

# City of Miramar Firefighters' Retirement Plan

## MINUTES OF MEETING

May 20, 2016

Chairman James Estep called the meeting to order at 8:10 A.M. in the Meeting Room of Fire Station 100 located at 2800 SW 184<sup>th</sup> Avenue, Miramar, FL. Those persons present were:

### TRUSTEES PRESENT

James Estep, Chairman  
Manuel Esparza, Secretary  
Patricia Barry, Trustee  
Susan Finn, Trustee (8:30)  
  
Leo Nunez, Advisory Comm  
Jason Swaidan, Advisory Comm

### TRUSTEES ABSENT

Ulises Carmona, Trustee

### OTHERS PRESENT

Denise McNeill; Resource Center; Administrator  
Bonni Jensen; Klausner, Kaufman, Jensen &  
Levinson; Attorney (9:00)  
Don Dulaney; Dulaney & Co; Actuary  
Greg McNeillie; Dahab & Assoc  
Ian Thomas; City Finance (9:04)  
Heather Dailey; City HR  
Members of the Plan

### PUBLIC COMMENTARY

James Estep welcomed Heather Dailey, a new employee in HR who will be working with the City's pension plans. He then invited those present to address the Board with public comments. There were no comments at this time.

### EATON VANCE – PARAMETRIC

Jeff Brown of Parametric appeared before the Board to present the portfolio review. He provided a corporate update and went on to review the characteristics of the portfolio. Mr. Brown explained they include many small frontier markets which they feel helps to dampen volatility. He then reviewed the rebalance process on the upside and downside noting it is a disciplined approach and the downside triggers were recently added to help allow model purity. Mr. Brown reviewed the investment process in detail. Discussion followed regarding frontier markets and liquidity. He explained they have a formal review process twice a year for all countries. Mr. Brown responded to various questions from the Trustees. He explained when the larger emerging markets are doing well, the portfolio will lag; noting at the beginning of the process and when the markets go down is when this portfolio will outperform. Mr. Brown explained they have outperformed in the long term, they offer lower volatility and are broadly diversified. Jeff Brown departed the meeting at 8:35 AM.

### INVESTMENT CONSULTANT REPORT

Greg McNeillie of Dahab & Associates appeared before the Board to present the quarterly report for the period ending March 31, 2016. Mr. McNeillie reported the Plan ended the quarter up 0.5% and up 4.2% for the fiscal year to date; ranking the Plan in the top 27 percentile for the fiscal year. He reviewed each manager in detail noting the high exposure to real estate has done well for the Plan. He noted Hancock has been more affected by China due to their international exposure. Mr. McNeillie advised the Plan diversification is the reason for their higher public fund ranking fiscal year to date. He explained the Plan is slightly underweight in international; however due to all of the noise on the international front, he does not recommend adding to that asset class at this time and he prefers the portfolio remain slightly overweight in US domestic equities for now.

LARGE CAP VALUE MANAGER SEARCH: Greg McNeillie presented a Large Cap Value Manager Search as previously requested by the Board. He reviewed the vetting process in detail

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May 20, 2016

explaining how the dozens of responses are reduced to the short list presented. Lengthy discussion followed regarding each company on the short list.

- Manny Esparza made a motion to invite Bridgeway Capital Management, Eagle Capital Management and Invesco Advisors. The motion received a second by Susan Finn and was approved by the Trustees 4-0.

Discussion followed regarding the notice from Hancock about the portfolio manager change. Mr. McNeillie advised that he is not concerned as the transition has been in process for some time so they expect the transition to be smooth.

### MINUTES

Minutes of the March and April 2016 meetings were presented in the Trustee packets for review.

- Susan Finn made a motion to approve the March and April 2016 minutes as presented. The motion received a second by Manny Esparza and was approved by the Trustees 4-0.

### DISBURSEMENTS

Denise McNeill presented the disbursement report and financial statements for review.

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

### ACTUARY REPORT

Don Dulaney presented the 2015 Actuarial Valuation Report. He began by reviewing the assumptions used in the report noting assumptions had been revised for the funding method, administrative expenses and the mortality table. Mr. Dulaney explained the total unfunded liability had been on a reducing schedule with a remaining amortization period of fourteen years and there were cost issues that had prohibited the Plan from changing the method. He explained that going forward the 1.7M of liability will be amortized as 156K over the next fourteen years and the amortization payment is based on a level percentage of covered payroll. Mr. Dulaney reviewed the value of assets and the smoothing process used to reduce volatility noting this past year, the actuarial value was virtually identical to the allowance for the market value. He then reviewed a chart reflecting a ten year history for investment return, salary increase and turnover experience that the City had requested he add to the report. Mr. Dulaney then reviewed the details of each actuarial loss and gain; noting a few of the items will not be in future reports due to the change in funding method moving forward. He reported the funded ratio had increased from 63% the prior year to 70%. Discussion followed regarding the pending Ordinance which has a retro effective date of October 1, 2015. Lengthy discussion followed regarding how to reflect the changes related to the excess 175 funds. Mr. Dulaney will need to verify with the State's actuary if the amount can be deducted from the unfunded liability prior to amortizing. Mrs. Jensen explained she has not seen the excess come straight off the unfunded liability and instead the amount has added into the asset. Discussion followed regarding the pending Ordinance and Mr. Estep noted every day that passes where the Ordinance is not in line with the CBA causes more issues. It was noted the valuation report will need a cover letter for the State explaining some items are pending an Ordinance change. Mrs. Jensen recommended holding the valuation report and not approving due to the known expectation of the needed changes. Approval of the valuation report was tabled until the August meeting.

# City of Miramar Firefighters' Retirement Plan

## MINUTES OF MEETING

May 20, 2016

### ATTORNEY REPORT

MUTUAL CONSENT MEMO: Bonni Jensen had sent a memo in April of upcoming issues and she noted the pending Ordinance addresses the mutual consent matter. She addressed the Public Records matter and explained any requests for information received by the Trustees should be sent to the Administrator right away to ensure compliance. She advised there is a strict liability if not responded to appropriately.

MUNICODE CORRECTIONS: Mrs. Jensen explained she had found when the Municode changes had been submitted in 2010, errors occurred. The City attorney confirmed the corrections will be submitted. Mrs. Jensen explained she added the language into the pending Ordinance as a precaution to make sure the language is properly updated.

PERMISSIVE SERVICE ORDINANCE: Mrs. Jensen presented a copy of the pending Ordinance. She explained the Board had created a policy to address terminal leave. Discussion followed regarding a management person who was not processed as required by the policy. Mrs. Jensen explained that, management or not, the member's payout must be reprocessed to be consistent with the rules to ensure they are compliant with the IRS. A copy of the policy and letter from the tax attorney will be forwarded to Heather Dailey to make her aware of the pending concerns. Mrs. Jensen explained she has attempted several times to coordinate a meeting with the City to resolve the matter. Mr. Estep and Mrs. Jensen will attempt to schedule with the City again.

### ADMINISTRATOR REPORT

FORM 1 FILING: A copy of the 2015 Form 1 was included in the Trustee packets and they were reminded to file by the July 1, 2016 deadline.

2016 BUDGET: A draft budget was presented in the Trustee packets for discussion. It was noted the attorney category will be overstated due to the City's tax issues. The trustees requested a category be added for specialty counsel and to move the costs related to Rick Burke and the City's tax issues to the specialty category. Mrs. Jensen confirmed her basic fee in addition to the IRS Private Letter Ruling is not expected to exceed \$28K for the year.

### OLD BUSINESS

PAYROLL DATA: Bonni Jensen provided a brief explanation to Heather Dailey of the ongoing payroll data issues. Lengthy discussion followed regarding the process. Ian Thomas recommended having the auditor or administrator sit with the payroll people to review the process.

DISABILITY APPLICATION UPDATE: Mrs. McNeill reported a few more items had been received in the couple of days preceding the meeting. They requested Heather Dailey follow up on the status of the HR records that had been requested.

### NEW BUSINESS

Heather Dailey of HR introduced herself explaining she had worked with Vanguard (TPA) for several years in ERISA and compliance and had worked in HR with the City of Redding. She explained she is looking forward to working with the Board.

# City of Miramar Firefighters' Retirement Plan

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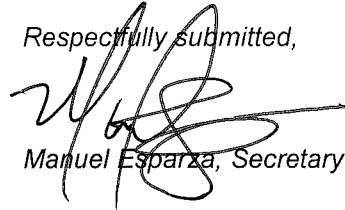
*Denise McNeill noted the City Clerk received the notice of Ulises Carmona's appointment to the fifth seat and it was to have been presented to the Council for appointment at their last meeting. James Estep will instruct Mr. Carmona to go to the City to ensure his appointment is ratified.*

### **ADJOURNMENT**

*The Trustees acknowledged their next meeting date was set for August 18, 2016.*

- *Manny Esparza made a motion to adjourn the meeting at 12:05 AM. The motion received a second by Sue Finn and was approved by the Trustees 4-0.*

*Respectfully submitted,*



*Manuel Esparza, Secretary*