

**MINUTES**

**POLICE OFFICERS' & FIREFIGHTERS'  
RETIREMENT COMMITTEE MEETING**

**THURSDAY - FEBRUARY 28, 2008 - 9:00 AM**

**PRESENT**

Sgt. Mo Asim – Chair  
Sgt. Leo Socorro  
Chief Linda Loizzo  
Mayor Ray Marin  
Councilman Philip DeRose

**ALSO PRESENT**

Michael Landsburg –Merrill Lynch  
Bob Sugarman –Sugarman & Susskind  
Steve Cypen – Cypen & Cypen  
Alison Bieler– Cypen & Cypen  
Tom Lowman – Bolton Partners  
Karen Russo- Salem Trust  
Howard Lenard- City Attorney  
Martin Lebowitz – Pension Assistant

**ABSENT**

**DEPARTMENT REPRESENTATIVES**

A number of Sworn Police Officers  
Bill Dresback  
Kleven Klopp – City Manager  
Lori Helton – IT  
Pat Kusek- Finance

The meeting was called to order at 9:07a.m. by Sgt. Asim and was followed by a roll call of Trustees.

**I. PENSION PLAN ATTORNEY**

Officer Vinny Abbott discussed that the Union and the members would like an independent attorney for the pension plan. Officer Abbott stated that they felt Howard Lenard has done a great job as the attorney for the Pension Plan. Discussion followed from the board members about their position on hiring an independent attorney.

Howard Lenard addressed the pension board reviewing his tenure as the attorney for the Pension Plan. He discussed the early retirement window and that he was against this amendment. Also, since he has been the attorney for the pension plan, the Plan has saved approximately \$1.5 million since we have not had an independent attorney.

Motion by Sgt. Socorro, seconded by Sgt. Asim, to research the cost of hiring an independent attorney for the pension plan.

Roll Call:	Sgt. Asim	For
	Sgt. Socorro	For
	Chief Loizzo	For
	Councilman DeRose	For
	Mayor Marin	For

Motion Carried

**II. MERRILL LYNCH CONSULTING – Q/E 12/31/2007**

Mike Landsburg presented the performance report, indicating a total portfolio market value on 12/31/2007 of \$58,722,080 (including accrued income). This represents a net decrease in value from the previous quarter of \$453,771. The total asset allocation was reported to be 66.1% invested in equities – including the international and small/mid cap equity portfolios, 32.4% in bonds and 1.4% in cash and equivalents. The total fund earned -.08% for the quarter. The new target index 40% S&P 500 + 10% EAFE + 10% Russell 2000 + 40% bond index returned -.08% for the quarter.

For the quarter ended 12/31/2007: Davis Hamilton's total return was 1.4%, with AllianceBernstein at -3.0%. In equity, Davis Hamilton returned .2% and AllianceBernstein returned -8.2% for the same period. Additionally, the Bond Fund returned 2.9% followed by Davis Hamilton at 3.2% and AllianceBernstein at 2.9%. The fund experienced a total return of 1.3% in international equities.

Plan year results: Total return for the fund was 8.4%. Domestic equities returned 7.3% vs. 4.1% for the Target Index Fund. Fixed income returned 7.5%, and the fund experienced a total return of 19.0% in international equities.

**III. SALEM TRUST COMPANY – CUSTODIAN – CLASS ACTIONS**

Karen Russo presented the current class action report for the quarter ending December 31, 2007.

**IV. BOLTON PARTNERS**

**COLA'S ANNIVERSARY DATE** -Tom Lowman reviewed COLA's Anniversary Date issue and if we were to change the plan there would be a cost to this benefit of \$41,500 per year. This is based on the data and assumptions used in the 2007 actuarial valuation. Bolton did not include current retirees in study.

Tom Lowman has a DRAFT of **the** October 1, 2007 Valuation for the Plan.

**COLA FIREFIGHTER ISSUE -**

Bob Sugarman discussed the Firefighters' COLA provision and if they were properly followed. Tom Lowman reviewed the February 27, 2008 letter addressed to Bob Sugarman to determine how the COLA 's should have been administrated according to the plan provisions. There are 3 COLA's being paid for the Firefighters as follows:

The 9½ % COLA: Started on October 1, 2001. This COLA is a temporary COLA paid first from available "additional premium tax revenue" (APTR) funds. It is not paid if there are not

**Police & Fire Retirement Committee Meeting**  
**February 28, 2008**  
**Page 3**

available APTR funds, unless the plan is in surplus. (Bolton's assumption is the plan is not in surplus for some of the time periods in question.)

The 2% COLA: Started on March 1, 1997, and applied annually on March 1, 1997. This is a permanent COLA that is paid if and only if the State premium tax revenue up to the frozen amount is sufficient to pay the COLA. It applies only to certain retirees and not beneficiaries.

The 2½ % COLA: Started on March 1, 2002 and each October 1<sup>st</sup> thereafter. This amount is a permanent COLA paid first from any APTR funds available after the 9½ % COLA is paid. It is not paid if there are not available APTR funds, unless the plan is in surplus. This COLA applies to all retirees and beneficiaries but is offset by 2% COLA. (Bolton's' assumption is the plan is not in surplus for some of the time periods in question.)

Tom Lowman reviewed the under and overpayments to the firefighters due to the above COLA issues. There would be no reduction in any firefighter monthly benefit payment. Any overpayment would be paid back from any future COLA's until the over payment is paid back.

Bob Sugarman discussed suing the Actuary Public Pension Professionals for incorrect COLA information that was given to the pension plan.

Bob Sugarman has requested simplifying the COLA for the Retired Firefighters going forward.

Following discussion, motion by Sgt. Asim, seconded by Sgt. Socorro to table the COLA issue for the Firefighters.

Motion carried .

**V. UPDATE OF FIREFIGHTER COUNTY ISSUE**

Steve Cypen, Alison Bieler and Andy Kaplan gave an update on the Firefighter County Issue. Based on some preliminary numbers the County under-funded approximately a seven-figure number. Steve Cypen, Bob Sugarman and the board will determine the best method to distribute the money to the retired and deceased firefighters. Steve Cypen hopes that this can be resolved no later than October 2008.

Bill Dresback discussed pretax deduction for medical payments. Bob Sugarman stated it has to be medical insurance or long-term care insurance. This insurance must be purchased through the City of North Miami Beach.

**VI. RESOLUTION BOARD OF TRUSTEES**

Bob Sugarman reviewed the Resolution, which states that the Board of Trustees will review their service providers and their fees every 3 years.

**Police & Fire Retirement Committee Meeting**  
**February 28, 2008**  
**Page 4**

One of the ways we can do this review is by conducting a market survey or through RFP.

Bob Sugarman discussed Protecting Florida's Investment Act (PFIA) which deals with companies conducting business in and with the Country of Sudan. A letter will be sent to us to be signed and mailed to the United States Attorney General.

Bob Sugarman discussed **the** Merrill Lynch issue with the SEC. Bob Sugarman sent a tolling agreement however Merrill Lynch did not accept this letter.

Motion by Mayor Marin, seconded by Chief Loizzo, to terminate Merrill Lynch effective until the new manager is engaged and to do a RFP for a new Investment Consultant. This would be completed by July 1, 2008. Also, get a list from Bob Sugarman of other Investment Consultants.

Motion carried unanimously.

**VII. ALLOWING DROP MEMBERS TO VOTE ON BALLOT ISSUES**

This item tabled for the next meeting.

**VIII. PORTFOLIO MONITORING**

Mark Bogen has rescheduled his presentation due to illness.

**IX. ANNUAL SALARY REVIEW – MARTIN LEBOWITZ**

Following discussion, motion by Sgt. Socorro, seconded by Councilman DeRose to approve a \$2,800 or 4% salary increase on the amount of salary paid by the Police & Fire Pension fund.

Motion carried .

**X. PENSION ADMINISTRATOR ON CITY PAYROLL**

Lori Helton has proposed that Martin Lebowitz be brought onto the City's payroll for the purposes of providing his salary and benefits. Keven Klopp has suggested that we have a committee to review this process. Also, some of Martin Lebowitz benefits such as workman compensation and disability are in question.

Motion by Sgt. Socorro, seconded by Chief Loizzo, to have the committee and legal to include in Martin Lebowitz' benefits package workman compensation and short-term disability.

Motion carried unanimously.

**XI. AUTHORIZATION TO BIND COVERAGE AND PAY PREMIUM**

- Fiduciary Liability Insurance: \$10,000 Deductible \$7,213.42 annual premium

Motion by Mayor Marin, seconded by Chief Loizzo, to pay Insurance Policy of \$ 7,213.42 for Fiduciary Liability for one year.

Motion carried unanimously.

**XII. APPROVAL OF INVOICES**

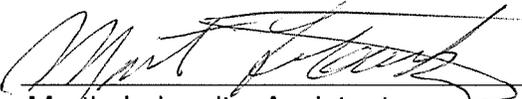
Motion by Sgt. Asim, seconded by Sgt. Socorro, to pay the following invoices:

**INVOICES:**

Davis Hamilton Jackson – Quarterly Management Fees	\$29,521.55
Bolton Partners – Actuary Fees	12,949.20
Salem Trust Company – Custodial Fees	5,879.83
Rachlin Cohen & Holtz – Auditor	5,000.00
AllianceBernstein – Quarterly Management Fees	21,950.93
Sugarman & Susskind – Legal Fees	7,906.25
	<u>\$83,207.76</u>

Motion carried unanimously.

Meeting was adjourned at 12:30 p.m.

  
Martin Lebowitz, Assistant