

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

May 17, 2018

Chairman Leo Nunez called the workshop to order at 8:37 A.M. in the Meeting Room of Fire Station 100 located at 2800 SW 184th Avenue, Miramar, FL. Those persons present were:

TRUSTEES PRESENT

Leo Nunez, Chairman
Susan Finn, Trustee
Cliff Ricketts, Secretary (8:41)
Patricia Barry, Trustee (9:00)

James Estep, Advisory Comm (8:42)

TRUSTEES ABSENT

Ulises Carmona, Trustee
Manuel Esparza, Advisory Comm
Noel Marti, Advisory Comm

OTHERS PRESENT

Denise McNeill; Resource Center; Admin
Bonni Jensen; Klausner, Kaufman, Jensen &
Levinson; Attorney
Don Dulaney; Dulaney & Co; Actuary
Kanika Stampp, City of Miramar
Greg McNeillie & Bill Dahab; Dahab & Assoc
Craig Letendre & Jeff Brown; Parametric
Members of the Plan

INVESTMENT MANAGER REPORT – PARAMETRIC (EATON VANCE)

Craig Letendre and Jeff Brown of Parametric appeared before the Board to present a portfolio update. Mr. Letendre reported 2017 was a unique market. He provided an update of their company reporting all is stable with both personnel and assets. He reviewed their strategy and the portfolio characteristics.

The workshop transitioned to a meeting upon entry of Trustee Ricketts at 8:41 AM.

Mr. Letendre reviewed the bench explaining over 70% of the index is concentrated in just five countries which they feel is risky; while Parametric is much more diversified across many countries. He explained frontier markets help to lower volatility and Parametric will be underweight tier one countries versus the index; which helps to protect on the downside. He explained they diversify countries into tier levels (one through four plus transition countries) and he then reviewed each of the tier levels in detail. The plan returns reflected a net gain of 1.51% net of fees since the 2011 inception of the investment. Mr. Letendre reported there was a strong rally in January followed by a decline in February and March and the largest countries in the index were no longer the strongest performers. Mr. Letendre and Mr. Brown departed the meeting at 8:55 AM.

PUBLIC COMMENTARY

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

MINUTES

The March 2018 minutes were presented for review.

- Susan Finn made a motion to approve the minutes for March 2018 as presented. The motion received a second by Cliff Ricketts and was approved by the Trustees 3-0.

Patricia Barry entered the meeting at 9 AM.

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DISBURSEMENTS

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

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

INVESTMENT CONSULTANT REPORT

Greg McNeillie and Bill Dahab of Dahab & Associates appeared before the Board to present the quarterly report for the period ending March 31, 2018. Mr. McNeillie reported quarterly returns of the following: Fund was down -0.3% beating the bench of -0.5% and -0.4%; domestic equities were down -0.3% beating the bench of -0.6%; large cap equity was static at 0%, mid cap equity was down -2.2% below the index of -0.5%; small cap equity was up 0.2% beating the bench of -0.1%; foreign equity was down -0.5% beating all three benches, real assets were up 1.8% and fixed income was down -1.3%. Mr. McNeillie reviewed the managers in detail. He reported the following: the high cash allocation and the underweight in value was good for the plan for the quarter; the change from Northern Trust to Rhumblin was positive for the Plan; it has been a tough one year for Lee Munder; Parametric had a good quarter; both private real estate assets are doing well and CS McKee did well on the downside. He reported their three year return was 7%; ranking in the top 25th percentile and the five year return was 9.3% ranking the plan in top 6th percentile. Discussion followed regarding the asset allocation and Mr. McNeillie recommended rebalancing, moving money to bonds.

- *Susan Finn made a motion to move a total of \$4.4M from cash; allocating \$2.5M of the cash to Invesco and \$1.9M of the cash to CS McKee. The motion received a second by Cliff Ricketts and was approved by the Trustees 4-0.*

Mr. McNeillie explained the SMID allocation will be removed from the report going forward since that related to the Northern Trust asset that has been closed. Discussion followed regarding the volatility and Mr. McNeillie reviewed the managers' alpha noting they have done well capturing on the downside. He further explained that he expects the recent portfolio changes to improve on the upside capture.

ACTUARY REPORT

Don Dulaney explained he has done the numbers for the valuation; however the final valuation report has not been finished. He reviewed pages four through six of the pending valuation report explaining the impact of the assumed rate of return reduction to 8.15%. Mr. Dulaney reminded the Trustees of the impact to the cost of the plan from the FRS mortality table change, noting that he did not expect the State to keep changing the table each year. He explained Milliman had evidence people were actually dying earlier than the required IRS tables used for ERISA plans and the tables were not lining up with reality; possibly artificially inflating the cost of the Plans. Bonni Jensen explained Sheriffs in Florida have done some studies on the matter as well; however there were not enough people for the study so she isn't sure if it was statistically significant. Mr. Dulaney went on to review the demographics, the actuarial present value of future benefits and the accrued liability in detail. He noted the cost increase to the Plan resulted mostly due to the reduction of the assumed rate of return and the mortality table change; increasing the cost from the current year of 54% to 56.6%. Mr. Dulaney will have the full report at the next meeting and he will send this summary to the City accordingly.

Discussion followed regarding the fiscal year end benefit statement details for the membership. It was noted that a couple of the members have a coordination of benefits with other pension plans in the City and Carballosa may be eligible for retirement with the City now.

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ATTORNEY REPORT

SUNSHINE LAW: Mrs. Jensen reviewed a recent Sunshine Law violation committed by a different board; the Trustees were polled, short notice was given of the meeting, the matter was approved without completely discussing publicly and they did not allow for public comments. She reminded trustees that they cannot communicate via spoken word, email or any other sort of online exchange (Facebook, Twitter, etc.) to share their views with other trustees outside of meetings. She reminded the Trustees to treat the online world like the real world. Discussion followed regarding the Sunshine Law. Mrs. Jensen explained there is a Sunshine Law manual, seminars and the State of Florida does a class at the annual Trustee school.

FORM 1 FILING DUE: Mrs. Jensen reminded the Trustees the Form 1 Filing is due by July 1st and Trustees should keep their proof of the filing for their records.

PTSD BILL: Mrs. Jensen reported the Governor did sign the Bill and it passed.

Discussion followed regarding the permissive service purchases. Mrs. Jensen explained the Plan provision allows for a total purchase limitation of five years. Lengthy discussion followed of how the early buy down equates to years of service; IE 3% plus one year = one full year; a maximum would be 5 years plus 15% = five full years so a pending request of three years plus 20% would be acceptable. Mrs. Jensen recommended creating a policy to explain the dynamic of the Permissive Service Purchase and the buybacks addressing the total time accumulation. Mr. Dulaney explained that each 3% purchased is equivalent to ½ year of time. They verified the additional request from Gina Hudson could be processed accordingly.

TRUST AS BENEFICIARY: Mrs. Jensen had previously reviewed proposed language allowing for a beneficiary of the DROP and Share accounts to be a Trust and she confirmed the Draft amendment was being sent to the City. Lengthy discussion followed regarding the DROP and Share distribution language related to the beneficiaries. The Trustees requested the language be updated for the DROP. Mrs. Jensen will draft the language accordingly.

ADMINISTRATOR REPORT

BENEFIT APPROVALS: Mrs. McNeill reviewed the Benefit Approval for Salas' Permissive Service.

- Cliff Ricketts made a motion to approve the benefit as presented. The motion received a second by Susan Finn and was approved by the Trustees 4-0.

2018/2019 BUDGET: A draft budget was presented in the Trustee packets for consideration. Discussion followed regarding the expected expenses. It was noted the Plan had already initiated a cyber policy so the insurance should not need to be listed so high. The administrator will look into the insurance cost and renewal. The budget was tabled until the next meeting.

KSDT AUDIT ENGAGEMENT: An audit engagement had been presented in the trustee packets for consideration. Mrs. Jensen confirmed she had reviewed the document as well.

- Susan Finn made a motion to engage KSDT for the 2018 audit. The motion received a second by Patricia Barry and was approved by the Trustees 4-0.

OTHER REPORTS

Mrs. McNeill noted distribution letters from Hancock and Molpus along with additional reports from Pomerantz and SFMS were included in the meeting packets for informational purposes.

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CALDERBANK DISABILITY UPDATE

Mrs. McNeill explained the IME had been rescheduled by Dr. Worth and the report was pending. The Trustees agreed for a special meeting to be called if necessary to address the case.

OLD BUSINESS

There were no other items for discussion.

NEW BUSINESS

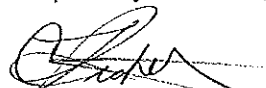
There were no other items for discussion.

ADJOURNMENT

The Trustees acknowledged their next meeting date was set for August 16, 2018.

- Cliff Ricketts made a motion to adjourn the meeting at 10:38 AM. The motion received a second by Susan Finn and was approved by the Trustees 4-0.*

Respectfully submitted,



Cliff Ricketts, Secretary