

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

April 5, 2012

James Estep called the meeting to order at 9:10 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 Soterakis; Trustee
Andrew Tomchik; Trustee
Leo Nunez; Advisory Comm
Jason Swaiden; Advisory Comm (9:16)
Susan Finn; Advisory Comm (9:17)
Chris Armstrong; Advisory Comm (9:30)

OTHERS PRESENT

JC Louissaint; Resource Center; Administrator
Bonni Jensen; Perry & Jensen; Counsel
Don Dulaney; Dulaney & Company; Actuary
Cindy Naraine; HR Coordinator; City of Miramar
Paul Stover; Principal Global Investors
Darren Kleis; Principal Global Investors

PRINCIPAL REAL ESTATE REVIEW: Paul Stover & Darren Kleis (Principal Global)

Mr. Estep explained to the two Principal Global Investors' managers that the Miramar Firefighters' Pension fund has a different board of Trustees since they were hired a few years ago and most of the board members have no idea what Principal does so that's why he had asked them to come in and give a short presentation to this Board and give an update of the actual fund.

Mr. Paul Stover introduced himself to the Board and stated that his role at Principal is a Relationship Manager and he is the primary contact for anything that the plan may need. Mr. Stover introduced his associates, Mr. Darren Kleis, the Director of Portfolio Management Team at Principal. Mr. Stover reported that the Portfolio Management group consists of four Managers including Mr. Kleis and the team has been in place for a number of years with no changes to the portfolio. Mr. Stover explained that organizationally Principal Real Estate Investors is part of the Principal Global Investors which is a global asset management company with expertise across all asset classes (e.g) Fixed Income, Real Estate and Equities.

Mr. Kleis explained how the Acquisition Process works and stated that if everything goes well it usually takes sixty (60) days to get an investment property closed. They have all the capabilities in-house and a very systematic approach to buying a property which they do efficiently. Mr. Kleis stated that they understand what they are doing which give them a very competitive advantage and there are very few transactions over \$10 Million in the U.S. that Principal Global has not been involved in. Mr. Kleis stated that the Fund is not buying stocks in companies that invest and operate properties but instead the Fund invests directly in the properties and those properties are: warehouses, office buildings, apartment communities etc... and it's less volatile. Those properties have stable cash flow. Mr. Kleis stated that the only downside with direct ownership in real estate is the liquidity where it can take up from 60 to 90 days if everything goes well to sell a property and this is one of the reasons why Principal recommends that investors should invest only a small portion of the portfolio. Mr. Kleis reported that the portfolio occupancy is

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90%, a little lower than he would like but progress is being made as they leased 844,206 square foot at the end of last year that wasn't leased the beginning of 2011.

Ms. Jensen asked Mr. Kleis how many of the 117 Investments listed on the report are value-added assets and Mr. Kleis said that very few of them are valued-added, probably five to seven. Ms. Jensen then asked what is the occupancy including the value-added. Mr. Kleis stated that when including everything it is about 85%.

Mr. Kleis stated that Principal used to own a shopping center in Miramar but they sold it a couple of years ago. They currently own some industrial properties in Weston, Florida.

Mr. Chris Armstrong entered the room.

Mr. Kleis went over the type of properties owned by the Fund and also described some of the properties owned by Principal in Florida. Mr. Kleis reported that the fund portfolio returned 2.71% for the quarter ending March 31, 2012 which is very encouraging.

Mr. Estep thanked Mr. Kleis and Mr. Stover for coming down and gave the Board an overview of the funds and how they operate.

ACTUARY REPORT

Mr. Dulaney reported that the Benefit Statements have been prepared but he has a few outstanding questions regarding five individuals that are not correct and once the problem is resolved, hopefully in the next few days, he will then upload the benefit statements to the secured exchange site for JC Louissaint to process.

Mr. Dulaney stated that he found a few minor errors with the funding percentages from the DMS actuarial fact sheet prepared by the State that was discussed at the last board meeting. Mr. Dulaney would like to get permission from the Board to ask the State to explain where they got some of their numbers because he did a recalculation of Assets over present value of accrued benefits and didn't match any of their percentages. The Board granted the permission to Mr. Dulaney to prepare a letter to send to the State requesting some explanation.

Mr. Dulaney stated that he will have a set of alternative assumptions to consider at the next meeting and the funding numbers to be associated to them.

ANNUAL BENEFIT STATEMENTS AND 2012 SUMMARY PLAN DESCRIPTION:
Chairman Estep wanted to know the best method possible to track members that view or didn't view their benefit statement online. Ms. Jensen stated that Pension Resource Center keeps a record when someone logs in so we may be able to track it that way. Mr. Estep stated that at the last meeting it was agreed that the SPD can be sent via email to the members with a "Read Receipt" confirmation but there are 100 plus people so it will be difficult for him to go through all the Read Receipt confirmation to find out whom he did not get a confirmation back from. Mr. Armstrong volunteered to prepare an Excel document showing who signed and didn't sign. Ms. Jensen suggested that an email be sent to everybody stating that "Your individual Benefit Statement is available on the

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Pension Resource Center's website. Please go check it out at www.mfpf.org. The Username is the first letter of your First Name follows by your Last Name. The password is the last 4 digits of your social security number".

Mr. Estep then asked JC Louissaint to send him the same memo that Resource Center usually sends to him in the past when the Benefit Statements are available and he will forward it to the PowerDMS.

ATTORNEY REPORT

ABOVENET – CLASS ACTION: Ms. Jensen reported that a note was sent to the Board of trustees in between meetings by Jayne Goldstein from Shepherd, Finkelman, Miller & Shah regarding a class action lawsuit which requires a quick action on the Board's part. Ms Jensen stated that Jayne Goldstein filed the paperwork but the trustees still have the opportunity not to participate in the class action lawsuit. Ms. Jensen explained that Zayo, a private equity company, which is a provider of high bandwidth infrastructure for wireless and internet business is coming in and offered \$84 a share to buy AboveNet and some analysts valued the stock between \$85 to \$87 per share. The lawsuit would be about increasing the price to the shareholders by \$1 to \$3 per share.

Ms. Jensen stated that there would be no cost to the Board to participate in the class action lawsuit. Ms. Jensen disclosed that the firm would pay her some percentage of the return if the firm gets any money from the lawsuit.

- **Manuel Esparza made a motion to approve and enter into a retainer agreement with Shepherd, Finkelman, Miller & Shah for bringing a derivative class action lawsuit against AboveNet. The motion received a second by Andrew Tomchik and was approved by the Trustees 5-0.**

RE-EMPLOYMENT AFTER RETIREMENT: Ms. Jensen stated that it is a big deal in the pension plan right now to rehire people who previously retired and the ability to pay them their retirement. Ms. Jensen stated that she drafted a new policy with a language that is in a lot of pension plans in the State of Florida whereby Patricia Shoemaker of the Retirement Division in Tallahassee wants to see how the Firefighters are to be treated in the event of a re-employment after they retired. After a lengthy discussion with a lot of questions and answers, Mr. Estep asked Ms. Jensen to do some additional research and report back to the Board.

Jason Swaiden left the meeting.

STEVE GORDON - AUDIT SERVICES EXECUTED AGREEMENT: Ms. Jensen asked Mr. Estep to sign Steve Gordon Auditing Executed Agreement.

- **Andrew Tomchik made a motion to approve Steve Gordon Audit Services agreement. The motion received a second by Manuel Esparza and was approved by the Trustees 5-0.**

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DULANEY & COMPANY - ACTUARIAL SERVICES: Ms. Jensen asked Mr. Estep to sign the Addendum Agreement for Actuarial Services by Dulaney & Company, Inc.

- **Andrew Tomchik made a motion to approve the Addendum Agreement for actuarial services by Dulaney & Company. The motion received a second by Manuel Esparza and was approved by the Trustees 5-0.**

DROP PLAN – IRC 415 (c) LIMIT: As a follow up from the last board meeting, Ms. Jensen reviewed a memo that explained the IRC 415 (c) limit in regard to Mr. Tomey and Mr. Dragon's DROP contributions. Ms. Jensen stated that Mr. Tomey and Mr. Dragon should have been able to front load the maximum amount allowed to contribute to the DROP because the DROP is a Defined Contribution plan and the contributions that they made prior to enter the DROP were considered Defined Benefit money and the DB plan is treated differently than the DC plan.

JC Louissaint will inform Chief Tomey, Captain Dragon, the City of Miramar Finance and Payroll department of Ms. Jensen's final guidance. JC Louissaint will report back to the Board of the action taken by the Payroll department to correct the shortages of the front loan contributions to the DROP for both Chief Tomey and Captain Dragon.

2012 SUMMARY PLAN DESCRIPTION: Ms. Jensen reviewed the final version of the 2012 SPD with the Board and a motion was called to approve the 2012 SPD.

- **Manuel Esparza made a motion to approve the 2012 Summary of Plan Description dated February 16, 2012. The motion received a second by Andrew Tomchik and was approved by the Trustees 5-0.**

MINUTES

Minutes of the February 16, 2012 meeting were presented in the Trustee packets for review.

Mr. James Estep noted two corrections to be made on the February 16, 2012 minutes. 1) George Llorens who was present at the last meeting should be changed to Jorge Llorens; 2) Replace "One of the Trustees" at the beginning of the third paragraph under the Investment Consultant Report with "James Estep".

- **Mr. Manuel Esparza made a motion to approve the February 16, 2012 minutes as amended. The motion received a second by Orlando Segarra and was approved by the Trustees 5-0.**

Revised Minutes of the January 12, 2012 meeting were presented in the Trustee packets for review.

- **Mr. Manuel Esparza made a motion to approve the January 12, 2012 as amended. The motion received a second by Orlando Segarra and was approved by the Trustees 5-0.**

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PAYROLL DATA: A decision was made to close out the Payroll Data item since the discrepancy is insignificant. Adjustments will be made to the people that had discrepancies from the ADP file and Resource Center will start loading pending data onto their system in order to catch up and be up to date.

- **Mr. Manuel Esparza made a motion to remove the Payroll Data item from future board meetings' agenda. The motion received a second by Andrew Tomchik and was approved by the Trustees 5-0.**

NEW BUSINESS

N/A

OLD BUSINESS

Mr. Estep asked JC Louissaint if he heard from Mr. Greg McNeillie regarding his meeting with the money managers to discuss the Board's concern about the performance of the Fund last year. JC Louissaint stated that he has not and will follow up with Mr. McNeillie.

JC Louissaint informed the Board that he requested a refund in the amount of \$375.22 from The Hyatt Regency Jacksonville hotel for the Sales Taxes that were paid last February 7, 2012. The hotel's accounting manager told JC Louissaint that the check will issued in five to six weeks.

FINANCIAL STATEMENTS

The Financial Statements for the period ending February 29, 2012 were presented in the Trustee packets for review.

DISBURSEMENTS

JC Louissaint presented a disbursement report for approval with two additions including reimbursements for food to Orlando Segarra.

- **Manuel Esparza made a motion to approve the disbursements with the two additions as amended: \$3,340.00 to Dulaney & Company for the month of March 2012; \$31.26 to Orlando Segarra for food. The motion received a second by Andrew Tomchik and was approved by the Trustees 5-0.**

BENEFIT APPROVALS

A DROP application for Mr. James M. Dragon was presented to the Board for approval.

- **Manuel Esparza made a motion to approve Mr. James Dragon's Benefit Approval. The motion received a second by Orlando Segarra and was approved by the Trustees 5-0.**

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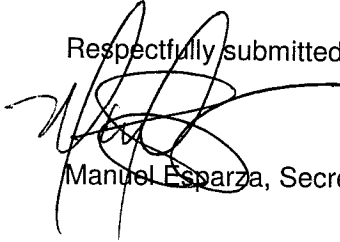
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ADJOURNMENT

The Trustees acknowledged their next meeting date, previously set for May 17, 2012. There being no further business,

- Manuel Esparza made a motion to adjourn the meeting at 11:50 AM. The motion received a second by Andrew Soterakis and was approved by the Trustees 5 -0.

Respectfully submitted,



Manuel Esparza, Secretary