approval of Warrant #083. Chairman Eppler presented the invoices on Warrant #083 for approval and payment. Dr. Gotman moved to approve payment. Daniel Gold seconded the motion. The motion carried unanimously, authorizing payment of the following:

Cypen & Cypen, Nov, Dec, 2013, & January, 2014 Retainers @ \$2,000	\$ 6,000.00
Joan L. Wall, 10/21/13 – 1/20/14, 52 ½ @\$41.60 & 11 ½ @ \$43.26 hrs plus expenses \$150.34	\$ 2,831.83
Sawgrass Asset Management; Investment Fee for Qtr Ending 12/31/13	\$23,473.00
Thistle Asset Consulting, Inc., Performance Report for Qtr Ending 12/31/13	\$ 3,900.00
Holland & Knight, Inv #2989762, dated 12/4/13	\$ 185.40

Marcum LLP, Inv #10475878, dated 12/31/13,	\$ 4,379.00	
Marcum LLP, Inv #10473304, dated 11/30/13	\$ 308.00	
Marcum LLP, Inv #10477866, dated 1/21/14	\$ 3,313.00	
<u>TOTAL</u>		\$ 8,000.00
FPPTA, Dues for 2014		\$ 600.00
<u>TOTAL For Warrant #083</u>		\$ 44,990.23

5. Salem Trust Billing. John McCann reported when he inquired of Salem Trust about his recent letter to them requesting a 33% discount for the June, 2013 quarter and a 100% refund on the fee for the September, 2013 quarter due to late service he was advised his request had been sent higher up to management. As of today he had not been advised of any decision. The trustees discussed the matter and requested that someone from Salem Trust who could make a decision on the matter be invited to the next meeting to explain their position.

6. Approve Refund of Pension Contributions. Chairman Eppler presented the refund of pension contributions for approval and payment. Daniel Gold moved to approve payment. David Levin seconded the motion. The motion carried unanimously, authorizing payment of the following:

Alejandro Alvarez, Jr.; Hire Date 3/3/2006, Termination Date 9/8/13,
Contributions \$61,027.81, less 20% WH Taxes of \$12,205.56, Net Check of \$ 48,822.25

7. UNFINISHED BUSINESS – Status of recent Ordinance. The ordinance passed on second reading on December 17th, 2013.

NEW BUSINESS

8. a) Marcum LLP – Presentation of Financial Statements for FYE September 30th, 2013. Mr. Futterman reviewed with those present the changes in auditing requirements since the previous year. Page 2 of the Financial Statements reported the firm’s opinion that the financial statements present fairly, in all material respects, the respective position for the year then ended in accordance with accounting principles generally accepted in the United States of America, which was a clean opinion. Daniel Gold moved to accept the Financial Statements. Hector Gonzalez seconded the motion. The motion carried unanimously.

8. b) Gregg Gosch, Sawgrass Asset Management – Investment Market Report. The equity markets capped off their best year since 1997 adding another double digit percentage quarterly gain, with the major indices enjoying another smooth ride up during the quarter. Growth and large cap outperformed value and small cap with the best performing sectors being industrials, information technology and materials. Lagging were utilities, energy and consumer staples. Despite this run the major indices are still just marginally ahead of the values reached in 2000. Stocks have

been able to avoid a ten percent decline since March 2012, the longest stretch in almost seven years, which could portend a more significant correction in coming months to temper some of the current lack of volatility. Mr. Gosch reported the portfolio was rebalanced on Thursday morning of last week.

8. c) John McCann, Thistle Asset Consulting – Performance Report for Quarter Ending December 31st, 2013. Mr. McCann pointed out to those in attendance that all of the Compliance Report questions had positive answers. Asset allocation was 29% Fixed Income, 65% Equities and 6% Cash and Cash Equivalents for a total market value of \$17,275,000. The net return for the quarter was 7.08%, one year was 20.78%, three years 12.40% and five years 12.89% as compared to the policy returns of 6.22%, 18.10%, 10.89% and 12.49% for the same time periods. The fund had outperformed all time periods. Fixed Income had also outperformed for all time periods. This was an excellent report for the fund.

8. d) Review/Accept

- **Net DROP Return of 4.22% for quarter ending 9/30/13** (*continued from 10/28/13*)
- **Net DROP Return of 7.08% for quarter ending 12/31/13**

After verifying these returns with Mr. McCann of Thistle Asset Consulting, Hector Gonzalez moved to accept. Daniel Gold seconded the motion. The motion carried unanimously.

8. e) IRS Determination Letter – Cycle C – 10/19/13 letter from Robert Friedman, Esq., from Holland & Knight. Attorney Cypen stated this was not an issue at this time as we had not received a favorable determination letter for the previous submission. It was the recommendation of Attorney Friedman that the request for an updated determination letter be submitted to the IRS during the next Cycle E remedial amendment period, which opens February 1, 2015 and closes on January 31, 2016.

8. f) Review of 9/13/13 letter from Division of Retirement – Request via Christopher Wallace, Finance Direct, the Village would like the board to consider changes, or at least begin the process of studying them. Patrick Donlan from Foster & Foster, Inc., participated via speakerphone. It was the consensus of the trustees that based on the outstanding performance of the fund for all the relevant time periods to leave the investment return assumption at 8% for the October 1, 2013 Actuarial Valuation and look at this and the other items next year for the October 1, 2014 Actuarial Valuation.

8. g) Schools/Conferences

- FPPTA – Winter Trustees' School, February 2nd – 5th, 2014 at the Hyatt Regency Riverfront in Jacksonville

- 35th Division of Retirement Trustees School, May 19th – 21st, 2014 at the State Conference Center in Tallahassee

9. Input from Active/Retired Members – None

10. Trustees' Concerns – Hector Gonzalez expressed his concerns regarding the Salem Trust matter.

11. Public Comments – None

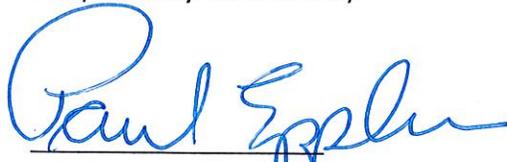
12. REPORTS

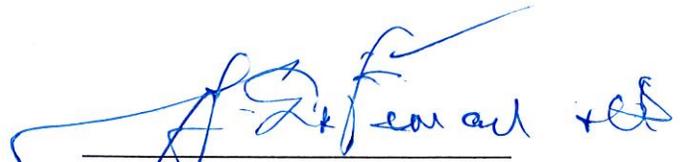
- **Attorney** – ConvergEx-Sec Enforcement Action. Due to the seriousness of the matter Attorney Cypen stated the board had three choices; 1 – Do nothing at the present time, 2 – Suspend participation in the commission recapture program at this time, or 3 – Terminate the relationship with ConvergEx. In the past year the fund had received almost \$3,000 in commission recapture. Hector Gonzalez moved to instruct Sawgrass Asset Management to discontinue placing trades through ConvergEx and to advise ConvergEx of this action and invite a representative of the firm to attend the April meeting to present their position. In the mean time a search for another commission recapture firm would be conducted by Thistle Asset Consulting. David Levin seconded the motion. The motion carried unanimously.
- **Board Clerk** – Annual Affidavits were mailed on 1/7/2014 to all retirees.
- **Other** – Commission Recapture Received in the past quarter; \$473.27, \$546.15 and \$181.50.

13. Next Meeting Date/Adjournment. Chairman Eppler announced the next quarterly meeting was scheduled for Monday, April 28th, 2014.

There being no further business before the board, Hector Gonzalez moved to adjourn at 4:39 P.M. David Levin seconded the motion. The motion carried unanimously.

Respectfully submitted,


Paul Eppler, Chairman


Dr. Abraham Gotman, Secretary