

# Miramar Firefighters Pension Fund

## MINUTES OF MEETING HELD

February 13, 2006

Alan Park called the meeting to order at 9:10 AM in the Conference Room of Fire Station 100 located at 2800 SW 184<sup>th</sup> Avenue, Miramar, FL. Those persons present were:

### TRUSTEES PRESENT

Alan Park, Chairman  
Jay Gillette, Secretary  
S. Robert Rubin  
L. Keith Tomey

Kelly Byrne; Advisory Board  
Stephen Wells; Advisory Board  
Susan Finn; Advisory Board

### OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel  
Denise McNeill; Pension Resource Center;  
Administrator  
Jeffrey Swanson; Merrill Lynch; Investment Consultant  
Bradley Mayer & David Fitchett; Northern Trust;  
Custodian  
Division Chief Conlan  
Leo Nunez

### TRUSTEES ABSENT

Randi Morales  
Noel Marti; Advisory Board

### MINUTES

- Robert Rubin made a motion to approve the minutes of December 1, 2005. The motion was seconded by Keith Tomey and approved by the Trustees 4-0.
- Robert Rubin made a motion to approve the minutes of December 19, 2005. The motion was seconded by Keith Tomey and approved by the Trustees 4-0.
- Robert Rubin made a motion to approve the minutes of January 20, 2006. The motion was seconded by Keith Tomey and approved by the Trustees 4-0.

Discussion followed regarding an error on the October 2005 minutes relating to the Benefit Enhancements.

- Robert Rubin made a motion to amend the minutes of October 11, 2005 as advised. The motion was seconded by Keith Tomey and approved by the Trustees 4-0.

### NORTHERN TRUST

David Fitchett and Bradley Mayer presented the Board with an update of Northern Trust Company. Mr. Mayer explained that while Mr. Fitchett continues to focus on the pension fund's Investment Management, Mr. Mayer will be responsible for servicing the account. The inclusion of the new real estate asset into Northern's monthly reporting will be Mr. Mayer's responsibility as well. Mr. Mayer went on to explain that Northern's initial custodial arrangement had been made with the Pension Fund several years ago and

Northern feels the Pension Fund may benefit by transitioning the account into a client servicing platform. Such Client Service agreements are being made with all new clients at Northern due to the extended level of service offered. Mr. Mayer explained such a change would not incur an additional cost to the Pension Fund while providing a higher level of client service to the plan. As part of the transition to the new service platform, Northern has requested the Board initiate a Client Initiated Authorization (CIA) process. He went on to explain that the CIA process would require all transfers out of the account exceeding \$10,000 to have a verbal confirmation by another member of the Board. Lengthy discussion followed regarding the process. The attorney and administrator had previously expressed concern with such an arrangement and questioned what would happen if Northern was not able to acquire a secondary authorization confirmation. Mr. Mayer assured the Trustees that at no time would a transfer be left unattended for lack of a second verification. He described the process and explained that should such a circumstance ever present itself wherein Northern was not able to contact any Trustees to confirm authorization of the instruction, then Northern would make a "management" decision as to whether or not the request could be validated in another manner. If such a situation arose and Northern was unable to process the requested transfer, details of the denial would immediately be sent to the initiator as well as the other contact parties listed for the Board.

Alan Park noted that in the past, Northern Trust would send a statement of the account fees with a notation that the fees had been deducted from the account. Recently however, a change to the billing at Northern had stopped the fees from being automatically deducted from the account. Mr. Mayer requested that the Board review and approve payment of the last two quarterly invoices to be paid manually. Once Northern has instituted the current changes, future fees will be automatically deducted from the account.

David Fitchett and Bradley Mayer departed the meeting at 9:58 AM.

### **INVESTMENT MONITOR**

Jeff Swanson informed the Trustees that he received notification from Principal that they were ready to initiate the Real Estate transaction. Mr. Swanson explained he will update the Investment Policy Guidelines to include the real estate portion.

Bonni Jensen informed the Trustees that she had reviewed Principal's Real Estate contract. She noted that although it was written as an insurance agreement, it is acceptable and ready for the Trustees to sign.

Additionally, Mrs. Jensen advised that Northern had provided a new resolution to Mrs. Jensen regarding persons eligible to initiate transfers, upon entrance to the meeting. Mrs. Jensen explained that was the first time she had seen the document and would need additional time to review.

Mr. Swanson recommended a preliminary target date of March 1, 2006 if all agreements and appropriate directions could be arranged by that time. He then advised that Northern Trust will "shadow" the real estate investments through the Custody Service Department for reporting purposes to the Board.

Jeff Swanson presented the December 31, 2005 Summary Report to the Board noting earnings for the quarter of \$741,066 and a total fund value of \$35,168,600. Ending the quarter, the asset allocation reflected \$27,562,770 (78.4%) in stocks, \$6,984,760 (19.9%) in bonds and \$621,070 (1.8%) in cash. Mr. Swanson reported the total fund returned 2.2% ranking in the top 37% of Merrill Lynch's public balanced portfolio sample vs. the target.

Mr. Park reminded the Board of Merrill Lynch's pending fee increase upon renewal scheduled for April 2006.

- Robert Rubin made a motion to terminate the RFP process for another Investment Consultant and to accept the latest Merrill Lynch fee proposal as presented in 2005. The motion was seconded by Keith Tomey and approved by the Trustees 4-0.

Jeff Swanson departed the meeting at 10:22 A.M.

Bonni Jensen recommended the Trustees prepare their list of the five transfer authenticators for Northern Trust as requested by Mr. Mayer. The list was agreed as follows:

- 1) Denise McNeill (Administrator)
- 2) Alan Park (Board Chairman)
- 3) Jay Gillette (Board Secretary)
- 4) Keith Tomey (Trustee)
- 5) Bob Rubin (Trustee)

### **OLD BUSINESS**

#### **DROP UPDATES:**

DROP changes have been implemented with payroll for both Matty and Burns (the two most recent participants). As per the Board's instruction, any additional employee contribution should be appropriately credited to the member's DROP account.

The Trustees will provide the Administrator with the most up to date DROP spreadsheet received from the Fund's previous actuary in order to update the DROP accounts in an effort to aid the new actuary with the account preparation.

#### **PAYROLL PENSION CONTRIBUTIONS:**

Mr. Park informed the Trustees that the retroactive pension contribution amounts being paid to the plan from payroll of 8.94% have been resolved and all contributions should now be reflecting the proper rate of 8.47% in payroll. Mr. Park then advised that the City had changed payroll systems beginning in February therefore receiving payroll data should be an easier process than in the past.

#### **ACTUARY UPDATE:**

Alan Park advised the Board that the notice of termination had been sent to EFI and Dulaney & Company is working on acquiring the appropriate records from EFI.

#### **REFUND OF CONTRIBUTION REQUEST:**

Denise McNeill advised a Refund of Contribution form has been sent to a terminated participant. Upon receipt of the completed form, Mrs. McNeill will request the appropriate payroll data information for refund processing.

### **NEW BUSINESS**

#### **ADVISORY BOARD:**

The Board had previously informed retired participants of the plan that they may be considered to hold a seat on the Advisory Board. Dan Felton had initially written a letter to the Board expressing interest in the position, however he had recently instructed the Administrator to rescind his letter of interest.

## **ATTORNEY REPORT**

Bonni Jensen advised that she had reviewed the resolution from Northern requesting an update of the persons eligible to initiate transactions on behalf of the Pension Fund and the document appears in order.

- Robert Rubin made a motion instructing the Secretary to execute the resolution for Northern Trust. The motion was seconded by Keith Tomey and approved by the Trustees 4-0.

Bonni Jensen informed the Trustees of her review of the pending real estate contract with Principal. Denise McNeill requested that, since it is an insurance agreement, that Mrs. Jensen confirm that no commissions are being paid to any entity for this transaction outside of Principal.

## **ADMINISTRATIVE REPORT**

Denise McNeill advised that an updated bill for current services has not been received from EFI. Mrs. McNeill will follow up with EFI in an effort to have any pending payment issues resolved.

Leo Nunez inquired about the role of the Advisory Board and seats currently held. Discussion followed regarding the process. Mr. Nunez expressed concern that although the Advisory Board policy had recently been updated, he felt that Mr. Well's position on that Board should have become vacant when Mr. Wells entered the DROP. The Board acknowledged that Mr. Wells had not been officially removed from the position when he entered the DROP. Mr. Park advised of an open 5<sup>th</sup> seat which is an "at large" position appointed by the other four members.

Alan Park advised of the upcoming NCPERS conference scheduled for 4/28/06-5/4/06.

- Robert Rubin made a motion to approve attendance for any Trustees or Advisory Board members who may be interested in attending the conference. The motion was seconded by Jay Gillette and approved by the Trustees 4-0.

Denise McNeill informed the Trustees of an issue currently being researched by Northern in relation to Mr. Brown, who may have been overpaid in 2005. She will continue to research and address the issue on behalf of the Board.

## **DISBURSEMENTS**

Alan Park presented expenses for reimbursement.

- Robert Rubin made a motion to approve the disbursements as presented. The motion was seconded by Keith Tomey and approved by the Trustees 4-0.

## **ADJOURNMENT**

There being no further business,

- Bob Rubin made a motion to adjourn the meeting at 11:15 AM. The motion was seconded by Keith Tomey and approved by the Trustees 4-0.

Respectfully submitted,

Jay Gillette, Secretary