

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

August 18, 2011

Manuel Esparza 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

Manuel Esparza, Secretary
Orlando Segarra; Trustee
Andrew Tomchik; Trustee

Leo Nunez; Advisory Comm
Jason Swaiden; Advisory Comm

TRUSTEES ABSENT

James Estep, Chairman
Andrew Soterakis; Trustee
Chris Armstrong; Advisory Comm

OTHERS PRESENT

Denise McNeill; Resource Center; Administrator
JC Louissaint; Resource Center; Administrator
Bonni Jensen; Perry & Jensen; Counsel
Greg McNeillie; Dahab; Investment Consultant
Steve Roth; Dahab; Investment Consultant
Don Dulaney; Dulaney & Company; Actuary (9:13)
Other Members of the Plan

MINUTES

Minutes of the May 19, 2011 and July 5, 2011 meetings were presented in the Trustee packets for review.

- Andrew Tomchik made a motion to approve the minutes as presented. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

INVESTMENT CONSULTANT REPORT

Greg McNeillie appeared before the Board and introduced Steve Roth from Dahab Associates, explaining that Mr. Roth will be Mr. McNeillie's regular back up person going forward, replacing Dave Lee. Mr. Lee has been promoted to a full consultant position and will no longer act as Mr. McNeillie's backup for the group.

Greg McNeillie presented the Investment Report for the quarter ending June 30, 2011. Mr. McNeillie started by giving an overview of the market performance for the past three weeks which created much fear in trading. Mr. McNeillie stated that even with the decline in the current period the plan is still on track to meet the assumed rate of return of 8% for the fiscal year ending September 30, 2011. He reported that the plan earned 0.5% for the quarter ending June 30, 2011 which ranked in the 91st percentile of the public pension client comparison. He noted the Plan ranked 1st for the fiscal year to date with 16.3%. Mr. McNeillie reported real assets did well for the quarter earning 5.8% versus the index of 3.0%. The Fixed Income returned 2.1% matching the index of 2.1%. The Large Cap Equity returned 0.6% beating the S&P 500 Index's return of 0.1%. The Foreign Equity returned 0.1%, below the Hybrid Index's return of 0.6%. The Smid Cap Equity lost 1.1%, which was below the index loss of only -0.6%.

Mr. McNeillie reviewed the individual managers noting that Lee Munder's portfolio changes have improved their performance in the past year. He noted Herndon has done extremely well sector weighting their macro bets and selecting good stocks while Rushmore did not select the right finance stocks and tried to add value in the tech sector which was tough. Discussion followed regarding the current asset allocation and the Trustees noted the

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

August 18, 2011

manager additions over the past few years have added alpha to the Plan. Mr. McNeillie noted the Plan has positive cash flow and much flexibility at this time.

Ms. Jensen noted that the Board made a motion at the May 19th meeting for Mr. McNeillie to move the funds currently held in the NTGI Fixed Income to an index relative to Barclays at Northern Trust. Mr. McNeillie explained the amount to consider moving from Northern's fixed income commingled fund is \$5M and the Plan could have many options available outside of the current Northern Trust arrangement. He recommended instead of moving the funds into a different account at Northern, he would like the board to consider doing a manager search to review all options available.

- Mr. Andrew Tomchik made a motion to put the prior motion to transfer the Fixed Income assets with Northern Trust from the current bond fund into a different bond fund; and for the consultant to complete a fixed income manager search. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.
- Orlando Segarra made a motion to accept the June 30, 2011 Investment Report as presented. The motion received a second by Andrew Tomchik and was approved by the Trustees 3-0.

Mr. McNeillie will provide a manager search report for the Board at the November meeting.

Mr. McNeillie explained that their service fee was guaranteed for three years and we are now approaching the end of the term; therefore, the firm will ask for an increase which will be discussed at the November meeting since the chairman is not present at this time.

ACTUARY REPORT

Don Dulaney appeared before the board to address the Chapter 175 contribution review. Mr. Dulaney reviewed a summary report with the Trustees. He noted that the chapter money for the firefighters statewide on average increased by .5% however this plan is up to 5.7% (from \$953, 389 to \$1,003,000.00). He reminded the Board that last year no supplemental money was received by the Plan from the State and he is uncertain if supplemental funds will be paid to the Plan this year. It was noted that the interest on the summary report needed to be corrected from 8.66% to 8.50%. He reviewed the active member statistics and noted that there are 109 members and 10 members in the DROP for a total of 119 active members as of October 1, 2011.

Mr. Dulaney explained he had received a request from the administrator to confirm how the administrator has been handling DROP distributions relative to the 415 rules. Denise McNeill had posed the question due to a request received from a member asking for a distribution of \$250,000 and she had described a "rule of thumb" process that the administrator has been using for other DROP clients with their firm. Mr. Dulaney stated that he spoke with another actuary regarding the matter and feels that the Plan could have an issue with the \$250,00 withdrawal for the participant in question if this DROP is considered a defined contribution DROP. A defined contribution DROP is when the DROP is variable and cannot be guaranteed with certainty a future funding rate. Ms. Jensen explained she believes this is a defined benefit DROP. Mr. Dulaney explained that if the Plan is a defined benefit DROP, then he agrees with the rule of thumb being used by the administrator and the participant may be allowed to withdraw the \$250,000 as requested.

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

August 18, 2011

- Orlando Segarra made a motion to accept the June 30, 2011 Actuary Report. The motion received a second by Andrew Tomchik and was approved by the Trustees 3-0.

The administrator will notify the member that he may withdraw the amount of \$250,000 from his DROP account upon separation of service as requested.

ATTORNEY REPORT

LEGAL UPDATES: Mrs. Bonni Jensen provided an update on the Senate Bill 1128 which was signed into law on June 23, 2011. She reviewed the changes in detail noting that the changes regarding overtime and accrued vacation and sick leave payments for pension purposes seemed to have the most impact across all Plans. She explained that most of the changes do not have an impact the Miramar Firefighters' Plan however a new page will need to be added to the valuation report comparing the Plan to the FRS 7.75% assumption rate.

IRS MILEAGE: Mrs. Jensen also informed the Board that the IRS mileage rate has been increased to \$0.555 cents per mile effective July 1, 2011. She explained that in the past, the IRS typically released mileage updates effective January 1st annually; however the past two years, they have also released mid-year changes effective July 1st.

AUDITOR REQUEST FOR PROPOSAL

Denise McNeill reviewed the audit RFP responses with the Trustees. She reminded the Trustees that their reason for wanting to do the RFP was not related to services received from Goldstein Schechter Koch. The reason was due to the fee increase received from the current auditor last fall. She explained the cost increase that had been implemented by the auditor the prior year had not allowed the Board enough time to address alternatives and the Board had decided to inquire into audit costs prior to this year's renewal. The Trustees reviewed the RFP results. The Trustees felt they were only six weeks from the end of the fiscal year and since the auditor was proposing the same 2010 fee in their proposal, the Board should renew with GSK for the fiscal year ending September 30, 2011. They Trustees noted they will revisit the audit costs in the spring.

- Orlando Segarra made a motion to engage with Goldstein Schechter Koch for audit services for the fiscal year ending September 30, 2011 and for the Chairman to sign the new service agreement after counsel's review. The motion received a second by Andrew Tomchik and was approved by the Trustees 3-0.

OLD BUSINESS

PAYROLL DATA: Ms. McNeill updated the Board on the ongoing payroll data issue explaining the most recent status. She explained her office is still waiting for revised/corrected payroll files. Mrs. McNeill explained that there is still a difference being reported between the payroll files being sent to the administrator for the bi-weekly payroll and the quarterly payroll reports being run by the Finance Department. She explained the totals each quarter should match on both reports however there continues to be a difference for some of the members which means one of the reports must be incorrect. In the administrator's latest conversation with the payroll department, Mrs. McNeill had suggested they have ADP compare each of the pay codes being reported in the two reports. Mr.

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

August 18, 2011

Orlando Segarra promised to follow up with the City and will send an email to Denise for an update.

DROP UPDATE: The administrator noted Jeffrey Cochran is scheduled to separate from service on September 30, 2011 and will be set up to receive pension payments beginning October 1, 2011. She also noted Edgar Rafuls is scheduled to separate service by December 31, 2011.

MOLPUS: Denise McNeill informed the Board that the capital call from Molpus for \$588,000 had been funded timely.

ADMINISTRATIVE REPORT

Denise McNeill reported Mr. Andrew Soterakis' term expired August 19, 2011. He will need to complete a Board application form and send it to the City's clerk office for consideration. She explained that Mr. Soterakis is aware of the needed information.

A Trustee inquired into Mr. Keyes' DROP request. Denise McNeill reminded the Board that William Keyes did not submit the missing paperwork to the Resource Center and the deadline to submit the forms has passed; therefore Mr. Key's recent request has been voided. She explained that he may apply for the DROP in the future and all new enrollment forms will be required at that time.

BENEFIT PAYMENTS: Denise informed the Board that there will be a blackout period for Benefits Payments from September 8-30, 2011 but she does not think this will be an issue for the Miramar Firefighters' Retirement Plan.

Bonni Jensen reminded the Trustees that the letter from Northern Trust regarding the scrutinized holdings had been included in their meeting packets.

DISBURSEMENTS

Denise McNeill presented the disbursement report and financial statements for review and approval. She noted the addition of an expense reimbursement in the amount of \$22.08 for Mr. Esparza.

- Orlando Segarra made a motion to approve the disbursements as presented. The motion received a second by Andrew Tomchik and was approved by the Trustees 3-0.

ADJOURNMENT

The Trustees acknowledged their next meeting date, previously set for September 27, 2011. There being no further business,

- Orlando Segarra made a motion to adjourn the meeting at 11:05 AM. The motion received a second by Andrew Tomchik and was approved by the Trustees 3-0.

Respectfully submitted,


Manuel Esparza, Secretary