

# City of Miramar Firefighters' Retirement Plan

## MINUTES OF MEETING HELD

May 21, 2009

Alan Park called the meeting to order at 9:07 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  
James Gillette, Secretary  
S. Robert Rubin, Trustee  
Noel Marti, Trustee

James Estep; Advisory Board  
Leo Nunez; Advisory Board

### OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel  
Denise McNeill; Resource Center; Administrator  
Yiu Lai; Dulaney & Company; Actuary  
Greg McNeillie; Dahab Associates; Consultant  
Members of the Plan

### TRUSTEES ABSENT

Susan Finn, Trustee  
Steven Wells; Advisory Board

Alan Park addressed the upcoming meeting scheduled for July. It was noted that schedule conflicts had arisen. The July meeting was changed to July 21<sup>st</sup>. A special meeting will be called to review the pending disability application for Glenn Macaulay and any other necessary business as needed.

### MINUTES

- Bob Rubin made a motion to approve the minutes of the February meeting. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

### INVESTMENT MONITOR

Greg McNeillie appeared before the Board on behalf of Dahab Associates to present the portfolio's performance report for the quarter ending March 31, 2009. Mr. McNeillie noted the market had improved since April 1<sup>st</sup>. Mr. McNeillie reported that the overweight in equities resulted in -8% loss for the quarter, ranking the Plan in the bottom 90<sup>th</sup> percentile. He noted that Independence Investments experienced a good quarter. It was noted that the performance summary report reflected year to date totals instead of fiscal year to date amounts. Mr. McNeillie will have the report corrected for the next quarterly report process. Mr. McNeillie reported that Northern Trust had provided the Wilshire portfolio information as of September 30, 2008 to Dahab as the Board had requested. Mr. McNeillie advised of a new real estate index comparison added to the report. He explained the reports for the new index are provided in a timelier manner and the report provides a comparison of leverage therefore it is a more comparable index. Mr. McNeillie reported that the Plan was down -8.0%, beating the index of -8.8%. He further noted that equities were down -9.4 (vs. the indexes of -10.6 & -10.8%), international was down -13.9% (same as the index of -13.9%), real estate was down -12.2% (vs. the index of -13.9%) and the fixed income was down -.1% (vs. the index of

.1%). Mr. McNeillie explained that he expects negative returns to continue for the next few quarters. Mr. McNeillie will further review the portfolio to see if there is any way to add alpha to the portfolio. He explained that Dahab did not receive the historical detail from Merrill Lynch therefore Dahab has broken down each period and compared the results to similar indexes. It was noted that the report reflected real estate and smid cap inclusive of fees and the wrong assumption rate was listed. Mr. McNeillie will correct the report to reflect net of fees along with the correct assumption of 8.66% for the next report. Lengthy discussion followed regarding the real estate asset class. Mr. McNeillie advised that while the real estate asset class had performed poorly over the last year and a half, it was still the best performing asset class over the past five years. Mr. McNeillie presented recommended updates for the investment policy.

Mr. McNeillie then presented a large cap value manager search. He reviewed the process in detail noting that initially, 76 responses were received. He described the process used to eliminate managers resulting in the final fifteen reported. Lengthy discussion followed regarding the report and the fifteen managers listed.

- Bob Rubin made a motion to invite Atlanta Life, Cornerstone, Wasatch and Rothschild to present to the Board. The motion received a second by Noel Marti and was approved by the Trustees 4-0.

A special meeting was set for June 15<sup>th</sup> at 9:00 A.M. for the presentations.

Mr. McNeillie then presented a large cap equity manager search. He reviewed the similar process used to eliminate equity managers. Lengthy discussion followed regarding the report of the remaining managers for consideration.

- Bob Rubin made a motion to invite Decatur, Dana Investments, Rushmore and Eaton Vance to present to the Board. The motion received a second by Noel Marti and was approved by the Trustees 4-0.

The large cap equity managers will be invited to present at the July 21<sup>st</sup> meeting.

Greg McNeillie departed the meeting at 11:55 A.M.

The meeting continued at 12:05 P.M.

### **OLD BUSINESS**

DROP: Mrs. McNeill explained Mr. Hollmann's final transfer has not been confirmed as received at Northern Trust; however Mr. Hollmann has elected to make a full DROP withdrawal upon his April 2009 separation of service. Mrs. McNeill will use the March 31, 2009 DROP balance to issue an initial payment to Mr. Hollmann. The final balance will then be processed for Mr. Hollmann as the funds are transferred to the pension fund and a final balance determined. Mrs. McNeill reported that Dennis Matty is preparing to separate service. She then reported that Mr. Harrington's retro pension contribution was pending processing by payroll.

PAYROLL DATA: Mrs. McNeill advised that she had compared the data the City had provided to the actuary for the fiscal year end reporting to the data from the administrator's payroll files. She found the information the City had reported to the actuary appears to be over-inflated by overtime. Mrs. McNeill will provide the detailed information to Ian Thomas and Andrea Pedlar for further review.

TRUSTEE ELECTION: The notice advising of James Gillette's reappointment to the Board has been sent to the City and the election notice for Noel Marti's expiring seat has also been posted.

### **NEW BUSINESS**

DISABILITY APPLICATION: Bonni Jensen reported that she is still awaiting copies of medical records for the pending disability application received from a member. Mrs. Jensen provided the Board with a potential list of psychiatrists for an independent review of the application.

- Jay Gillette made a motion to send the member to a local Miramar physician. The motion received a second by Noel Marti and was approved by the Trustees 4-0.

It was noted that the member's pre-employment physical should be available in a sealed envelope.

ANNUAL REPORT: Mrs. McNeill presented the annual report for signature. The report will be sent to the Division of Retirement accordingly.

FORM 1 FILING: The filing is due by July 1<sup>st</sup>. Mrs. Jensen explained the form should be filed to the department and county in which the Trustee resides.

### **ACTUARY REPORT**

Yiu Lai presented the Valuation Report for October 1, 2008. Mr. Lai reviewed the report in detail. He noted that although there was a market loss of -18%, due to the smoothing method, the Plan experienced a return of 6%. The City's contribution increased from the current 29.2% to 30.2%. Mr. Lai advised the Chapter 175 contribution increased from \$707,356 (2007) to \$837,692 (2008). He noted the Fund's demographics were reasonably the same from the prior year. Mr. Lai reported the total accumulated 175 funds as \$3.47M available for additional benefits. He then noted the salary assumption used was 7.5% while the actual salary was 7.7%. Mr. Lai advised the Plan's funded ratio was 57%.

- Bob Rubin made a motion to accept the valuation report for the plan year ending September 30, 2009 as presented. The motion received a second by Noel Marti and was approved by the Trustees 4-0.

### **ATTORNEY REPORT**

Bonni Jensen updated the Board on the Senate Bill 538 and the items that would specifically relate to the pension fund.

- The Bill would allow pension funds to extend their trustee terms from two years to four years.
- The Plan would need to divest of securities related to terrorist countries such as Darfur, Sudan, Iran, etc. by September 1, 2010. The Plan would be allowed to follow the list determined by the SBA.
- Retirees who do not have the City's health insurance but wish to have the health insurance deducted from their pension check would be allowed to initiate the

deduction from their pension check. She explained the Pension Board would have exemptions from liability related to the matter.

- International investments may be increased from 10% to 25%.
- Employers must fund a closed plan based upon all vested benefits (related to the Lake Park case).

ORDINANCE AMENDMENT: Bonni Jensen reported that she had received a response from the City of Miramar advising the Ordinance provision was on hold as the Commission has concern about the potential cost. The HEART provision related to the military leave is expected to move forward.

ADMINISTRATIVE AGREEMENT: Mrs. Jensen presented the contract renewal with the Administrator inclusive of the revised fee.

- Bob Rubin made a motion to execute the agreement. The motion received a second by Noel Marti and was approved by the Trustees 4-0.

175 FUNDS: Lengthy discussion followed between the Board and Leo Nunez regarding the accumulated 175 funds. They discussed creating Share accounts and how to determine the breakdown of the funds per member. Mrs. Jensen recommended handling the 175 funds through the pension plan in order to save on the overall administrative cost. Mr. Park recommended offering a similar arrangement as the DROP account, possibly offering members a low interest, and fixed component for the Share accounts. Mrs. McNeill will pull the member detail of the historical annual reports beginning with 1998 and will forward all of the detail to Jay Gillette for further review. Mr. Lai advised the actuary will be able to complete an impact statement when the draft ordinance is completed. Mr. Nunez advised that he does not believe there are any other alternatives to spending the accumulated funds other than setting up Share accounts. Mrs. Jensen recommended using the same administrative cost as for the DROP accounts. Mrs. Jensen will redraft the Ordinance inclusive of the change.

Bob Rubin inquired into a letter received from a pension fund in Sarasota related to a class action law suit against Merrill Lynch. Mrs. Jensen explained the only impact to this plan was through the real estate portfolio since the rest of the assets are in indexed funds. It was noted that it is possible Principal may have been vetted in a different category.

## **DISBURSEMENTS**

Denise McNeill presented a disbursement report for approval.

- Bob Rubin made a motion to approve the disbursements as presented. The motion received a second by Noel Marti and was approved by the Trustees 4-0.

## **ADMINISTRATIVE REPORT**

INFORMATION REQUESTS FROM THE CITY: Denise McNeill reported that she had responded to a recent request from the City asking for information of the Plan members receiving disability retirement. She then advised of another request received from the City inquiring into any Lehman Brothers exposure the Plan may have experienced. Mrs. McNeill inquired with all managers as well as the custodian and found that Northern Trust reported a total loss of \$125,000 in their indexed funds. The Plan would have a

portion of the overall loss by way of the investment in the indexed funds. The information received from Northern Trust had been provided to the City accordingly.

### **ADJOURNMENT**

There being no further business,

- Bob Rubin made a motion to adjourn the meeting at 1:02 P.M. The motion received a second by Noel Marti and was approved by the Trustees 4-0.

Respectfully submitted,

Jay Gillette, Secretary