

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

October 17, 2014

James Estep called the meeting to order at 9:04 A.M. in the Meeting Room of Fire Station 100 located at 2800 SW 184th Avenue, Miramar, FL. Those persons present were:

TRUSTEES PRESENT

James Estep, Chairman
Orlando Segarra' Trustee
Manuel Esparza, Secretary
Susan Finn, Trustee

Leo Nunez, Advisory Comm
Ulises Carmona, Advisory Comm

TRUSTEES ABSENT

Andrew Tomchik, Trustee
Jason Swaidan, Advisory Comm

PUBLIC COMMENTARY

James Estep invited those present to address the Board with public comments. There were no comments at this time.

MINUTES

The minutes from the prior meeting were not available for approval.

DISBURSEMENTS

Denise McNeill presented a disbursement report for approval with an additional payment to Orlando Segarra for the meeting expenses.

- Susan Finn made a motion to approve the disbursements as amended. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

ATTORNEY REPORT

ORDINANCE – IN SERVICE DISTRIBUTION UPDATE: Bonni Jensen explained she had sent the information to Sam Hines at the City and the matter is still pending at this time.

POLICY OF CREDITING INTEREST - SHARE ACCOUNTS: Bonni Jensen reviewed the changes with the Board in detail, as per the direction from the prior meeting.

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

PNC AGREEMENT: Bonni Jensen explained there is no agreement for signature at this time. Mr. McNeillie negotiated the fee as per the Board's request and PNC agreed to the following: 80 basis points for the first \$25MM; 75 basis points for the next \$25MM and 60 basis points over \$50MM. PNC hired outside council to review the agreement. It was then reported that the main person running the portfolio will be retiring in the second or third quarter of 2015 and the person stepping in to run the portfolio is the same person who presented to the Board. Mr. McNeillie

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advised he is not concerned with the change and he will keep an eye on PNC and the new portfolio manager.

MOLPUS CHANGE: *Molpus had sent a request to the Board requesting a change to the current agreement. Mrs. Jensen explained the change does not affect the Plan directly and provides the Board more rights; therefore the change would be more beneficial to the Plan. The Molpus change agreement was executed accordingly.*

ATTORNEY AGREEMENT: *Bonni Jensen had previously reported she is now a full time partner in the law firm of Klausner and Kaufman as of October 1, 2014 and she requested Board approval for the assumption of the legal contract to the new firm name. She confirmed there would be no change to client fees being charged to the pension plan.*

- *Manuel Esparza made a motion to approve and execute the revised agreement with Klausner and Kauffman as presented. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.*

SB534 UPDATE: *Bonni Jensen presented the Board with the Senate Bill 534 update. She explained the change adds five additional reports which are due within sixty days of the receipt of the Plan's actuarial valuation report. Discussion followed regarding the deadline and Mrs. Jensen explained she feels that official receipt of the valuation report is when the Board approves it and therefore the additional reports will be due sixty days from that date. Mrs. Jensen explained that several municipalities are concerned about the additional reporting deadlines and the word "receipt" is a legal issue and must be clarified. She explained that a second hearing will be held on the matter and she will be attending to address the issue on behalf of her clients. She advised another report will be required if the valuation report is changed after the fact. Lengthy discussion followed regarding the additional requirements. Discussion followed regarding the report released from the Leroy Collins Institute which ran in the local papers. The Trustees discussed reaching out to educate the Public on the matter. Mrs. Jensen suggested the Board be proactive and reflect the real and positive information; targeting elected officials, staff, etc. She noted the City of Miramar staff are attending pension conferences and are making an effort to learn more about the Plans. James Estep will contact Sue Marden with the FPPTA. Mrs. Jensen advised she is also working with a few other clients to gather positive information. James Estep reported at the recent FPPTA school they were suggesting coming up with an agreement between the Union and the City of how to address funding the Plan until it is fully funded. Lengthy discussion followed of the process of sharing positive information regarding how much of the retiree pension funds are spent back into the local community. Mrs. Jensen addressed Town Hall meetings put on by the FPPTA in other municipalities. Leo Nunez explained there is disconnect with the right information reaching the general public. The attorney, chairman and administrator will work together to gather some materials and information that can be used for the educational outreach.*

ACTUARY REPORT

Don Dulaney addressed the Post Retirement Subsidy noting the CPI-U for September isn't available at this time; therefore he is unable to provide the PRS rate until the next meeting.

DIVISION OF RETIREMENT – ASSUMED RATE OF RETURN: *Don Dulaney addressed the letter received from the State regarding the Plan's assumed rate of return. It was noted the State is looking at a short view and Mr. Dulaney will send a response regarding the Plan's actual earnings explaining the Trustees have considered the ARR and feel it is reasonable for their Plan. Mr. Dulaney presented a copy of a response being sent to the State regarding both items. Discussion followed regarding the current mortality table. Mr. Dulaney feels the mortality for police and fire tends to be lower than the general public so he has held off changing the table*

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until he is forced to. He will run a comparison for the Board related to the mortality table and will report back at the next meeting.

INVESTMENT CONSULTANT

Greg McNeillie joined the meeting via conference call. He addressed the pending PNC management change and assured the Trustees he is not concerned about the transition. He then reviewed the Investment Policy Statement (IPS) in detail recommending core plus real estate (good with rising interest rates) and adjusting down on equities to 70%. Discussion followed regarding the Plan's actuarial rate of return. Mr. McNeillie advised he was comfortable with the 8.5% ARR and he is comfortable with a lower ARR. Mr. McNeillie then addressed the asset allocation noting DFA stood out as an alternative to replace part of the equities. He explained he can do a manager search on the core real estate and his recent finalists have been Prudential, Principal, Intercontinental and Black Rock. Discussion followed regarding the fixed income increase on bonds from 10% to 15% and Mr. McNeillie explained they could possibly put the additional 5% into a different type of fixed income. Mrs. Jensen noted a couple of items to be changed on the IPS. Mr. McNeillie explained the revised policy would be effective January 1, 2015 and he would plan to have the funds from Lee Munder mid-December.

- Susan Finn made a motion to hire Dimensional Fund Advisors from the Small Cap Search. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.
- Manuel Esparza made a motion to approve the revised Investment Policy Statement as amended effective December 31, 2014. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

The Trustees then instructed Mr. McNeillie to do a search for core plus real estate. The call with Mr. McNeillie ended at 11:07 AM.

ACTUARY REPORT (Continued)

Mr. Dulaney explained that regarding the assumption study, he would prefer to wait for the September 2014 data. He noted the Board could consider a phase-in of the mortality table change over a five year period since there is currently not a funding mandate for the mortality table change.

Mr. Dulaney reported he is in the process of requesting the fiscal year end data from the City. Mrs. McNeill explained she will also plan to review and provide a comparison of the City's information to the posted payroll when received.

ADMINISTRATOR REPORT

DROP AND SHARE STATEMENT UPDATE: Denise McNeill advised the accounts are still in progress. The chairman advised he received a notice from the State the 175 funds had been sent to the City and the Mayor received the letter on October 13th. Mrs. McNeill will follow up on the status of the funds from the City. Mr. Dulaney reported there is approximately \$900,000 to be allocated to the Share accounts.

FIRE MARSHALL POSITION – PENSION RELATION: Mrs. McNeill addressed a pending matter related to the current Fire Marshall who had not been placed into the Fire Pension Plan. The City confirmed he has been moved to the Fire Pension Plan and the funds for his retro contributions and the City's contributions are pending at this time.

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OLD BUSINESS

PAYROLL DATA UPDATE: Discussion followed regarding the payroll data status. Mrs. McNeill reported on a recent issue related to a member's social security number coming through in the reports incorrectly and the process taken to correct the information.

NEW BUSINESS

IPAD POLICY: Discussion followed regarding iPad trade-in programs and updating the Board's equipment. Mr. Estep will ensure all items are cleared of information before trading them in. He recommended having internal wi-fi on the new units. Mrs. Jensen will look into the ethical rules to see if the Trustees can purchase the units from the Board. Mr. Estep then reviewed the quote received to replace eight units.

- Susan Finn made a motion to approve the purchase of eight (8) new iPads for a total amount of \$5,032. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

Discussion followed regarding the different types of cases available and the costs of each.

- Susan Finn made a motion to order keyboard clam cases for each iPad unit. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

The Trustees will return all of the current equipment at the next meeting. The equipment to be returned: iPad, case, charger, Mi-Fi, case and charger.

ADJOURNMENT

The Trustees acknowledged their next meeting date was set for November 17, 2014. There being no further business,

- Manuel Esparza made a motion to adjourn the meeting at 11:49 AM. The motion received a second by Susan Finn and was approved by the Trustees 4 -0.

Respectfully submitted,



Manuel Esparza, Secretary