

City of Miramar Firefighters' Retirement Plan

MINUTES OF WORKSHOP

November 17, 2014

James Estep called the workshop to order at 9:12 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
Manuel Esparza, Secretary

Ulises Carmona, Advisory Comm (9:16)

TRUSTEES ABSENT

Orlando Segarra, Trustee
Susan Finn, Trustee
Andrew Tomchik, Trustee
Jason Swaidan, Advisory Comm
Leo Nunez, Advisory Comm

OTHERS PRESENT

Denise McNeill; Resource Center; Administrator
Bonni Jensen; Perry & Jensen; Attorney
Don Dulaney; Dulaney & Co; Actuary
Greg McNeillie; Dahab & Assoc; Consultant
Rob Rossi; CS McKee; Investment Manager
Members of the Plan

PUBLIC COMMENTARY

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

MINUTES

The minutes could not be approved and were tabled to the next meeting.

DISBURSEMENTS

The disbursements could not be approved and were tabled to the next meeting.

INVESTMENT MANAGER

Robert Rossi of CS McKee appeared before the Board to present a report for the period ending September 30, 2014. He explained they began 2014 expecting interest rates to rise and positioned the portfolio accordingly; however the interest rates have not gone up as expected. He explained the portfolio did better than he expected considering the circumstances, mainly due to good stock selection. He explained the Fed is expected to raise short term rates later in 2015 and as interest rates rise, the value of the portfolio is expected to decrease and therefore they expect only 1-2% growth. Mr. Rossi responded to several questions explaining CS McKee attempts to be more defensive than the bench. Mr. Rossi departed the meeting at 9:26 AM.

INVESTMENT CONSULTANT

Greg McNeillie of Dahab & Associates appeared before the Board to present the quarterly report for the period ending September 30, 2014. Mr. McNeillie reported the Plan ended the Fiscal year up 12%; however they underperformed the bench mainly due to Rushmore and high quality small and mid-cap stocks were not in favor during the period. He noted there was an error in the reports provided for review and the quarter end and fiscal year end will need to be updated. He explained the Fund is up for the fiscal year to date. He reviewed the asset allocation noting they had replaced Rushmore with Polen Capital in the prior fiscal year and that is expected to have a positive impact on the Plan. Mr. McNeillie advised the difference between the high and low

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quality is more easily viewed between the Russell 2500 and the S&P500 as the Russell tends to screen out more low quality companies. Mr. McNeillie will begin to reflect the higher quality and lower benchmarks beginning with January 2015. Mr. McNeillie went on to review each asset class in detail. Discussion followed regarding CS McKee's performance. Mr. McNeillie noted that the positive cash flow has allowed the Plan to be more aggressive. Discussion returned to the asset allocation and Mr. McNeillie explained the cash had been high partially due to the pending capital call and the remainder is due to the fact that it is an accumulation of all managers' cash. Discussion followed regarding the pending cash to be called for timber; \$1.5M for Molpus IV and \$500K for Hancock. Mr. McNeillie explained Hancock may extend the close of the fund and Molpus did not call all funds for Molpus III. Mr. McNeillie then addressed the four options for real estate as core, core plus, value added and opportunistic. Discussion followed regarding Principal and the leverage they held. It appeared Principal's leverage hit a high of almost 70% at one point; however Principal reported their leverage did not rise over 40%. Mr. McNeillie explained with core plus real estate, when interest rates rise, the core plus funds provide income yield. He then recommended the Board consider increasing the fixed income to 15% at some point. Mr. McNeillie reviewed each manager in detail, reporting that Herndon is still a value manager; however has recently stretched more toward the core side. He will keep an eye on Herndon accordingly. Mr. McNeillie then reviewed the investment guidelines approved at the prior meeting. The investment guidelines were signed accordingly.

ATTORNEY REPORT

PNC AGREEMENT: Bonni Jensen reviewed the PNC agreement in detail noting several points outlined in a memo to the Board. She explained PNC was opposed to a "no favored nations" clause; however they did finally accept a limited agreement and they accepted fiduciary responsibility. She explained it was one of the more difficult contracts she has negotiated recently due to their legal team at PNC. She continued reviewing several more points as outlined in her memo to the Board. She explained if the Trustees have no issues with the additional items discussed, then the contract was ready to be signed as per the approval at the prior meeting. The agreement was executed accordingly.

SB534 UPDATE: Bonni Jensen had presented a detailed explanation at the prior meeting of Senate Bill 534 and she explained that no template has been made available yet for the reporting requirements; however all hearings are finished and she expects a final ruling at some point.

DROP POLICY: Bonni Jensen reviewed the DROP changes with the Board explaining the interest credit has been adjusted to match the language in the Share policy as per the direction from the prior meeting.

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

FPPTA PLAN INFORMATION: Bonni Jensen reported she and James Estep had spoken with Sue Mardin of the FPPTA to create an informational handout about the pension plan in response to the report released from the Leroy Collins Institute. Discussion followed regarding the type of detail that should be included in the handout. Ms. Mardin expected the total cost to be \$1,500.

PUBLIC RECORDS REQUEST: Mrs. Jensen then addressed a public records request the administrator had received requesting a very detailed breakdown of assets in a manner that does not exist for the Plan. Mrs. McNeill explained that copies of the investment consultant's quarterly reports were provided as a response along with an explanation that such detail is not available in the Plan records.

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ACTUARY REPORT

POST RETIREMENT SUBSIDY: Don Dulaney presented the Post Retirement Subsidy noting the amount is scheduled to increase to \$241.32 effective January 1, 2015. Denise McNeill explained the change will be made with the January pension COLA and the Board can ratify the change at their January 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 which had been discussed at the prior meeting. He explained the response had been sent to the State accordingly.

Mr. Dulaney explained he has been in communication with the auditor regarding the fiscal year end reporting. The auditor will be providing a preliminary Trial Balance and he will provide the GASB67 report for the auditor. Discussion followed regarding the new requirements. Mr. Dulaney explained he will provide the info to the auditor, then he will do the assumption review and then finish the valuation.

ADMINISTRATOR REPORT

DROP AND SHARE STATEMENT UPDATE: Denise McNeill reported the DROP statements are being sent to the Chairman for review and the Share accounts will be created next.

COMERICA AUTHORIZED SIGNATURE UPDATE: Denise McNeill presented an updated signature form to be signed by the Trustees for the custodian.

COLA: Mrs. McNeill reported she will provide the COLA summary to the actuary for review and approval prior to the January 2015 processing.

OLD BUSINESS

PAYROLL DATA UPDATE: There was no additional detail to report on the payroll data matter at this time.

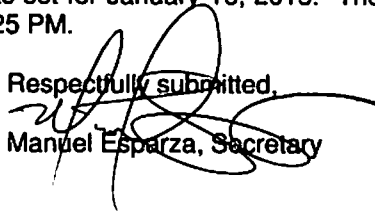
NEW BUSINESS

IPAD EQUIPMENT UPDATE: The new iPads were ready to be distributed. Mrs. Jensen explained she will provide a form to be used if someone wants to purchase the equipment from the Plan. It was noted the cost should be the same as the trade in value to ensure the Plan receives the proper amount. Denise McNeill explained all such payments should be made via check and payable to the Miramar Firefighters Pension Plan.

2015 MEETING SCHEDULE: Discussion followed regarding the meeting dates for 2015. The updated list will be sent to all Trustees and service providers accordingly.

ADJOURNMENT

The Trustees acknowledged their next meeting date was set for January 16, 2015. There being no further business, the workshop was adjourned at 12:25 PM.

Respectfully submitted,

Manuel Esparza, Secretary