

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

2<sup>nd</sup> Floor Conference Room  
655 – 96<sup>th</sup> Street, Bal Harbour, Fl 33154  
REGULAR QUARTERLY MEETING – JANUARY 21<sup>ST</sup>, 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 3:07 P.M.

**Roll Call** – Chairperson Lois L. Evans, Secretary Paul Eppler, Alex Alvarez, Dr. Abraham Gotman and Daniel Gold.

**OTHERS PRESENT:** Andrew Fierman from Marcum LLP, 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.** Since the agenda had been posted, an invoice from Salem Trust for the quarter ending 12/31/12 in the amount of \$2,117.12 had been received, making the total for Warrant #079 \$41,901.75. Paul Eppler moved to approve and add this invoice to Warrant #079. Alex Alvarez seconded the motion. The motion carried unanimously.

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

**4. Approval of Warrant #079.** Chairperson Evans presented Warrant #049 in the amount of \$41,901.75 for approval and payment of invoices. Paul Eppler moved to approve payment. Daniel Gold seconded the motion. The motion carried unanimously, authorizing payment of the following:

Cypen & Cypen, Nov & Dec, '12 and Jan, '13 Retainers @ \$2,000 each	\$ 6,000.00
Joan L. Wall, 10/16/12 – 1/11/13; 63 ½ hrs @ \$40, plus expenses \$157.82	\$ 2,697.82
Salem Trust Co., Custody Fee for quarter ending 9/30/12 (rec'd 10/25/12)	\$2,112.81
Salem Trust Co., Custody Fee for quarter ending 12/31/12	<u>\$2,117.12</u>
TOTAL	\$ 4,229.93
Sawgrass Asset Management; Investment Fee for Qtr Ending 12/31/12	\$20,053.00
Thistle Asset Consulting, Inc., Performance Report for Qtr Ending 12/31/12	\$ 3,750.00

FPPTA, Dues for 2013	\$ 600.00
Marcum, Invoice #10431039 dated 11/30/12	\$ 263.00
Marcum, Invoice #10433103 dated 12/31/12	<u>\$4,308.00</u>
TOTAL	<u>\$ 4,571.00</u>
<u>TOTAL FOR WARRANT #079</u>	<u>\$41,901.75</u>

**5. UNFINISHED BUSINESS** – The 1<sup>st</sup> Amendment to the contract with Sawgrass Asset Management has been signed establishing future non-use of soft dollars by Sawgrass.

### NEW BUSINESS

**6. a) Approve Commencement of Monthly Pension Benefits and Distributions from DROP.** Chairperson Evans presented the monthly benefits and DROP distributions for John A. Fruchey and Leo Quinn for approval. Paul Eppler moved to approve. Alex Alvarez seconded the motion. The motion carried unanimously, authorizing payment of the following:

John A. Fruchey, (left DROP 1/3/13) Monthly Benefit effective 2/1/2013 \$1,169.97  
 ING Life Ins & Annuity Company (FBO John A. Fruchey) 12/31/12 DROP Balance \$30,750.17

Leo Quinn, (left DROP 1/1/13) Monthly Benefit effective 1/1/2013 \$4,442.17, 2/1/13 \$4,553.22  
 Leo Quinn, 12/31/12 DROP Balance \$49,852.09, less 20% \$9,970.42 = net pmt of \$39,881.67

**6. b) Andrew Fierman from Marcum, LLP – Presentation of Audit for FYE September 30<sup>th</sup>, 2012.** Mr. Fierman distributed his report, stating in the firm's opinion, the financial statements of the fund present fairly, in all material respects, the plan net assets as of 9/30/12 and the changes in plan net assets for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America. The total assets increased by \$2,596,088 from the previous year, while the liabilities remained consistent with the prior year. Marcum did not identify any deficiencies in internal control over financial reporting that they consider to be a material weakness, making this a clean report. Paul Eppler moved to accept the Financial Statements for 9/30/12. Daniel Gold seconded the motion. The motion carried unanimously.

Mr. Fierman was excused at 3:21 P.M. due to prior commitments.

**6. c) Gregory Gosch, Sawgrass Asset Management – Investment Report.** Between the politics of the election and most recently the fiscal cliff, the fourth quarter was dominated more by politics than fundamentals. Value stocks posted small gains while Growth stocks posted small losses. Sector performance had more of a "risk on" flavor as Financials, Industrials and Materials led while Consumer Staples and Utilities lagged. The one exception was Technology which, dragged down by Apple, posted

negative returns. Our portfolio slightly lagged the Growth's small loss for the quarter. We were also not helped by our larger cap emphasis as midcap and smaller stocks outperformed. As we look to the coming year, politics continue to take center stage. Sawgrass was in compliance with the Protecting Florida's Investments Act and will continue to monitor the list provided by the Board of Administration quarterly report.

#### **6. d) John McCann, Thistle Asset Consulting**

- **Performance Report for Quarter Ending 12/31/12.** Asset allocation was 34% Fixed Income, 3% Cash and 63% Equities for a total market value of \$14,404,000. The total net return for the fund for the quarter was -0.91%, for one year, 10.11%, three years, 8.52% and 3.98% for five years as compared with the policy returns of -0.08%, 11.16%, 8.89% and 3.51% for the same time periods. The total fund had ranked in the 33<sup>rd</sup> percentile and outperformed the policy for the five year period. Equities had outperformed for the three and five year periods, ranking in the 2<sup>nd</sup> and 13<sup>th</sup> percentiles. Fixed Income had outperformed for the quarter, the one year, three year and five year periods.
- **Request of Fee Increase from \$15,000 to \$18,000 annually, plus automatic Cost of Living increase each year (not to exceed 5%).** Mr. McCann stated his current contract of \$15,000 annually dated to 2000 and he had never asked for an increase. Daniel Gold commented this was a 20% increase, and he did not feel the firm would be providing that much more in additional services. He stated he felt more comfortable awarding an annual Cost of Living Adjustmeny going forward. After additional discussion, Daniel Gold moved to award a 4% Cost of Living Adjustment each year beginning with January 1, 2013. Paul Eppler seconded the motion. The motion carried unanimously.

**6. e) Review/Accept – Net DROP Return of -0.91% for the quarter ending December 31<sup>st</sup>, 2012.** After verification from John McCann of Thistle Asset Consulting, Inc., Paul Eppler moved to accept. Alex Alvarez seconded the motion. The motion carried unanimously.

**6. f) Schools/Conferences** – FPPTA Trustees' School, January 27<sup>th</sup> through 30<sup>th</sup>, 2013 at the Sawgrass Marriott in Ponte Vedra, Florida. As of today, none of the trustees planned to attend.

**7. Input from Active/Retired Members** – None.

**8. Trustees' Concerns** – Daniel Gold inquired when Joan Wall had last received an increase, which she said had been a number of years. Daniel Gold moved to award a 4% Cost of Living Adjustment each year to Joan Wall beginning with January 1, 2013. Alex Alvarez seconded the motion. The motion carried unanimously.

## **9. REPORTS**

- **Attorney** – Attorney Cypen reported on action taken by the Florida Supreme Court in regard to finding in favor of FRS continuing to charge participants 3% contributions. He also advised that there was a bill to be placed before the legislature regarding pensions. The League of Cities was not in favor of the bill, which should mean the bill will not pass.
- **Board Clerk** – The actuary will present the 10/1/12 Valuation at the April meeting.
- **Other** – Included with the agenda packages were the following:
  - 11/1/2012 Letter from Salem Trust – They will be honoring the existing fee arrangement through October 2013, at which time their services will be reviewed again by their fee committee.
  - Commission Recapture Report through November, 2012 and receipt of \$756.25

**10. Next Meeting Date/Adjournment.** Chairperson Evans announced the next regular quarterly meeting was set for Monday, April 22<sup>nd</sup>, 2013 at 3 P.M. Daniel Gold advised that he would not be able to attend this meeting due to a prior commitment.

There being no further business before the board, Paul Eppler moved to adjourn at 4:30 P.M. Daniel Gold seconded the motion. The motion carried unanimously.

Respectfully submitted,

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Lois L. Evans, Chairperson

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Paul Eppler, Secretary