

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

January 12, 2011

James Estep 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

James Estep, Chairman
Manuel Esparza, Secretary
Susan Finn, Trustee
Orlando Segarra; Trustee
Andrew Soterakis; Trustee

Chris Armstrong; Advisory Board

OTHERS PRESENT

Bonni Jensen; Perry & Jensen; Counsel
Denise McNeill; Resource Center; Administrator
Don Dulaney; Dulaney & Company; Actuary
Clement Johns; Goldstein Schechter Koch; Auditor
Luis Rodriquez
Jason Swaiden
Other Members of the Plan

TRUSTEES ABSENT

Leo Nunez; Advisory Board

AUDIT PRESENTATION

Clement Johns appeared before the Board to present the draft of the audited financial statements for the plan year ending September 30, 2010. He noted that the financial statements represent fairly in all material respects and this is considered a "clean report" with no material issues. Mr. Johns reported an increase of over \$6.2M from the prior year mainly due to investments. He reviewed the financial highlights in detail, noting the funded ratio remained 57%, the same as the past few years. He advised the City contributed more than was necessary resulting in \$392,000 prepaid contribution. Mr. Johns noted an investment gain of almost \$4.2M versus a loss of \$3.4M the prior year. Mr. Johns reviewed the assets and liabilities between 2010 and the prior year, 2009. He then referred to the Financial Notes in the report explaining that an additional Note had been added to reflect the provisions of the Share Plan. Mr. Johns then reviewed the schedule of funding noting that there had been no shortfall in the City's contributions in the past six years. Discussion followed regarding the new funding expectations released by the State as an actual percentage of the payroll. Mr. Johns noted the administrative cost for the Plan is on the low end in comparison to other public pension plans. He explained that his firm works with approximately thirty pension plans in Florida and they will be putting together a summary comparison of their Florida clients. The information will be shared with the Board so the Trustees may see where they are in relation to the auditor's other Florida pension clients.

- Susan Finn made a motion to approve the audited financial report as presented. The motion received a second by Manuel Esparza and was approved by the Trustees 5-0.

Mr. Johns advised of additional communication the auditor is required to have with the Board. He noted a SAS 115 notice would have been issued if a problem had been determined in the Plan's internal controls. He also noted a SAS 114 will be issued, however all went well and therefore the notes related to SAS 114 will not reflect any problems.

Mr. Johns informed the Trustees that Bernie Schindler (a partner at Goldstein Schechter Koch) is available to do seminars for the Plan regarding managing money. Clement Johns departed the meeting at 9:30 A.M.

ACTUARY REPORT

Don Dulaney appeared before the Board to present the actuary report. He reviewed the Share Account allocation for September 30, 2010. He described the process of how the funds were determined down to the amount of credit per person for each payroll period. Mr. Dulaney thanked James Estep and Jay Gillette for the time and effort they put into setting the groundwork on the Share Plan. When complete, Mr. Dulaney will send the final database and templates to the administrator for posting on the Plan's website for member access.

Mr. Dulaney informed the Trustees of a new funding requirement requested by the State. He described the old process noting that the municipalities could budget to contribute a known dollar amount for the year, however the new funding process requires the municipality to contribute the percentage of their required contribution based upon the actual payroll. Mr. Dulaney referred to a letter he had sent to the City in December regarding the matter. Discussion followed regarding the process and the City contribution requirements. The City's required contribution amount for the current fiscal year is 35.56% of total payroll. Mr. Dulaney noted the majority of the increase was due to the investment losses of 2008. Mr. Dulaney explained he will try to have the valuation completed for the February meeting.

ATTORNEY REPORT

COMERICA CUSTODY AGREEMENT: Mrs. Jensen presented a custody agreement for signature, noting all was in order and ready to be signed.

- Manuel Esparza made a motion to accept and execute the custody agreements with Comerica. The motion received a second by Orlando Segarra and was approved by the Trustees 5-0.

Discussion followed regarding the signature requirements for authorized signors on the account in comparison to the old process with Northern Trust. Mrs. McNeill explained that typically two people are authorized at the Resource Center so that processes can be followed in a timely manner without having to track down Trustees for signatures.

- Manuel Esparza made a motion to set up the account with Comerica requiring two signatures and for Denise McNeill and Dixie Martinez to be authorized at the Resource Center in addition to all Trustees. The motion received a second by Susan Finn and was approved by the Trustees 5-0.

CITY PAYROLL -PUBLIC RECORDS DATA REQUEST: Mrs. Jensen addressed the current status of the payroll data request and how the matter was still unresolved. Lengthy discussion followed regarding the matter. The Board instructed Mrs. Jensen to send a public records request to the City requesting the payroll codes used in the fiscal year end reports created by the Finance Department. The letter is also to request the ADP representative's name and request a meeting be held with the City, ADP and the Plan administrator to address the payroll matter. Mr. Armstrong recommended the chairman speak with Frank Vrklund regarding the matter.

SEC "PAY TO PLAY" RULES: Mrs. Jensen reported that she is working with the investment consultant to address the recent SEC rule changes with the investment managers.

EMERGING MARKETS: Mrs. Jensen reported that Molpus had their first close and was expecting to have a call for capital soon. Mrs. McNeill will contact Molpus to find out when they are expecting the capital call. She is concerned that it may occur in the middle of the transition from Northern Trust to Comerica and she wants to ensure there will be no issue with access to funds. Mrs. Jensen then reported that Hancock was expecting to close on June 30, 2011 and she will review the agreements for Board review at the February or April meeting.

POST RETIREMENT SUBSIDY: As per the discussion at the last meeting, Mrs. Jensen presented a policy for review by the Board. Mrs. Jensen reviewed the policy in detail and discussion followed regarding the PRS process.

- Manuel Esparza made a motion to execute the Post Retirement Subsidy Policy. The motion received a second by Andrew Soterakis and was approved by the Trustees 5-0.

EATON VANCE: Bonni Jensen presented a five page memo to the Board and reviewed the details of the Eaton Vance agreement with the Trustees. She described the nuances of the investment noting this is much different than the type of investments the Board has entered into in the past. Mrs. Jensen explained the fund will use lending and she had requested Eaton Vance not hold any of the pension fund's investment in their lending accounts however Eaton Vance would not agree. Mr. McNeillie advised that he will try to get a side letter to address the matter. Mrs. Jensen explained that, overall, borrowing, lending and leverage are the three items of potential concern. Upon review of all details described by Mrs. Jensen, lengthy discussion followed regarding such an investment. The Board discussed Vontobel as their second choice from the original presentations if Eaton Vance will not agree to the changes. Mrs. McNeillie will have Greg McNeillie follow up with Vontobel on the pending items, in case an agreement cannot be reached with Eaton Vance.

CLASS ACTION: Bonni Jensen presented a request from the portfolio monitor regarding a securities class action suit against Genoptix. Discussion followed regarding the request.

- Susan Finn made a motion to authorize the portfolio monitoring firm to move forward with filing as lead plaintiff in the class action suit against Genoptix. The motion received a second by Manuel Esparza and was approved by the Trustees 5-0.

OLD BUSINESS

ADVISORY BOARD SEATS: Mrs. McNeill presented two resumes received for the open Advisory Board Fire seat. Both members are currently Trustees on the VEBA Board. The Trustees discussed the purpose of the Advisory Board and there was concern that, should a seat open up on this Pension Board, both of these members would not be eligible to be a Trustee on this Pension Board unless they were to resign from their current VEBA seat. Mr. Rodriguez explained that he is interested in being on the Advisory Board. Mr. Swaiden explained that he is currently the VP of the Local and also a VEBA Trustee. He explained he is interested in learning about the pension in more detail as he feels the pension benefit is extremely important. Both members agreed they would resign from the VEBA Board in order to be eligible as a Trustee on the Pension Board. Mrs. Finn explained that any Advisory Board member must have the intent to be a Pension Trustee. Lengthy discussion followed regarding the purpose of the Advisory Board.

- Susan Finn made a motion to table discussion of the open Advisory Board seat until the February meeting. The motion received a second by Manuel Esparza and was approved by the Trustees 5-0.

Andrew Soterakis departed the meeting at 11:25 A.M.

- Manuel Esparza made a motion instructing the attorney to send a letter to the City requesting they appoint a person to the open Advisory Board /City position. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

DROP UPDATE: Denise McNeill reported that she had received a DROP application from Ronald DeShong effective February 1, 2011. She noted that all details had been sent to the City and she was currently awaiting payroll detail.

MINUTES

Minutes of the October 6, 2010 meeting were presented in the Trustee packets for review.

- Susan Finn made a motion to approve the minutes as presented. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

Minutes of the November 18, 2010 meeting were presented in the Trustee packets for review.

- Orlando Segarra made a motion to approve the minutes as presented. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

NEW BUSINESS

INVESTMENT POLICY GUIDELINES: Denise McNeill presented an updated Investment Policy received from the consultant. Mrs. Jensen explained the revised policy includes the timber investment and it should also include the emerging market detail.

- Susan Finn made a motion to approve the updated Investment Policy Guidelines inclusive of both the timber and emerging market additions. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

Mrs. McNeill will request an updated policy from the consultant, inclusive of the emerging market investment.

PUBLIC RECORDS REQUEST POLICY: Denise McNeill addressed the Public Records Request Policy which had been presented by the attorney in October. Mrs. McNeill explained that the administrator has also recently created their own policy related to the matter. Mrs. McNeill explained, in large requests related to class action suits or divorce matters, the requests have become quite costly for the Resource Centers to address. She described a current class action suit requesting years of historical documents for a few other pension clients. Mrs. Jensen explained one issue is when the Pension Fund has received a subpoena in the name of Scott Baur and the attorneys are then separately using Mr. Baur as an expert testimony. Mrs. Jensen explained that the Public Records policy addresses the matter for additional costs of the attorney, administrator or actuary to be included. Mrs. Jensen explained that the Board can choose to have a pre-set packet created for divorce matters. She noted the packet could include the most recent Share Account statement, Annual Benefit statement and summary of employee contributions and could have a specific cost inclusive of a cost of living adjustment. Mrs. Jensen explained the Board can also pass some of the cost on to the member. She will research other policies and will present a draft for review at an upcoming meeting.

ADMINISTRATIVE REPORT

IRS OVERPAYMENT: Denise McNeill informed the Board there had been an overpayment of \$2,000 on the Federal Tax payment in November 2010. She explained the error was caught in December but unfortunately not in time to take an adjustment against the December tax payment. The Resource Center will be filing for a reimbursement on the 945 tax filing in 2011. Mrs. McNeill described how the error occurred, noting that typically, processes are in place to ensure such errors do not happen. Unfortunately, the procedures were not yet fully functional with the transition of benefit payments. Mrs. McNeill explained that this is not a typical error and related solely to the transition of benefit payments from the custodian to the Resource Centers therefore she does not believe such a matter will happen again.

TRAVEL EXPENSE POLICY: Mrs. McNeill explained that she had received an inquiry regarding the current travel policy. She explained the most recent update was done in 2005 and the mileage adjusts annually in relation to the Federal reimbursement allowance.

FUNDING LOCAL CHECKING ACCOUNT: Mrs. McNeill requested authorization to move two months worth of funds (to cover accounts payable and benefit payments) into the local checking account in preparation for the transition to the new custodian.

- Susan Finn made a motion to approve the administrator move additional funds into the local checking account as needed to cover the February and March benefit payments and accounts payable. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

Denise McNeill reviewed the remainder of the Trustee packets. She reviewed the Balance Sheet and Income and Expense Reports through November 2010. She then informed the Trustees of the upcoming pension conferences. She explained a copy of the list was included in the Trustee's meeting packet and the information is always available on the administrator's website under the Trustee Resource section.

Mrs. McNeill then reminded the Board that she will be unable to send the quarterly DROP contribution detail to the actuary until the data issue has been resolved with the City. She explained if the issue is not resolved soon, she will have to request separate reports from the Payroll Department specifically related to the contributions made by DROP members in order for the actuary to complete the 12/31/10 quarterly reports.

DISBURSEMENTS

Denise McNeill presented a disbursement report for approval with the addition of an expense reimbursement for Mr. Segarra.

- Manuel Esparza made a motion to approve the disbursements inclusive of the addition. The motion received a second by Susan Finn and was approved by the Trustees 4-0.

ADJOURNMENT

The Trustees acknowledged their next meeting date, previously set for February 16, 2011. There being no further business,

- Susan Finn made a motion to adjourn the meeting at 12:16 P.M. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

Respectfully submitted,

Manuel Esparza, Secretary