

# City of Miramar Firefighters' Retirement Plan

## MINUTES OF MEETING

November 17, 2017

Chairman James Estep called the meeting to order at 9:05 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  
Ulises Carmona, Trustee  
Patricia Barry, Trustee  
Susan Finn, Trustee

Noel Marti, Advisory Comm  
Cliff Ricketts, Advisory Comm  
Jason Swaidan, Advisory Comm

### OTHERS PRESENT

Denise McNeill; Resource Center; Admin  
Paul Daragjati; Klausner, Kaufman, Jensen & Levinson; Attorney  
Don Dulaney; Dulaney & Co; Actuary  
Greg McNeillie, Dahab & Assoc; Consultant  
Tom Capobianco & Tim Gribbell; LMCG  
Kanika Stamp; City of Miramar  
Members of the Plan

### TRUSTEES ABSENT

Leo Nunez, Advisory Comm

### PUBLIC COMMENTARY

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

### INVESTMENT MANAGER PRESENTATION – LMCG

Tom Capobianco and Jim Gribbell appeared before the Board to present a report of the portfolio. Mr. Capobianco provided an update of the company noting he and Mr. Gribbell became partners of the firm in 2017. He reviewed their mid cap core strategy and performance reporting they were up 10.1% versus the bench of 8.2% since inception. He reviewed the top and bottom performing investments in the portfolio. Mr. Gribbell reviewed the portfolio characteristics noting they are relatively close to the index sector weights; however their portfolio only holds 91 companies while the bench holds 783. They responded to questions from the Trustees regarding specific holdings in the portfolio. Mr. Capobianco and Mr. Gribbell exited the meeting.

Chairman Estep welcomed Paul Daragjati and thanked him for filling in for Bonni Jensen for this meeting.

### MINUTES

The October minutes were presented for review. It was noted the minutes for the special meeting on November 1, 2017 were not available.

- Sue Finn made a motion to approve the minutes for October as presented. The motion received a second by Manuel Esparza and was approved by the Trustees 5-0.

### DISBURSEMENTS

Denise McNeill presented the disbursement report for review. It was noted the fiscal year end draft financial statements are pending final review and were not included in the Trustee packets.

- Manuel Esparza made a motion to approve the disbursements as presented. The motion received a second by Sue Finn and was approved by the Trustees 5-0.

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### INVESTMENT CONSULTANT REPORT

Greg McNeillie of Dahab & Associates appeared before the Board to present the quarterly report for the period ending September 30, 2017. Mr. McNeillie reported the Plan was up 13.1% (12.5% net) fiscal year to date ranking the Plan in the top 29th percentile of the public fund universe. He reported quarterly returns of the following: large cap core was up 18.6%, large cap growth was up 20.8%, large cap value was up 2.1% (for the quarter), mid cap was up 17.2%; SMID cap was up 19.0%, small cap core was up 19.8% and 15.2%, international was up 19.5%, emerging markets were up 22.5%, real estate was up 10.5%, timber was up 4.5%, 5.0% and 6.0% and core fixed was up 0.5%. Mr. McNeillie reminded the trustees that the ten year view still includes the poor market of 2007 and 2008. He reported the transition moving from Northern Trust to Rhumblin is in process. Mr. McNeillie addressed international explaining Eaton Vance Parametric was a good alpha addition; however Parametric has experienced a tough three year period so he is keeping an eye on them. He noted most of Parametric's poor performance related to one quarter when a securities lending product lost money in 2009 and Parametric did exit that product. He reported that overall, it has been the alternatives that have done well for the Plan. He reviewed the risk of the managers over five years noting that statistically, the more negative the market, the better LMCG performed.

MOLPUS NOTICE: Mr. McNeillie addressed the notice from Molpus related to their refinancing a loan. He explained that they are restructuring debt and it sounds fine from an investment point of view. Paul Daragjati explained that Mrs. Jensen was concerned with the manner of guaranteeing the property with the fund as a whole which seemed out of the ordinary. Mr. McNeillie explained he did not see that as a concern.

Discussion followed regarding the Investment Policy and the pending Molpus IV capital call. Mr. McNeillie presented and reviewed a list of additional recommendations; liquidate all Northern Trust assets; take \$1.5M from both LMCG and PNC; invest \$10.1M in the Rhumblin S&P500; invest \$4M in the Rhumblin S&P400; invest \$5.5M in the new Rhumblin S&P600; invest \$13.7M in the Rhumblin MSCI EAFE; invest an additional \$1M to Intercontinental Core Plus real estate.

- Manuel Esparza made a motion to approve the full reallocation recommended by the consultant: liquidate all Northern Trust assets; take \$1.5M from both LMCG and PNC; invest \$10.1M in the Rhumblin S&P500; invest \$4M in the Rhumblin S&P400; invest \$5.5M in the new Rhumblin S&P600; invest \$13.7M in the Rhumblin MSCI EAFE; invest an additional \$1M to Intercontinental Core Plus real estate. The motion received a second by Sue Finn and was approved by the Trustees 5-0.

The administrator will coordinate all actions as instructed.

### ACTUARY REPORT

Don Dulaney presented the Post Retirement Supplement calculation for 2018. He reviewed the details noting the end result was an increase from the current year \$247.18 to \$255.16. Discussion followed regarding the fiscal year end reporting and the City's request to have draft reports by December 31<sup>st</sup>. Mr. Dulaney explained he cannot do the GASB67 Report for the auditor until he receives the statement of assets and the receipts and disbursements. He explained the GASB68 is a City requirement and the municipality can choose to report on the current year or prior year.

Discussion followed regarding the actuarial funding assumptions. Mr. Dulaney explained he had attended a conference and was surprised at the stridency from actuaries of funding methods that

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should be used. He was surprised at how conservative the speakers were. Mr. Dulaney explained the State actuaries are pushing for the assumptions to be lowered and Milliman is recommending 6.5%-7.25% for Plans with lower equity allocations. Mr. Dulaney noted the actuary transitions are partly due to investment projections as the market projections reflect lower future returns. Greg McNeillie disagreed explaining the long term projections are much more accurate while shorter term projections are more difficult to meet and while the industry may be changing, pension plans are designed for long term.

Mr. Dulaney reported they have just received the fiscal year end data from the City so the annual benefit statements are not yet available. The Trustees reported they have fifteen new employees; mostly for new positions while four are to replace retirements.

DAHAB MARKETING: Greg McNeillie explained the intent of the marketing notice was to let the clients know all systems with data are not connected to the internet.

### ATTORNEY REPORT

ADMINISTRATIVE SERVICE AGREEMENT: Paul Daragjati explained the administrative agreement approved at the October meeting was ready to be signed.

PUBLIC SAFETY DEATH BENEFITS: Mr. Daragjati reported there were several line of duty deaths in 2017 around the country and their firm is looking at all client death benefits. He explained between Federal and State there are approximately \$350K of benefits in total. He explained their firm also provides a free service to help a member's family walk through the process to apply for the benefits. He explained the process is quite lengthy and can take several months.

LEGAL UPDATES: Mr. Daragjati reported on proposed changes to the tax code for unrelated business income tax (UBIT) that could impact the Plan. Greg McNeillie explained he does not feel there will be much of an impact on the Plan since it relates more to MLP and private equity. It was noted it could impact the timber assets as well for properties that are leased out. Mr. Daragjati explained if the tax code passes and a tax form K1 is issued by the investment company to the Plan, the Plan will need to have an accountant file taxes. He explained NCPERS is pushing to stop the change. His office will keep the Plan updated on the matter.

### ADMINISTRATOR REPORT

BENEFIT APPROVALS: Mrs. McNeill presented benefits for four permissive service purchases.

- Manuel Esparza made a motion to approve the benefits as presented. The motion received a second by Sue Finn and was approved by the Trustees 5-0.

2018 MEETING SCHEDULE: The 2018 Meeting Schedule had been presented in the trustee packets for consideration. James Estep advised a new station (#107) is scheduled to open early 2018 and they may be changing their meeting location to the new station as it has a larger conference room. It was noted the date listed on the agenda for the next meeting has a typo; the date should be January 19, 2018.

### OTHER REPORTS

It was noted the portfolio monitoring reports were included in the Trustee packets.

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### DISABILITY APPLICATION UPDATE

Mrs. McNeill reported they are waiting for the updated Workers Compensation records from the City. Ms. Stamp explained the City HR Department had sent the request to their Workers Compensation attorney handling Calderbank's case. The Board requested the attorney send a letter to the City's WC attorney regarding the records requested.

### OLD BUSINESS

There were no other items for discussion.

### NEW BUSINESS

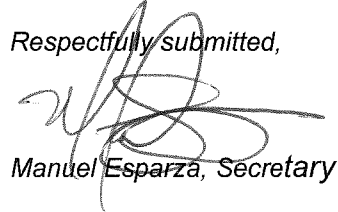
There were no other items for discussion.

### ADJOURNMENT

The Trustees acknowledged their next meeting date was set for October 6, 2017.

- Manny Esparza made a motion to adjourn the meeting at 11:00 AM. The motion received a second by Sue Finn and was approved by the Trustees 5-0.

Respectfully submitted,



Manuel Esparza, Secretary