

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

November 17, 2011

James Estep called the meeting to order at 9:00 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
Orlando Segarra; Trustee
Andrew Tomchik; Trustee
Andrew Soterakis; Trustee
Jason Swaiden; Advisory Comm
Chris Armstrong; Advisory Comm
Leo Nunez; Advisory Comm (9:13)

OTHERS PRESENT

Denise McNeill; Resource Center; Administrator
JC Louissaint; Resource Center; Administrator
Bonni Jensen; Perry & Jensen; Counsel
Don Dulaney; Dulaney & Company; Actuary
Greg McNeillie; Dahab; Investment Consultant
Jared Kane; Dahab; Investment Consultant
Ian Thomas; Finance Dept.; City of Miramar
Frank Vrklan (9:29)

TRUSTEES ABSENT

Susan Finn; Advisory Comm

MINUTES

Minutes of the September 27, 2011 meeting were presented in the Trustee packets for review.

- Manuel Esparza made a motion to approve the minutes as presented. The motion received a second by Orlando Segarra and was approved by the Trustees 5-0.

ATTORNEY REPORT

INTANGIBLE PERSONAL PROPERTY: Ms. Bonni Jensen informed the Board on an Ethics Opinion issued by the Florida Commission on Ethics regarding the proper reporting for intangible property. Ms. Jensen explained that each individual investment which exceeds the threshold will need to be reported if a Trustee has assets in the following types of account including the DROP which is also considered intangible property: IRA, 401(k) Plan, FRS Investment Plan, Florida Pre-Paid College Plan, 457 Plan and the DROP. Ms. Jensen noted that there is also a new form (Fom1X) which allows someone to amend a previously filed Form1 should one need to.

DISABILITY PRESUMPTION: Ms. Jensen stated that a new House Bill was filed regarding disability presumption for Firefighters and law enforcement officers. The Bill proposes that the public employees are not entitled to the disability presumptions for heart disease, lung, meningitis, or hepatitis for less than 5 years of service or if he/she is older than 37. The legislators also added to this new Bill that in rebutting the presumption one may look through other things like blood cholesterol, body mass index,

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history of alcohol use and other medical conditions which might have caused the disability other than being work related.

Ms. Jensen also reported that the legislators are proposing to add a provision for each pension plan to create its own budget. Unlike the budget that was proposed last year this one is not subject to approval by the municipality but has to be filed within the municipality. The remainder of the Bill deals with the 175 money whether it is owed at the state level or local level.

BOARD COMMUNICATION – iPADS PROJECT: Ms. Jensen reported that Mr. Orlando Segarra gathered a lot of information from the City regarding the use of portable electronic devices and Ms. Jensen stated that she had also sent out an email inquiring about the use and policy of portable electronic devices. Fifteen plans responded and six of them are already using iPads for their Trustees, another five or six are exploring the possibility of using iPads. Most of the six plans that are using iPads do not have a policy in place on electronic devices. Ms. Jensen explained that the City of Miramar has an Equipment Policy and she reviewed a draft of the policy explaining the guidelines, limitations and the possible security risk that maybe involved. Discussion followed regarding the benefits of using iPads for the Trustees versus the costs. Chairman Estep introduced a motion to consider moving forward with the iPad project.

- Manuel Esparza made a motion to continue with the iPad project. The motion received a second by Andrew Soterakis and was approved by the Trustees 5-0.

Mr. Estep went around the room asking for feedback regarding the project. After an exhaustive discussion where costs, security issues and the benefits of using the iPads have been heard, the next step according to Ms. Jensen is to develop a policy and identify the applications needed for the iPad use. Mr. Estep also felt that for security purposes, all the Trustees including advisory board members should be using the City's email exchange server for their emails. This will provide better control and also allows the board trustees to more effectively respond to any relative public record requests.

- A motion was made for all the board members' iPads to be on the City's email server and for the board members to use the City's email addresses when using the iPads. The motion received a second by Orlando Segarra and was approved by the Trustees 5-0.

Mr. Estep will contact the City regarding the email address information. Mr. Estep will need the following information from the board members to provide to the city for the email setup: First Name; Middle Initial and Last Name. Ms. Jensen suggested that the Equipment Policy be revised before approving it for distribution.

Discussion continued regarding the specifics of the iPads. The committee presented their research and reported that the Board will need 9 iPads with 16GB @ 499.99 each and a wireless subscription of \$39.99 per month. There is no cost for the MiFi, and the iPad case cover can be purchased for up to \$40.00 per iPad. Each iPad can be laser tagged "Miramar Firefighters' Pension Plan". Chairman Estep introduced a motion to move forward with the committee's recommendation to purchase the iPads.

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- Manuel Esparza made a motion to move forward with the committee's recommendation to purchase nine (9) 16GB iPads @ \$499.00 each with the monthly subscription of \$39.99 plus a case cover for up to \$40.00 per iPad. The motion received a second by Andrew Soterakis and was approved by the Trustees 5-0.

Orlando Segarra will provide Pension Resource Center (PRC) with the final quote and PRC will write a check to purchase the iPads with Apple and also set up the monthly subscription's payment for services with Verizon on the first or the second of the month.

Andrew Soterakis suggested that the Board reviews the iPadII versus iPadIII technology in the future. Mr. Soterakis departed at 10:34 AM.

Mr. Ian Thomas asked Ms. Denise McNeill if the Plan will get its own Tax ID. Ms. Denise McNeill explained that most of the Pension Plans have been using their City's Tax ID for their plans but Ms. Jensen stated that she will file an application with the State to get the Miramar Firefighters' Plan its own Tax ID.

SHARE ACCOUNT ALLOCATION: Mr. Estep reported that Mr. Don Dulaney has been working on the Share account allocation and gave an overview of how the Share account used to be allocated in the past.

Ms. Bonni Jensen and Ms. Denise McNeill departed at 10:53.

INVESTMENT CONSULTANT REPORT

Mr. Greg McNeillie appeared before the Board and introduced Mr. Jared Kane as an additional analyst in his office who can cover for him as a backup should he be unable to attend a meeting. Mr. Kane presented the Performance Review Report for the quarter ending September 30, 2011. Mr. Kane started by giving an overview of the market and noted that the S&P 500 did best among the Equity markets. The plan's portfolio was valued at \$55,580,437 as of September 30, 2011, a decrease of \$7,991,113 from the June ending value of \$63,571,550. The Large Cap and Mid Cap where most of the assets have been invested did poorly due to the panic created by the overseas debt issues, particularly Greece and also the U.S. debt limit debates; all of these pushed the equity investors to flee the stock market during the last quarter. He reported that the Equity funds gave back in the last quarter a great portion of what was gained during the year and the International and Emerging Market stocks were the biggest losers among the major market index returns. The Fixed Income fund had an amazing year with a great return of 5.6% for the year and an amazing quarter with 5.8%.

Mr. Kane then reviewed the performance summary for the Fund and reported that the portfolio returned -14.4% placing the plan in the 99th percentile of the Public Fund universe. The fiscal Year to date was down -0.4%, which ranked in the 88th percentile. The Net Return for the quarter was -14.5% underperformed the benchmark which was down -12.5% and the fiscal Year to Date Net Return was -0.8% also underperformed the benchmark which was up 1.1%. For the month of October, the fund recovered 9.3% of the -14.4% lost during the last quarter, a pretty nice rebound which brings the portfolio right in line with the benchmark. Mr.

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Kane noted that the Domestic Equity return for the quarter was -18.1% underperforming the benchmark which was down -15.3% and the majority of it came from Rushmore. The Large Cap Equity returned -16.2% during the third quarter, 2.3% below the S&P500 Index's return of -13.9% and ranked in the 68th percentile of the Large Cap universe. The SMid Cap Equity lost 21.2% and the Foreign Equity down -19.7; The Large Cap, SMid Cap Equity and the Foreign Equity were all in line with the benchmark. The Real Assets gained 3.3%, which was 1.3% above the Real Asset Index's return of 2.0%. The fiscal year-to-date return for the Real Assets returned 17.9% which was 3.2% greater than the benchmark's 14.7% performance. The Fixed Income returned 3.2% for the quarter compared to 2.3% for the benchmark with a nice 10th percentile ranking of the Fixed Income universe and 3.7% for the fiscal year to date placing the plan in the 33rd percentile for fixed income.

Mr. Kane noted that the Real Assets fund is at a negative -2.1% in asset allocation due to the fact that the Fund is still waiting for some monies to be invested. Mr. McNeillie indicated that the fund has about \$4 million sitting in Cash and the Index Fund as well. Mr. Kane stated that Molpus Timber received some of their money and the plan is waiting for Hancock Timber to request their money.

CORE FIXED INCOME MANAGER SEARCH: Mr. McNeillie presented a list of respondents to the Core Fixed Income request for proposal and stated that he has selected eight managers from the list and explained his criteria for choosing these eight. Mr. McNeillie explained his criteria when he is screening out managers for the Fixed Income. He looked for an Alpha and added value of 50 basis points in Alpha. Mr. McNeillie recommended three from the eight managers and asked the Board to allow him to bring in the prospects before the Board for presentation. The selected managers are: CS McKee out of Pittsburgh; Garcia Hamilton out of Houston and Ziegler Lotsoff out of Michigan.

- Manual Esparza made a motion for Mr. McNeillie to invite CS McKee, Garcia Hamilton and Ziegler Lotsoff for presentation at the next meeting. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

ACTUARY REPORT

Mr. Dulaney reported that the September 30, 2011 DROP Statements have already been uploaded to the administrator's file exchange site. JC Louissaint will check the site when he gets back to the office and let Mr. Dulaney know if there is any problem with the statements.

Mr. Dulaney reported that the CPI-U for September 2008 was 218.783 and went down the next year in September 2009 to 215.969 but the Monthly Post Retirement Supplement did not go down and stayed the same as the previous year at \$213.32. In September 2010 the CPI-U went up to 218.439 but there was still no increase to the post retirement supplement. He explained that the reason there was no increase is because the Board had established an administrative rule which requires the September CPI-U for a given year to be higher than the last highest September CPI-U before there can be an increase in the monthly post retirement supplement. He stated that this time the September 2011 CPI-U went up to 226.889, an increase of 3.71% over the September

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2008 CPI-U of 218.783. As a result, upon Trustees' approval, effective January 1, 2012, the monthly post retirement supplement will be \$221.23.

- Andrew Tomchik made a motion for the Board to approve the 2012 monthly post retirement supplement amount of \$221.23. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

Mr. Dulaney passed out to the Board a letter that he sent to Ms. Celeste Lucia, the City of Miramar's Finance Director regarding the funding requirement for Plan Year Ending September 30, 2011. He explained that the City's and State (Chapter 175) minimum required contribution for the fiscal year ending September 30, 2011, as determined in the October 1, 2009 Actuarial Valuation, was 35.56% of the actual pension Earnable Compensation for the October 1, 2010 through September 30, 2011 plan year. The following are details of the final calculation of the City's funding requirement:

- Actual covered pension Earnable Compensation for the 10-01-10 through 09-30-11 plan/fiscal year as provided by the City: \$9,930,756
- City and State minimum required contributions for the 10-01-10 through 09-30-11 plan/fiscal year: $\$9,930,756 \times 35.56\% = \$3,531,377$
- With the State contribution limited to \$206,327 by the rules of Chapter 175, the required City contribution for the 10-01-10 through 09-30-11 plan/fiscal year was: $\$3,531,377 - 206,327 = \mathbf{\$3,325,050}$ which is about \$86,000 less than what was estimated in the 10-01-09 valuation report.

Mr. Dulaney informed the Board that the Share allocation report will be ready to be sent out the following week.

OLD BUSINESS

PAYROLL DATA: JC Louissaint informed the Board that the payroll issue is still the same.

JC Louissaint informed the Board that the administrator and Ms. Jensen are waiting to receive details from the city of Mr. Sachs' disability settlement. It was also confirmed that Mr. Sachs sent notification to the administrator that he is not interested in converting his Disability to a normal retirement.

NEW BUSINESS

The 2012 COLA detail was presented to the Board for approval. Mr. Dulaney confirmed that he had reviewed and there were no changes needed.

- Andrew Tomchik made a motion for the Board to approve the 2012 COLA figures. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

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JC Louissaint forwarded the Lee Munder Management Guidelines Addendum #4 to Mr. Greg McNeillie of Dahab Associates and chairman Estep for review. The addendum changes the ADR allowance from 10% to 15% in the Lee Munder equity portfolio.

- Andrew Tomchik made a motion for the Board to approve the Lee Munder Capital Group's request to increase the ADR's or foreign multinational allowance to 15% of the equity portfolio. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

Mr. James Estep reminded JC Louissaint to add the auditor's RFP review on the January 12, 2012 agenda for discussion. The Board would like the three selected prospects to come before the Board of Trustees for interview during the board meeting on April 5, 2012.

FIXED INCOME FUND MANAGERS' PRESENTATION: The Board agreed on a date to bring in the Fixed Income Fund Managers before the Board for presentation.

- Manuel Esparza made a motion for Mr. McNeillie to invite the three selected Fixed Income Fund Managers to present to the Board at the January 12, 2012 meeting. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

ADMINISTRATIVE REPORT

There were no additional administrative items to report.

DISBURSEMENTS

JC Louissaint presented a disbursement report for approval with the addition of expense reimbursements in the amount of \$33.02 for Mr. Orlando Segarra and \$14.09 for Manuel Esparza.

- Manuel Esparza made a motion to approve the disbursements as presented. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

ADJOURNMENT

The Trustees acknowledged their next meeting date, previously set for January 12, 2012. There being no further business,

- Andrew Tomchik made a motion to adjourn the meeting at 11:59 AM. The motion received a second by Manuel Esparza and was approved by the Trustees 4 -0.

Respectfully submitted,


Manuel Esparza, Secretary