

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

December 15, 2008

Alan Park called the meeting to order at 9:15 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
Jay Gillette, Secretary
S. Robert Rubin, Trustee
Susan Finn, Trustee

James Estep; Advisory Board
Steven Wells; Advisory Board

OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel
Denise McNeill; Resource Center; Administrator
Yiu Lai; Dulaney & Company; Actuary
Greg McNeillie; Dahab Associates
Paul Stover; Principal Global Investors
Dawn George; City of Miramar
Other members of the Plan

TRUSTEES ABSENT

Noel Marti, Trustee
Leo Nunez; Advisory Board

MINUTES

- Bob Rubin made a motion to approve the minutes of August 29 and October 28, 2008 as presented. The motion received a second by Sue Finn and was approved by the Trustees 4-0.

PRINCIPAL GLOBAL INVESTORS

Paul Stover appeared before the Board on behalf of Principal Global Investors to present a performance report on the Real Estate portfolio for the quarter ending September 30, 2008. Mr. Stover advised that the company has 60 years of experience in the commercial industry allowing them to leverage relationships in the portfolio. He reported that overall, the portfolio has a low volatility core and is well leased with 84% portfolio occupancy. When questioned how the current industry is affecting the portfolio, Mr. Stover advised that the portfolio contains solid lease renewals. He expects more pressure on rentals instead of leases. Mr. Stover reminded the Trustees this is a daily valuation portfolio and all properties are reviewed monthly. Principal attempts to recognize events as quickly as possible. He advised that the portfolio is evaluated by Price Waterhouse annually. Mr. Stover advised the withdrawal queue had been implemented in November mainly due to the fact that many clients are finding themselves overweight in real estate. While clients are not terminating their real estate portfolio, they are making redemptions in an effort to rebalance their portfolios. Mr. Stover advised that there is no pressure to sell a property. He explained that Principal has \$350M line of credit up for renewal in 2009 that the company is planning to pay down that debt. He reported that much of the portfolio's vacancies are centered on industrial property and it is less expensive to hold that as an empty space versus an office building. Mr. Stover advised that overall, Principal is looking to reduce office buildings held and increase industrial within retail and the focus will be on grocery anchor locations. Mr. Stover explained that they are allowed to leverage up to 33% of the portfolio, however they are currently at 26% and are looking to reduce from there.

Mr. Stover went on to review the report noting that the portfolio has underperformed in relation to the bench mark, however Principal feels that is due to the fact that they are more accurately reflecting the valuation of property held in the portfolio. Mr. Stover departed the meeting at 10:50 AM.

INVESTMENT MONITOR

Greg McNeillie appeared before the Board on behalf of Dahab Associates to present the portfolio's performance report for the quarter ending September 30, 2008. Mr. McNeillie advised that the Plan has securities lending through Northern Trust's collateral pool. He explained the process of securities lending advising that typically, the custodian, broker and Pension Plan would all earn money on the process. He explained that an indexed fund should not under-perform the index; however Northern Trust had placed collateral into investments that experienced a loss, causing losses in the portfolio. He explained that Northern Trust and Wells Fargo have recently been reported in the news for such losses. He further explained that State Street has not experienced similar reported losses at this time due to the fact that they have placed a hold on withdrawals from their portfolio. Mr. McNeillie advised that he does not recommend collateral lending and there are several non-lending indexed funds available in the market. The Board discussed the steps involved in changing custodians if Northern Trust does not have a non-lending option. Mrs. McNeill advised that other custodians could also provide benefit payment services and the administrator also has such payment capability therefore the Pension Fund is not limited in their options.

Mr. McNeillie went on to review the quarterly report. He reported the Plan was down -8%, ranking the plan in the top 44% in the public plan universe comparison. Mr. McNeillie explained there are over 3500 defined benefit plans nationally used in Dahab's comparison. He noted that equities were down -8.7%, international was down -20.6%, real estate was down -2.2% and the fixed income was up 1%. The Board discussed the five and ten year numbers, not available in this report. Mr. McNeillie explained that the five and ten year information had not been provided by Merrill Lynch in the transition. He further explained that while he can reflect the information if provided by the actuary, he cannot qualify the historical accuracy. Mr. McNeillie advised the portfolio had underperformed in relation to the index, mostly due to Independence. Discussion followed regarding the appropriate time to replace an investment manager. Mr. McNeillie explained that the typical rule is to allow a manager three to five years, however he is certain that Dahab will know before the three year time period if a manager needs to be replaced. Mr. McNeillie explained that he is not currently concerned with Independence's performance, however he will monitor the manager's progress closely. Mr. McNeillie reviewed the real estate portfolio explaining that he prefers to see less than 20% leverage in a real estate portfolio and Principal is currently at 26%. Discussion followed regarding the Plan's high equity allocation and the history of that decision. Mr. McNeillie advised that the 80% equity allocation should be fine, allowing the plan to meet their long term assumptions. Mr. McNeillie will review and address updating the Plan's investment policy as needed. Mr. McNeillie departed the meeting at 11:07 AM.

OLD BUSINESS

DROP: Mrs. McNeill reported on the following items: Mr. VonStein's payroll data required additional clarification for the actuary to create the DROP statement. The information would be forwarded along to the actuary. Mr. Hollman's information was complete and he should be receiving a DROP statement with the 12/31/08 reporting.

Mr. Kelly's benefit election and retro DROP statement are pending. Mr. Harrington's data through November 30, 2008 will be provided to the actuary for calculation as soon as the information has been received from the City.

NEW BUSINESS

Mr. Park presented the FPPTA membership for 2009.

- Jay Gillette made a motion to renew the 2009 membership. The motion received a second by Sue Finn and was approved by the Trustees 4-0.

Mr. Gillette's appointed (at large) seat will be addressed at the February meeting.

UNION UPDATE: Mr. Gillette reported of an update related to negotiations recently posted on the Union's website. It was noted that the City did not appear willing to approve any benefit enhancements, even if it would result in a cost savings to the City. Full contract negotiations begin in January 2009.

ACTUARY REPORT

Yiu Lai of Dulaney & Company presented the actuary update reflecting information previously requested by the Board. The report reflected a cost of .1% to extend the 3% annual COLA to the three retirees covered by the 75% Purchase Power plan; and a cost of .17% to extend the COLA to six members (the three retirees covered by the 75% Purchase Power plan as well as the three vested –terminated members). He explained that one of the members is currently receiving an increased benefit from the 75% Purchase Power Plan and the other two are close, however they did not qualify for an increase effective 1/1/09. The Board discussed having the cost provided as a one-time 30 year cost and paying for the benefit out of the accumulated 175 funds. Mr. Lai will provide the cost to the Board as a single lump sum amount. Mr. Park will forward the information along to the Union.

Mr. Lai then presented a report of the accumulated 175 contributions. He noted an increase of 18.4% over the prior year's receipt resulting in a total balance of \$3,085,386 to be used to purchase additional benefits. Mrs. Jensen expressed concern, explaining that the funds must be spent for additional benefits. She noted that it is the Board's fiduciary responsibility to make sure the funds are spent accordingly. Lengthy discussion followed regarding the process. Mr. Gillette advised that the Union had mentioned inviting the actuary to a meeting in January or February to discuss benefits. It was noted that the City had requested a five year cost projection from the actuary and that request was pending a response from Mr. Dulaney. Ms. Finn suggested the Board consider all options at the next meeting if there has been no specific movement or request from the Union.

ATTORNEY REPORT

ORDINANCE AMENDMENT: Bonni Jensen presented a revised Ordinance amendment related to prior Board instruction, reflecting clarification of the DROP eligibility and including the three 75% Purchase Power retirees into the COLA. The Ordinance change will be submitted to the City along with the cost projection from the actuary.

IRS UPDATES: Mrs. Jensen advised that the Federal mileage reimbursement rate will be reduced from .585 per mile to .54 per mile effective January 1, 2009. Mrs. Jensen advised that the IRS has modified their initial deadline for the IRS Determination Letter filing for Cycle E which runs from February 1, 2010 to January 31, 2011. Additionally, they have added incentives for those Plans filing under the early Cycle C which is due by January 31, 2009.

REQUEST FROM THE STATE OF FLORIDA, SOCIAL SECURITY NUMBERS: Mrs. Jensen then reported that the pension fund is required to file a letter by January 31, 2009 with the State of Florida. The letter must advise of all entities requesting member's social security numbers and the purpose of the request. Mrs. Jensen will forward the information along to the administrator for processing.

COORDINATION OF BENEFITS IN THE CITY OF MIRAMAR: Mrs. Jensen informed the Trustees that no response has been received from the City regarding the coordination of benefits. She had inquired into how the City is applying the rules and how it will affect the three Fire Department employees who initially began in the GAME Plan. Mrs. Jensen will forward the request to Dawn George.

PORTFOLIO MONITORING AGREEMENT: Mrs. Jensen presented the portfolio monitoring agreement previously approved by the Board, transitioning the agreement from Mager & Goldstein to Shepherd Finkelman Miller & Shah. The agreement was signed.

Mr. Park requested Dawn George follow up with Ian Thomas and the City regarding the information requested by the auditor. Ms. George agreed to follow up accordingly.

DISBURSEMENTS

Denise McNeill presented a disbursement report for approval.

- Bob Rubin made a motion to approve the disbursements with the amended addition of the 2009 FPPTA annual fee. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

ADMINISTRATIVE REPORT

2009 PENSION PAYMENT CHANGES: Denise McNeill reported that all 2009 increases have been submitted to Northern Trust.

2009 MEETING SCHEDULE: Mrs. McNeill presented the 2009 meeting schedule and inquired into the requested attendance of the investment managers. The Board will consider if the managers should be invited to attend Board meetings annually or semi-annually.

AUDIT UPDATE: Denise McNeill updated the Board on the pending audit advising that the auditor had completed their on-site visit with the administrator and has been provided with most information requested to date. Yiu Lai advised that the actuary's confirmation is expected to be sent to the auditor soon.

NORTHERN TRUST – ACCOUNT MANAGER CHANGE: Mrs. McNeill reported that Northern Trust has assigned Amit Dalal as the new account manager for the Plan with

Northern Trust. Mr. Dalal has confirmed that he will be attendance at the February 2009 meeting.

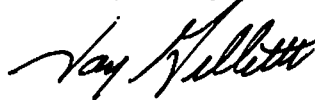
WEBSITE INFORMATION: Mrs. McNeill reported that the posting of the Share account statements to the administrator's website was expected to be available prior to the next meeting.

ADJOURNMENT

There being no further business,

- Bob Rubin made a motion to adjourn the meeting at 12:15 P.M. The motion received a second by Sue Finn and was approved by the Trustees 4-0.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jay Gillette", written in a cursive style.

Jay Gillette, Secretary