

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

November 19, 2009

Alan Park called the meeting to order at 9:02 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
James Gillette, Secretary
Manuel Esparza, Trustee
Susan Finn, Trustee

Leo Nunez; Advisory Board
James Estep; Advisory Board

OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel
Denise McNeill; Resource Center; Administrator
Don Dulaney; Dulaney & Company; Actuary
Greg McNeillie; Dahab Associates; Consultant

Members of the Plan

TRUSTEES ABSENT

Andrew Soterakis; Trustee
Steven Wells; Advisory Board

MINUTES

A typo was noted on the minutes presented for October 5, 2009.

- Susan Finn made a motion to approve the minutes of the meeting held October 5, 2009 as amended. The motion received a second by Manuel Esparza 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 September 30, 2009. Mr. McNeillie advised the reports had been sent to the administrator, however they were not present for the meeting. An electronic copy of the report will be forwarded to the Trustees for further review. Mr. McNeillie noted the plan was up 10.9% for the quarter, behind the policy which was up 13.9%. He reported the Plan finished the fiscal year with a loss of -7.9% for the fiscal year versus the indexes of -7.5% and -6.1%. He noted that Lee Munder (previously Independence) had underperformed for the quarter. Mr. McNeillie explained the administrator has experienced much difficulty funding the new managers and the Plan had a high amount of accumulated cash at the end of the quarter. He noted the Plan's underperformance was due to both the high amount of cash and the underperformance of Lee Munder. Mr. McNeillie reported that the real estate portfolio was down -8.7%, behind the index which was down -7.4%. Mr. McNeillie explained he had used NCREIF ODCE index to compare for the real estate as he feels it is more of a reasonable comparison for the Plan. He then noted the Bond portfolio was up 1.7% while the median of the two indexes was up 2.9%. Mr. McNeillie reported the international was up 19.6% for the quarter beating the index of 19.5%. He then noted the bond portfolio was up 6.7% for the fiscal year which ranked 73% in the universe comparison. Mr. McNeillie advised that the Board should consider slightly reducing the overall equity allocation. Discussion followed regarding the asset allocation and the

assumed rate of return of 8.66%. Mr. McNeillie explained he does not believe the market will be up for some time and would like for the Board to consider the long term view as well as the five year smoothing. Discussion followed regarding the current asset allocation. Mr. McNeillie explained that he may determine the Plan should keep the same allocation, however he would like for the Board to allow flexibility of slight adjustments during specific periods of time. It was noted that Principal's real estate portfolio has performed worse than most other real estate portfolios, however the liquidation queue has limitations as the properties are not selling and there is no way for the Board to get out quickly. The Board discussed the real estate portfolio process and Mr. McNeillie explained the models are based on "deal flow" and he feels the drop in the portfolio relates to the reduced "deal flow". Mr. McNeillie explained Principal tends to hold more high quality, "A" properties. He recommended the Board remain with their current allocation and he will continue to monitor and will advise if he feels further adjustments are necessary. Mr. McNeillie advised the Independence merger with Lee Munder should be positive for the Plan and both Atlanta and Rushmore look good as well. Mr. McNeillie advised that if the Board is considering a new allocation, he feels they should consider timber.

Discussion followed regarding the difficulty the administrator is having with Northern Trust in funding the new managers. Mrs. McNeill briefly described the recent issues experienced when attempting to fund the new managers from the current (lending) funds. She also explained that since the quarter end, the amounts previously held in cash have been used toward funding the new investments. Mr. Park expressed his concern with the constant service issues experienced with Northern Trust. Mr. Dulaney advised that a few years ago most of his pension clients transitioned away from Northern Trust. The Board discussed the option of changing custodians.

OLD BUSINESS

DROP UPDATE: Denise McNeill provided an update of the DROP members advising that she is waiting for the sick and vacation detail for Dennis Matty. She advised that a new DROP application had been received from Fred Kunz.

RETIREMENT APPLICATIONS: Mrs. McNeill reported that in following up on Mr. Agate and Mr. Sarvich, both of which are eligible to begin receiving benefits early 2010; she was unable to locate Mr. Sarvich. The Trustees will look into the matter. Mrs. Jensen advised that the IRS will track such individuals at no charge to the Plan, however the Plan has no obligation to track members down.

NEW BUSINESS

CHAPTER 175 FUNDS: It was noted that the State funds had been received in October.

COLLECTIVE BARGAINING AGREEMENT: Mr. Park reported the contract for the collective bargaining agreement had passed. If the Ordinance passes, the COLA will be given to the six members who currently fall under the purchase power calculation and the benefit will be funded by a one-time payment in the amount of \$123,000 from the currently Chapter 175 reserves. The Share accounts, HELPS information and variously language changes were also approved. The Ordinance was supposed to have been on November 18th City agenda, however Mr. Rosenberg requested it be tabled until he could be there to present himself.

FPPTA: Mr. Park advised of the FPPTA schedule for 2010.

DROP DISTRIBUTION POLICY: Leo Nunez inquired into the DROP Distribution Policy. Mrs. Jensen reviewed the policy. Discussion followed regarding withdrawals. Mrs. Jensen will provide a copy of the policy to all Trustees to be reviewed at the next meeting.

ACTUARY REPORT

75% PURCHASE POWER: Mr. Dulaney reported CPI-U was down -1.29%. He noted that Mr. Brown is currently the only member who has received an increase in recent years, however due to the drop in the CPI-U, Mr. Brown's benefit will remain the same for 2010. It was noted the Ordinance, if passed, is scheduled to be effective 10/01/09. Mr. Gillette and Mr. Park both noted that Mr. Taylor is a COLA member and the remaining purchase power members are Sarvich, Agate and Malloy.

POST RETIREMENT SUBSIDY: Mr. Dulaney reported that the Post Retirement Subsidy, since calculated in relation to the CPI-U, will remain \$213.32 for 2010.

IMPACT STATEMENT: Mr. Dulaney provided a copy of the Impact Statement provided for the pending Ordinance change.

ANNUAL DATA: Mr. Dulaney noted he has received the fiscal year end data from the City. The info will be provided to the administrator for review and comparison to the bi-weekly payroll files received from the City. Mr. Dulaney noted, in review, the base pay appears accurate in relation to the percentage of contributions made to the Plan.

CHAPTER 175 FUNDS: Mr. Dulaney presented an updated history of Chapter 175 and supplemental funds received. He noted \$4,464,000 is now available to be allocated for additional benefits.

SHARE ACCOUNTS: Mr. Dulaney reviewed a preliminary potential listing of the creation of Share accounts for the Plan. He noted James Gillette and James Estep have spent a great deal of time building the retro structure. Discussion followed regarding criteria used to develop the information. They noted that for the sake of the construction, there was a one year waiting period for benefits. They also noted members who terminated, then returned to the department and bought back their time had no waiting period and received allocations for the full time. Mrs. Jensen recommended that after the Ordinance passes, a letter should be sent along with a statement and a copy of the Ordinance to each Plan member. It was noted the statements should be done annually and there would be an annual enrollment period during August, allowing members to change their interest allocation effective October first. Mrs. Jensen explained a withdrawal policy will need to be addressed and it should be the same as the DROP.

ATTORNEY REPORT

DIVISION OF RETIREMENT SCHOOL: Bonni Jensen noted the State's Division of Retirement Trustee School scheduled for May 2010.

NORTHERN TRUST CUSTODY AGREEMENT: Mrs. Jensen advised that until now, the Board has had a custodian agreement for basic custody services with Northern Trust. It appears when the Board hired Independence in 2007, the custody agreement should have been changed. Mrs. Jensen explained that she has received a new agreement for the Board to consider. She explained there are also issues with the request for

redemption from the lending accounts to the non-lending as she is not certain Northern Trust will allow the Plan to transition the assets to the non-lending accounts without first initiating the new custodian agreement. Mr. McNeillie advised that he doesn't feel signing the agreement will be an issue for the Board since the new agreement has a 90-day termination allowance. The Trustees signed the new agreement.

AUDIT REQUEST- IRS DETERMINATION: Mrs. Jensen reported the auditor has requested an update on the IRS Determination Letter.

SOCIAL SECURITY NUMBERS: Mrs. Jensen explained the State of Florida has changed the requirements of requesting and reporting social security numbers. She noted the Board now has their own statutory item allowing the Plan to collect and utilize the social security information. All of the Plan's forms that require a SSN will need to be updated with the statutory allowance.

SUMMARY PLAN DESCRIPTION: Mrs. Jensen noted the final Summary Plan Description is ready for distribution and will be forwarded to the Trustees electronically. Mr. Park will have the document distributed through the department and Mrs. McNeill will have the document posted on the website.

Mrs. Jensen reported that a question has arisen regarding how the matter would affect the Plan if a member has a position outside of the Fire Department. The Board directed Ms. Jensen to review the matter.

ADMINISTRATIVE REPORT

Mr. McNeillie noted the patience displayed by the administrator in dealing with the recent issues with Northern Trust related to the funding of the new managers. He expressed his concern that such a standard matter seems to require such an extensive amount of time and effort with Northern.

COLA: Mrs. McNeill presented a COLA spreadsheet for review by the Board. Upon review, she noted that Mr. Taylor will need to be changed from the purchase power to the COLA listing. She further explained that Mr. Rimi will receive more than 50% of his pension benefit beginning in 2010 due to the maximum threshold being reached by his ex-spouse, Lori Rimi.

Mrs. Jensen departed the meeting at 11:40 A.M.

Mrs. McNeill explained that recently, Mr. Rimi's check had been lost. Mr. Rimi had requested the payment be sent via overnight delivery, however Northern Trust does not have a way of charging such a fee directly to the member therefore the cost would have been passed on to the Plan. Mrs. McNeill had advised that, considering the circumstances, no such allowance could be made for the member. Mr. Park explained that the administrator had contacted him when the situation occurred and he had agreed with the decision made by the administrator.

DISBURSEMENTS

Denise McNeill presented a disbursement report for approval.

- James Gillette made a motion to approve the disbursements. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

CONFERENCE ATTENDANCE: Mr. Estep reported, at a conference he recently attended, it was discussed that many cities are having an issue allowing Trustees to attend conferences. Mr. Park advised he will try to manage the issue, however he feels Trustee education is critical to the well being of the Plan.

CUSTODIAN: The Board returned to the discussion of Northern Trust and the issues being experienced related to the overall account service and limitations. Mr. Park expressed concern of the potential impact to the Plan members currently receiving benefits if the Board chooses to change custodians. He would prefer to ensure the transition for the current recipients before terminating the custodian agreement with Northern Trust. The Board discussed other services that could be provided by the administrator. Mrs. McNeill explained that some other clients have chosen not to have their benefit payments issued by the custodian and instead have the Resource Center maintain a payment system and local checking account to issue all Plan payments.

- Susan Finn made a motion instructing the consultant to do an RFP for custodian services and for the RFP to be presented at the February meeting for review. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

The Trustees requested the administrator provide a quote to Mr. McNeillie for the additional payment services for consideration in the custodian review. Mr. McNeillie will include the information accordingly.

ADJOURNMENT

There being no further business,

- James Gillette made a motion to adjourn the meeting at 11:50 A.M. The motion received a second by Susan Finn and was approved by the Trustees 4-0.

Respectfully submitted,


Jay Gillette, Secretary