

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

April 22, 2008

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

TRUSTEES PRESENT

Alan Park, Chairman
S. Robert Rubin
Noel Marti

James Estep; Advisory Board
Susan Finn; Advisory Board
Leo Nunez; Advisory Board

OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel
Denise McNeill; Resource Center; Administrator
Don Dulaney; Dulaney & Company; Actuary
Dan Johnson; Merrill Lynch; Monitor
Charles Glovsky & James DuPont; Independence
Ian Thomas & Dawn George; City (9:40)
Other members of the Plan

TRUSTEES ABSENT

Jay Gillette, Secretary
Frank Espinosa, Trustee
Steven Wells; Advisory Board

MINUTES

- Bob Rubin made a motion to approve the minutes of the meeting held February 19, 2008. The motion received a second by Noel Marti and was approved by the Trustees 3-0.

INDEPENDENCE INVESTMENTS

Charles Glovsky introduced James DuPont who recently joined the firm from State Street. Mr. Glovsky advised that six members at Independence work on the portfolio full time. He proceeded to review the firm's process of selecting stocks, advising that they are using the same process described when the Pension Board initially hired their firm. Independence feels their stock selection process is in depth and has proven to be an effective process over time. Mr. Glovsky then presented a performance summary report for the quarter ending March 31, 2008. He reviewed examples which reflected a significant variation of extreme stock prices over the prior six month period while there had been no significant change in each company's fundamentals. With no significant change to the company's fundamentals, the only cause for such a dramatic change in their stock price related to the volatility of the current market. Mr. Glovsky explained that Independence's strategy has proven solid for long term performance therefore they will remain true to their process spending much time investigating companies to purchase. Mr. Johnson explained that there is concern Independence has underperformed relative to their peers. Discussion followed regarding the stock turn-over and when Independence would choose to sell a particular company. Mr. Glovsky explained that stock will typically be sold if any of the company's fundamentals have changed in a negative manner or if the stock falls 20% versus the market in any given period. He advised that if Independence feels a specific stock has value and will turn around, then the particular stock may not be sold. Mr. Glovsky confirmed all companies Independence invests in have strong cash flow and are able to handle their own funding

therefore they should not be hindered in acquiring capital. Charles Glovsky and James DuPont departed the meeting at 9:35 AM.

Dan Johnson reviewed the first six months with Independence, confirming that it has been a difficult period. It was discussed that the reason for the SMID Cap investment was to diversify with the understanding that SMID Cap would be out of favor at various times in the market.

INVESTMENT MONITOR REPORT

Dan Johnson of Merrill Lynch presented a preliminary report for the quarter ending March 31, 2008. Mr. Johnson reported that there is a concern in the market for the US economy and he feels we are in the middle of a recession. Mr. Johnson reported the Plan was down -7.8% for the quarter and -10.5% for the fiscal year, while the five year view is up 13.4% and the growth since 1985 was 9.8%. He noted that asset weights are close to the target therefore no asset allocation changes are needed at this time. He noted positive returns in real estate and fixed income. Mr. Johnson explained that he will monitor Independence closely, however feels to replace them now, after only six months with the Plan, may be too soon. He then presented another report reflecting the dangers of market timing and the need to be consistent. Mr. Johnson recommended the Plan continue the current strategy as discussed at the February meeting and believes they should maintain the strategic weights.

Mr. Johnson advised that he did not have an update for the Board related to the SEC investigation. He assured the Trustees that he will provide the information to the Board as soon as it is available, however he understands their discomfort with the SEC delay and he acknowledged the difficult situation the Trustees are in as fiduciaries to the Plan. Discussion followed regarding recent communication from Merrill Lynch relating to the Plan's RFP. Mr. Johnson explained that he feels Merrill Lynch is attempting to standardize their contracts Nationally, and that standardization does not include accepting fiduciary responsibility to the Pension Funds. Since the Florida Statute requires the monitor accept fiduciary responsibility to the Plan, public pension entities in Florida governed by the Statute would not be able to accept Merrill Lynch's standard contract. Dan Johnson departed the meeting at 10:06 A.M. The Trustees discussed the level of service received from Merrill Lynch over the years and their respect of the representatives who have been assigned to their account from the Callaway Group.

INVESTMENT MONITOR RFP

Bonni Jensen advised the Request For Proposal (RFP) was prepared with help from Scott Baur at the Resource Center. Mrs. Jensen reviewed the summary of responses in detail. Lengthy discussion followed regarding the varying fees represented and the most appropriate way to "short list" the companies to interview. It will be important to advise the potential monitors of the Pension Fund's philosophy regarding indexed funds to ensure understanding and communication. The Trustees will review sample reports and the proposals presented and will plan to address the matter at the next meeting. Information packets will be delivered to the Trustees absent from this meeting.

OLD BUSINESS

DROP APPLICATIONS: Mrs. McNeill reported Mr. Cabrera's DROP has been completed, Mr. Rafuls' DROP is pending and a refund of contribution request is being processed for Mr. Leyland.

NEW BUSINESS

Mr. Park reported on his recent attendance to the Stars and Stripes conference. He explained that significant topics included healthcare and adding multiple levels to benefit plans by closing old plans and creating a new second tier of benefits in new plans. Discussion followed regarding other local plans who have recently closed and changed benefits or are contemplating doing so.

Mr. Park reminded the Board of the upcoming conferences being held by the Division of Retirement and the FPPTA.

Bonni Jensen reported on House Bill 171 specifically relating to the increased allowance of foreign investment from 10% to 20%. Although it has passed two sessions, it is late in the session and there may not be enough time for the Bill to be approved.

Mr. Park thanked Mr. Thomas and Ms. George for their continued attendance at the Board meetings. He also thanked them for the financial statements recently provided to the board and their effort in providing Mr. Berwick's payroll information.

ACTUARY REPORT

Don Dulaney presented annual benefit statements to be distributed to the members. Mr. Dulaney explained that he has been working on the requested cost study with the Union and he presented a detailed cost study for review by the Trustees. Mr. Dulaney reviewed the study in detail inclusive of the current DROP participants. He reviewed the cost of a Back DROP of which twelve active participants with over 20 years of service would be eligible for. Mr. Dulaney explained that a trade off in the Back DROP would be a higher DROP account with a lower monthly benefit or a lower DROP account with a higher monthly benefit. Mr. Dulaney explained that the COLA benefit had not been considered in the retro process and there were still some additional details to work out. Mr. Dulaney explained that it has been a challenging process to compute, then determine how to incorporate into the cost. There is a possibility of utilizing the 175 funds to create Share accounts for members. Lengthy discussion followed regarding the study presented and how to facilitate such benefit changes. Mrs. Jensen advised of a similar scenario with another Fire Department and explained it is a true challenge since it isn't possible to know the member's actions in advance. Mr. Nunez explained that he will continue working with Mr. Dulaney on the request.

Mr. Dulaney advised the review of Mr. Berwick's benefit is pending.

Mr. Dulaney reported that he was almost finished with the Pension Fund's October 1, 2007 valuation report.

ATTORNEY REPORT

Discussion followed regarding the creation of Share accounts. Bonni Jensen explained that the creation of such accounts would need to be approved by a majority of the members and the City would need to approve via an Ordinance change, however the City may still choose to bargain the benefit. The Trustees will continue to work with the Union and help to have the requested studies completed by the actuary.

Mrs. Jensen reported that the recent Ordinance request passed. She explained there was a slight typo relating to death benefits, however the Board has the ability to interpret as intended.

Mrs. Jensen addressed a recent inquiry related to the coordination of benefits with the General Plan for a member who had transferred from dispatch. Mrs. Jensen explained that the benefit in effect for the General Plan at the time the member left dispatch would determine their eligible benefit. The member may want to contact the other pension plan and acquire copies of the Plan Document that was in place at the time they left that department.

Mrs. Jensen advised that Mager & Goldstein provided a retainer agreement to monitor the portfolio. She explained that there would be few circumstances where the Pension Fund would have an issue as most of their assets are indexed funds. Mrs. Jensen explained that it is beneficial to the Pension Fund to have such a service since it is of no charge to the Plan to utilize the firm. She further explained that it has been estimated there are billions of dollars left in settlements of unclaimed funds due to pension plans not filing claims.

ADMINISTRATIVE REPORT

Denise McNeill advised of a recent inquiry from the City related to DROP members who roll their unused leave at the beginning of their DROP. It appears that no further contributions could be made into the DROP accounts for the remainder of that calendar year for members who elected this option. Mrs. Jensen explained that the matter will be researched further by the administrator and attorney and will be addressed with the Board at the next meeting.

The next meeting is scheduled for June 24, 2008 with a possible special meeting to review investment monitors.

DISBURSEMENTS

Denise McNeill presented a disbursement report for review with a recent addition for reimbursement to Alan Park for his conference attendance.

- Bob Rubin made a motion to approve the disbursements inclusive of the refund to Mr. Park. The motion received a second by Noel Marti and was approved by the Trustees 3-0.

ADJOURNMENT

There being no further business,

- Bob Rubin made a motion to adjourn the meeting at 11:45 A.M. The motion received a second by Noel Marti and was approved by the Trustees 3-0.

Respectfully submitted,

Jay Gillette, Secretary