

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

February 17, 2011

James Estep called the meeting to order at 9:05 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

Chris Armstrong; Advisory Board
Leo Nunez; Advisory Board

OTHERS PRESENT

Bonni Jensen; Perry & Jensen; Counsel
Denise McNeill; Resource Center; Administrator
Yiu Lai; Dulaney & Company; Actuary
Greg McNeillie; Dahab & Associates; Inv Consultant
Luis Rodriquez
Jason Swaiden
Other Members of the Plan

TRUSTEES ABSENT

Susan Finn, Trustee
Andrew Soterakis; Trustee

MINUTES

Minutes of the January 12, 2011 meeting were presented in the Trustee packets for review. A typo was noted on the meeting date listed on page one.

- Manuel Esparza made a motion to approve the minutes as amended. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

LEE MUNDER CAPITAL GROUP, LLC

Thomas Capobianco and James Gribbell appeared before the Board to present an update from Lee Munder Capital Group, LLC. Mr. Capobianco introduced himself and Mr. Gribbell. He then presented a review of the company's strategy for each investment class. James Gribbell reviewed the portfolio characteristics in detail noting that while it looks similar to the index, the strategy is quite different. Mr. Gribbell noted that they have a new process in place since September 2010 which is doing well. He noted they expect high unemployment for the next 6-9 years and expect interest rates to remain low for 2011. Overall, he noted an expectation for the bond market to lose money in 2011 with modest growth in equities. Mr. McNeillie inquired into the stock selection and how a stock with a minor portion of the portfolio was expected to add value. Mr. Gribbell explained there are three separate teams managing the portfolio and while a particular holding may be a small portion in this particular portfolio, it may be more of a holding in another. He explained that changing any portion of the underlying portfolio could have a negative impact on the overall investment portfolio. Mr. Gribbell explained in the past Lee Munder has tried to run a more concentrated portfolio however they did not find the process to be very successful. Mr. Gribbell feels strongly the diversification, although it may be minor in the case of a small portion, still has more affect on the integrity of the overall process. Mr. McNeillie explained that as long as their process is adding alpha to the portfolio, he is okay with the process and is not requesting a change. Mr. McNeillie felt it was important for the philosophy to be explained to the Board. Mr. Capobianco and Mr. Gribbell departed the meeting.

INVESTMENT CONSULTANT REPORT

Greg McNeill presented the Investment Report for the quarter ending December 31, 2010. Mr. McNeillie reported the Plan is in the top two percentile of the public pension client view with a return of 9.5% net of fees, mainly due to the high equity allocation. Mr. McNeillie then reviewed the asset allocation noting the goal over the past year has been to add alpha to the portfolio. He feels alpha has been added with the direct management, mostly due to Herndon on the value side in the recent months. He reviewed changes to the portfolio over the past couple of years. He explained the long term goal will be to eliminate some of the equity exposure since the plan can have the same return with less exposure. Mr. McNeillie noted he will allow cash accumulation up to 5%, and then will rebalance the portfolio. He noted the real estate is currently underweight and will be adjusted with the funding of the timber investment. Mr. McNeillie then reviewed the individual managers noting Herndon has done well in the recent period. The Trustees inquired into the Principal Real Estate portfolio and Mr. McNeillie explained they are back to having an entry queue. He then noted some of the funding for the new emerging market investment will be taken from Northern Trust's large cap indexed fund. The Trustees inquired into the cash listed in Mr. McNeillie's report and Mrs. McNeill explained that the financial statement provided by the administrator provides a full view of all cash held in the investments as well as the local checking account. Mr. McNeillie explained he may address the fixed income portion of the portfolio at some point in the future with the Board.

ACTUARY REPORT

Yiu Lai noted the details for the September 30, 2010 Share account balances had been sent to the administrator for posting to the website program. Mr. Lai explained that withdrawals have not been added to their spreadsheet process therefore the statement for Mr. Lasseter is separate from the online file. Mr. Lai presented the report of the Share account balances to the Board. Discussion followed regarding the process to be used for distributions. It was noted that those who separate service have 60 days to withdraw funds from the DROP and Share accounts and members are also allowed to withdraw funds during two election periods of October 1st and April 1st annually.

- Manuel Esparza made a motion that in the event of a request for withdrawal mid quarter, to distribute 80% of the account balance and for the remaining balance inclusive of any losses or gains, to be paid the following quarter. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

Mr. Lai noted the Share account detail had been sent to the Auditor so that they may finalize the pending audit report.

The meeting continued after a ten minute break.

ATTORNEY REPORT

Bonni Jensen presented legal updates related to SB 1128 and 1130. She noted the Bills impact 112.66 which is the section of the law that applies to all governmental plans. She explained it is unclear how some of the issues could be implemented. Lengthy discussion followed regarding the potential changes and relative impact on the pension plan. The Trustees inquired into how to defend pension funds from such an attack. Mrs. Jensen explained lobbying is strictly from the union side. The FPPTA cannot lobby at the State level however they had created a Town Hall scenario to help educate local officials of the pension plan environment. Lengthy discussion followed regarding the potential changes. Mrs. Jensen explained if a member is already at retirement eligibility, their benefit cannot be changed. Mrs. Jensen will keep the Board updated as the matter progresses.

COMERICA CUSTODY AGREEMENT: Mrs. Jensen presented the cash sweep vehicle for signature. Mr. McNeillie had confirmed it is the cash option to be used by the Plan. The agreement was signed.

HERNDON CAPITAL: Mrs. Jensen presented an agreement to document the name change from Atlanta Life to Herndon Capital. The agreement was signed.

NORTHERN TRUST: Mrs. Jensen presented a revised agreement reflecting a flat fee of 12 bps from Northern Trust now that the rest of the assets are no longer being held there. Mr. McNeillie advised the fees are relatively standard for the commingled investment. The agreement was signed.

EATON VANCE: Mrs. Jensen explained Mr. McNeillie negotiated specific changes related to the Eaton Vance agreement. She explained their agreement is much like a hedge fund. She explained that most of her concerns are addressed however if given the choice, she would not negotiate contracts like this for a pension plan due to the fact that the agreements are more onerous than she would like to negotiate for the Board. She explained her concerns are only an issue if the relationship does not work out.

- Orlando Segarra made a motion to engage the contract with Eaton Vance for emerging market investments. The motion received a second by Manuel Esparza and was approved by the Trustees 3-0.

PUBLIC RECORDS REQUEST POLICY: Mrs. Jensen presented a public records request policy. She reviewed the typical needs related to QDRO's. Mr. Lai explained that typically special dates are requested and the existing records are not always available. Mr. Lai advised the calculations can be provided for a maximum cost of \$300. The Resource Center will provide an estimated cost for the administrative portion of the process.

ASSUMED RATE OF RETURN: Discussion followed regarding the Plan's assumed rate of return.

- Manuel Esparza made a motion for the attorney to send a letter to the Division of Retirement advising the Board has reviewed the assumed rate of return and will keep the current rate of 8.5% which had been reduced the prior year from 8.66%. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

Greg McNeillie departed the meeting at 11:40 A.M.

CITY REQUEST: Mrs. Jensen explained she had received a request from the City's attorney regarding plan member, Mr. Felton requesting specific pension information. She explained the matter is pending with the City's workers compensation carrier.

HANCOCK AGREEMENT: Mrs. Jensen advised regarding the Hancock agreement, the substance is the same as Molpus however they use their own private REIT's to purchase products. She explained this action moves the Pension Fund away from the leverage issue so that it is not a direct impact to the Plan.

OLD BUSINESS

COMERICA AGREEMENTS: Additional forms were presented related to authorized signatures and online access authorization. All forms were signed accordingly.

ADVISORY BOARD SEATS: Mrs. Jensen explained at the last meeting she was instructed to send a letter to the City requesting they appoint someone to the Advisory Board. She explained that after the meeting, she found that the Board of Trustees appoints all advisory seats therefore she did not send a letter to the City requesting they appoint a member to the Advisory Board as initially instructed. Mr. Estep explained he feels it is important to fill the

City's Advisory Board seat with a City person in an effort to further educate the City regarding the pension plan. Mr. Segarra explained he had been approached by a member of the public who may be interested in the position. He will communicate with the person and request that he submit a resume for review if he is still interested.

The trustees discussed the open Fire Advisory Board seat tabled from the last meeting.

- Orlando Segarra made a motion to appoint Jason Swaiden to the open Advisory Board seat. The motion received a second by Manuel Esparza and was approved by the Trustees 3-0.

DROP UPDATE: Denise McNeill reported Peter Gurdak must exit the DROP by March 31, 2011. She also noted Ronald DeShong's calculation is pending.

PAYROLL DATA: Denise McNeill reviewed the current status. She explained some files had been received from the City the day before and the process is pending further review by the administrator.

ADMINISTRATIVE REPORT

FIFTH TRUSTEE APPOINTMENT: Mrs. McNeill advised Mr. Segarra's term expires March 31, 2011. Mr. Segarra expressed his interest in remaining on the Board. The matter was tabled until the April meeting.

FPPTA LISTING: Mrs. McNeill informed the Board of a Trustee list received from the FPPTA. It appears the FPPTA had the VEBA and other City Board members listed as Trustees under this plan in addition to Trustees who should have been removed in prior years. Mrs. McNeill will inform the FPPTA of the necessary changes and request they correct as soon as possible. It was noted that the VEBA should have a separate membership with the FPPTA.

IRS MATTERS: Denise McNeill informed the Board that the reimbursement for the Federal Withholding tax overpayment issued November 2010 had not been received. She will keep the Board apprised of the matter. Mrs. McNeill will also follow up with Northern and confirm they sent 1099R's to all members for the period of January 1, 2010 through September 30, 2010 for their portion of the benefit payment process.

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 Orlando Segarra and was approved by the Trustees 3-0.

ADJOURNMENT

The Trustees acknowledged their next meeting date, previously set for April 5, 2011. There being no further business,

- Manuel Esparza made a motion to adjourn the meeting at 12:35 P.M. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

Respectfully submitted,

Manuel Esparza, Secretary