

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

January 12, 2012 (Amended)

James Estep called the meeting to order at 9:03 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 (9:32)
Chris Armstrong; Advisory Comm
Leo Nunez; Advisory Comm
Susan Finn; Advisory Comm

OTHERS PRESENT

Denise McNeill; Resource Center; Administrator
JC Louissaint; Resource Center; Administrator
Bonni Jensen; Perry & Jensen; Counsel
Don Dulaney; Dulaney & Company; Actuary (11:15)
Greg McNeillie; Dahab; Investment Consultant
Ian Thomas; Finance Dept.; City of Miramar (9:15)
Cindy Naraine; HR Coordinator; City of Miramar

TRUSTEES ABSENT

Andrew Soterakis; Trustee
Jason Swaiden; Advisory Comm

Fixed Income Manager - Presentations

Bryan R. Johanson; C.S. McKee, L.P.
Joseph A. Buongiorno; C.S. McKee

Janna Hamilton; Garcia Hamilton & Associates
Jeffrey Detwiler; Garcia Hamilton & Associates

Don Triveline; Ziegler Lotsoff
Paula Horn; Ziegler Lotsoff

FIXED INCOME FUND MANAGERS' PRESENTATION

Mr. Greg McNeillie gave a brief overview on each of the following Fixed Income Fund Managers that were selected to appear before the Miramar Firefighters Pension Plan board for their presentation. Mr. McNeillie stated that all the three firms have been thoroughly analyzed and he is confident that any one of them can do the job. He invited the Board to look at the spreadsheets inside the Manager search booklet that he passed around as well as the brief summaries of each of the products to assist in making comparisons. Mr. McNeillie stated that all three managers have unique stories. C.S. McKee gets into some different asset classes; they will also be talking about TIPS. Garcia Hamilton & Associates is a spread product where the fund will probably have more income from corporate holdings. Ziegler Lotsoff is about the same. Mr. McNeillie reported that they all have pretty good quality holdings and the arrangement was made for each one of the firms to give a 45 minutes presentation including Q&A's.

C.S. McKEE: Mr. Bryan Joanson and Mr. Joseph Buongiorno introduced themselves to the Board and gave an overview of the firm which is based in Pittsburgh, PA. The firm offers equity, fixed income and balanced strategies totaling \$12.0 billion, of which \$8.9 billion is tax-exempt. The firm is 100% owned by the employees and has business in 38 states with over 500 clients. Mr. Buongiorno stated that C.S. McKee is a value driven fixed income investor focused primarily on security selection. Their portfolios are always exceptionally high in credit quality and liquidity, typically higher than the benchmark.

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GARCIA HAMILTON & ASSOCIATES: Ms. Janna Hamilton and Mr. Jeffrey D. Detwiler introduced themselves to the board and went in details about the investment goal and philosophy of the firm. They stated that the firm is 100% employee owned and is located in Houston, Texas. The firm has some presence in Florida. The goal of the firm is to outperform the Fund's benchmark, net of fees, over a full market cycle using a high quality strategy with less risk and low turnover. Their investment philosophy is to preserve principal, maintain liquidity and provide high current income.

ZIEGLER LOTSOFF: Mr. Don Triveline and Ms. Paula Horn introduced themselves to the board and gave an overview of the company. Mr. Triveline stated that they have a lot of clients in Florida and their goal is a long term relationship with their clients. Ms. Horn is the Chief Investment Officer responsible for fixed income strategies. The firm managed \$3.5 billion in equity and fixed income portfolios, \$3.1 billion of which is tax-exempt.

After the three finalists finished with their presentation, Mr. McNeillie summarized their performance for the board and stated that they all have high quality holdings and they are all very good.

Mr. Estep invited the board for an open discussion about the presentations. After all the comments and issues have been presented, Mr. Estep asked for a vote count by hands to find out which one of the three firms get the majority. C.S. McKee was voted unanimously.

- Mr. Manuel Esparza made a motion for the Board to move forward and hire C.S. McKee, LP based on the agreement that they come down on their management fee to between 25 bps but not to exceed 30 bps. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

Mr Greg McNeillie will call C.S. McKee to inform them of the Board decision to hire the firm as the Investment Manager for the Fixed Income Fund. Mr. McNeillie will also negotiate the management fee with them to be between 25 bps but not to exceed 30 bps.

Ms. Bonni Jensen will draft the contract for C.S. McKee, LLP to sign upon agreement of the management fee.

ATTORNEY REPORT

IPAD POLICY: Ms. Bonni Jensen presented a draft of the Portable Electronic Device Policy to the Board for review. Ms. Jensen explained the purpose and the background of the policy. The guidelines apply to all members of the Board of Trustees. And the policy will be reviewed every three years. After further discussion, the Board agreed with the policy as presented.

- Mr. Manuel Esparza made a motion for the Board to approve the Electronic Device Policy as presented. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

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The Board discussed the software that will be preloaded onto the iPads.

- Mr. Andrew Tomchik made a motion for the Board to accept the software that is preloaded onto the iPads as received in the original order. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

Mr. Leo Nunez told the Board to let him know via email of any specific apps they feel may be beneficial. Ms. Jensen also explained that she spoke with the City and they informed her that they cannot issue email addresses to non-city employees, therefore only the city employees will have a city email address on their iPad.

Ms. Jensen handed the last page of the policy to the Trustee to sign and the signed copies will be kept on file.

SHARE ACCOUNT POLICY: Ms. Bonni Jensen presented an updated Share policy to the Board for review and she explained that most of the information comes directly from the plan's Ordinance.

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

TAX EXEMPT STATUS: Ms. Jensen informed the Board that the State denied the Plan's application for State Tax exemption. The State felt that the entity does not qualify for the tax exempt unless the City is writing the check. Ms. Jensen told the Board to stop using the City's tax exempt certificate.

HANCOCK TIMBERLAND XI: Ms. Jensen reported that Hancock Timber moved the closing date back to January 20th to allow for review and address any questions that the plan may have. They have also added a second and final close date for March 30th as they have a few entities that have completed due diligence but can not receive final Board approval until the end of February. Hancock stated that they will not call any capital prior to March 30th and based on the commitments they anticipated the fund will close in excess of \$300 million. They stated that their REITS could become Government REITS and they are creating an Advisory Committee to advise them on that. The Board needs to sign a letter to Hancock indicating that they want to be involved and accept the additional two supplements. The Plan had previously delivered a subscription of 20 units for \$2 million commitment at \$100,000 per unit and the agreement still remains in effect even though Hancock changed the funding date.

- Mr. Manuel Esparza made a motion to accept and approve five Hancock supplements. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

CHARLES SACHS: Ms. Denise McNeill informed the Board that she's been researching the disability and supplement payments that Mr. Charles Sachs had received from the City. Ms. McNeill explained that Mr. Sachs' attorney came to the Board a few years ago

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and asked if the Trustees would waive the requirement for the contributions to be paid on any supplemental income that he had received relating to his disability and the Board had said no at that time and stated that according to the Ordinance the contributions have to be collected and they are expecting them. No one heard anything since and a few months ago Ms. Jensen was following up and asked if there had been any settlement about the case so that's why Ms. McNeill had to go back and research it. Ms. Jensen reported that the Plan needs to collect **8% employee contributions on \$16,230** of Workers Comp and Supplement Pay that Mr. Sachs had collected from the City. Ms. Jensen told Ms. McNeill to inform Mr. Sachs of the Board's decision and he needs to reimburse the fund.

JOHN TAGUE: Ms Neill explained to the Board that Mr. Tague who just applied to enter the DROP does not agree with the figures calculated by the Actuary. Mr. Tague claimed that his credited service is 10 years and 25 days and the actuary did not include the 25 days which would amount to about \$11.00 a month according to Mr. Tague's calculation. The trustees, the actuary and Ms. Jensen discussed the issue and concluded that the Ordinance said "Years and Months completed" and not "Years, Months and Days completed" therefore the credited service is calculated by whole months. Resource Center will inform Mr. Tague of the Board's decision to uphold the Ordinance definition.

ACTUARY REPORT

SHARE ACCOUNT STATEMENT: Mr. Dulaney reviewed the new Annual Share Statement format with the Board and explained different scenarios with the multiple samples that he brought with him to the meeting. He went over the statements with Actual Fund Rate of Return with and without distributions and the Fixed Annual Rate of Return with and without distributions. Mr. Dulaney informed the Board that there were no forfeitures this past fiscal year as they were no participants who terminated with non-vested monies.

Ms. McNeill told the Board that the Resource Center will need to program for the new format and once completed JC Louissaint will check the statements and inform Mr. Estep when they are ready to be viewed online.

OLD BUSINESS

PAYROLL DATA: Ms. McNeill reported that she received a payroll file about two weeks ago from the City and they asked her to take a look at it. Ms. McNeill forward the file to the programmer and she compared it to the previous file received from the City and the programmer's initial review revealed that the total on the file matched exactly the total from the previous file received from the City earlier and she does not think that this file is going to provide the update that Resource center needs. Ms. McNeill promised to take the file and manually compared the entries one by one.

RFP REVIEW: Ms. Denise McNeill provided an update on the RFP Auditor's comparison list and again told the Board that they never had a service issue with GSK, the current auditor and reminded the Trustees that their reason for doing the RFP had been born

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solely on cost consideration and not as a service related matter. The Board has decided to bring only Steve Gordon for a presentation.

- Mr. Manuel Esparza made a motion to invite Steve Gordon to come before the board for a presentation at the next meeting scheduled for February 16, 2012. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

MINUTES

Minutes of the November 17, 2011 meeting were presented in the Trustee packets for review.

Mr. James Estep noted that Trustee Chris Armstrong should be moving up to the Present section from Absent as Mr. Armstrong was present at the November 17, 2011 Board meeting.

- Mr. Manuel Esparza made a motion to approve the November 17, 2011 minutes as amended. The motion received a second by Orlando Segarra and was approved by the Trustees 5-0.

NEW BUSINESS

N/A

ADMINISTRATIVE REPORT

There were no additional administrative items to report.

FINANCIAL STATEMENTS

The Financial Statements for the months of September, October and November, 2011 were presented in the Trustee packets for review. Ms. Denise McNeill noted for the Board that the DROP Roll forward has not yet been adjusted.

DISBURSEMENTS

JC Louissaint presented a disbursement report for approval with the addition of expense reimbursements in the amount of \$27.49 for Mr. Orlando Segarra and \$169.74 for Mr. James Estep.

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

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BENEFIT APPROVALS

A DROP application for Mr. Louis K. Tomey III was presented to the Board for approval.

- Manuel Esparza made a motion to approve Mr. Louis Tomey's Benefit Approval. 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 February 16, 2012. There being no further business,

- Manuel Esparza made a motion to adjourn the meeting at 1:05 PM. The motion received a second by Andrew Tomchik and was approved by the Trustees 4 -0.

Respectfully submitted,


Manuel Esparza, Secretary