

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

2nd Floor Conference Room
655 – 96th Street, Bal Harbour, Fl 33154
REGULAR QUARTERLY MEETING – OCTOBER 22ND, 2012

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 3:04 P.M.

Roll Call

Present

Lois L. Evans
Paul Eppler
Dr. Abraham Gotman
Daniel Gold

Absent

Alex Alvarez (in training)

OTHERS PRESENT: Gregory Gosch from Sawgrass Asset Management, LLC, John McCann from Thistle Asset Consulting, 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 – The invoice from Salem Trust was not received prior to the meeting, with the total for Warrant #078 being \$35,755.06.

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

4. Approval of Warrant #078. Chairperson Evans presented Warrant #078 in the total amount of \$35,755.06 for approval and payment. Paul Eppler moved to approve. Daniel Gold seconded the motion. The motion carried unanimously, authorizing payment of the following:

Cypen & Cypen, August, Sept & October, 2012 Retainers @ \$2,000 each	\$ 6,000.00
Joan L. Wall, 7/16 – 10/12/12; 42 ¾ hrs @ \$40, plus expenses \$122.49	\$ 1,832.49
Sawgrass Asset Management; Investment Fee for Qtr Ending 9/30/12	\$20,013.00
Thistle Asset Consulting, Inc., Performance Report for Qtr Ending 9/30/12	\$ 3,750.00
Holland & Knight, LLP, Inv #2819199 dated 8/31/12	\$ 50.00
Holland & Knight, LLP, Inv #2828387 dated 9/27/12	\$ 325.00
<u>TOTAL</u>	\$ 375.00

Florida Municipal Insurance Trust, Fiduciary Liability Renewal
(last year \$3,452.30)

\$ 3,784.57

TOTAL FOR WARRANT #078

\$35,755.06

5. UNFINISHED BUSINESS – None.

NEW BUSINESS

6. a) Gregory Gosch, Sawgrass Asset Management

- **Investment/Market Report** – The stock market posted strong broad gains for the third quarter as the Federal Reserve once again began to pump liquidity into the markets. From a sector perspective, energy, consumer discretionary and technology were strong while utilities and industrials lagged. Our portfolio slightly lagged the Russell 1000 Growth during the quarter. We had a strong performance from several stocks but did not have quite enough “risk” in the portfolio to keep up in this more risk oriented market. We were somewhat encouraged that we stayed in the game as the Fed announced its liquidity boosting program. Investors have been rotating toward stable consistent growth and we think this is likely to continue in this environment, with one wild card yet to be played is the upcoming election results in which any significant surprises could change the tone of the market. As of July, 2012, Sawgrass verified that they hold no securities in the portfolio that are identified on the list of scrutinized companies and any of the other companies on watch regarding the PFIA.
- **Review of Accounting of Soft Dollars by quarter for 2011** (per previous meeting – continued from 7/23/12). Mr. Gosch’s July 31st, 2012 email was reviewed regarding commission recapture with the chart attached to the email that indicated there were no execution costs because the Directed/Recapture dollars are the execution costs. Attorney Cypen recommended placing the matter on the next agenda after checking the contract with Sawgrass as he found paragraph 20 regarding soft dollars a huge grey area. Daniel Gold moved to discontinue the use of soft dollars on the part of Sawgrass with no fee increase going forward. Paul Eppler seconded the motion. The motion carried unanimously.

6. b) John McCann, Thistle Asset Consulting

- **Performance Report for the Quarter Ending 9/30/12.** Asset allocation was 34% fixed income, 63% equities and 3% cash for a total market value of \$14,365,000. For the quarter the net return was 3.96%, for one year 18.85%, three years 10.41% and for five years 4.29% as compared with the policy returns of 4.36%, 19.50%, 10.27% and 3.35% for the same time periods. The fund outperformed for the three and five year periods. Equity returns outperformed for the one, three and five year periods. Fixed income outperformed for all three periods.

- **Discussion - consideration of alternative investment.** The trustees reviewed the real estate manager search presented by Mr. McCann. The search included details for American Realty Advisors, Intercontinental Real Estate Corp and Cornerstone Real Estate Advisors. No action was taken at this time.

6. c) Review/Accept – Net DROP Return of 3.96% for the quarter ending 9/30/12. After confirming the return with Mr. McCann, Paul Eppler moved to accept. Daniel Gold seconded the motion. The motion carried unanimously.

6. d) Approve 2013 Meeting Dates. After reviewing the dates listed on the agenda, the board decided to change the January meeting from the 28th to the 21st. Paul Eppler moved to approve the meeting dates of January 21st, 2013, April 22nd, 2013, July 22nd, 2013 and October 28th, 2013. Dr. Gotman seconded the motion. The motion carried unanimously.

6. e) Division of Retirement – Memorandum from Stephen H. Cypen, Esq., dated August 20th, 2012 regarding Florida Division of Retirement’s decision to make a 180° turn on their previous Premium Tax interpretation. Attorney Cypen reviewed this change with the trustees.

6. f) Schools/Conferences

- FPPTA – Trustees School, January 27th, - 30th, 2013 at the Sawgrass Marriott in Ponte Vedra, Florida.

7. Input from Active/Retired Members – None.

8. Trustees’ Concerns – None.

9. REPORTS

- **Attorney** – None.
- **Board Clerk**
 - Status of progress on audit – in progress
 - Status of progress on revised beneficiary forms to current, retired and DROP participants – in progress
- **Other**
 - Dr. Gotman was re-appointed by Council on 9/13/2012 to serve another two year term
 - 8/1/12 Salem Trust update on Money Market, etc.
 - Correspondence/Reports through 9/25/12 regarding commission recapture

10. Next Meeting Date/Adjournment. Chairperson Evans announced the next regular quarterly meeting is set for Monday, January 21st, 2013 at 3 P.M.

There being no further business before the board, Paul Eppler moved to adjourn at 4:40 P.M. Daniel Gold seconded the motion. The motion carried unanimously.

Respectfully submitted,

Lois L. Evans, Chairperson

Paul Eppler, Secretary