

MINUTES

POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT COMMITTEE MEETING

THURSDAY - MAY 22, 2008 - 9:00 AM

PRESENT

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

ALSO PRESENT

Mike Landsburg – Merrill Lynch Consulting
Chris Toma–AllianceBernstein
Janna Woods – Davis Hamilton Jackson
Tom Lowman – Bolton Partners
Jeff DeLisle – Bolton Partners
Terri Guttman Valdes - Attorney
Miriam Bensinger – Asst. City Attorney
Bill Dresback - Firefighters' Liaison
Martin Lebowitz – Pension Assistant

ABSENT

DEPARTMENT REPRESENTATIVES

A number of Sworn Police Officers
Beverly Hobson – Dir. HR
Keven Klopp – City Manager

Sgt. Asim called the meeting to order at 9:05 A.M., followed by a roll call of Trustees.

I. MERRILL LYNCH CONSULTING – Q/E 3/31/2008

Mike Landsburg presented the performance report, indicating a total portfolio market value on 3/31/2008 of \$55,616,950 (including accrued income). This represents a net decrease in value from the previous quarter of \$3,119,216. The total asset allocation was reported to be 63.8% invested in equities – including the international and small/mid cap equity portfolios, 32.6% in bonds and 3.7% in cash and equivalents. The total fund earned –5.3% for the quarter. The target index comprised of 40% S&P 500 + 10% EAFE + 10% Russell 2000 + 40% bond index returned –4.5% for the quarter.

For the quarter ended 3/31/2008: Davis Hamilton's total return was –3.6%, with AllianceBernstein –4.1%. In equity, 50/50 target index return was –10.2%, with Davis Hamilton returning –8.3% and AllianceBernstein returning –10.3% for the same period. The Bond Fund returned 2.9% followed by Davis Hamilton at 3.1% and AllianceBernstein at 2.2%. The fund experienced a total return of –7.9% in international equities.

Plan year results: Total return for the fund was –6.0%. Domestic equities returned –12.2% vs. –12.8% for the Target Index Fund. Fixed income returned 5.9%, and the fund experienced a total return of –6.8% in international equities.

II. DAVIS HAMILTON JACKSON REPORT - Q/E 3/31/2008

Janna Woods reported the total DHJ portfolio was valued at \$26,803,196 (including accrued interest) as of 3/31/2008, with an asset allocation of 56.3% in equities, 39.1% Bonds and 4.5% in cash and equivalents.

For the quarter ended 3/31/2008: Total fund return was -3.6%. Equities returned -8.3% compared to -10.2% for the Russell 1000 Growth compared to -9.4% for the S&P 500. Bond fund return was 3.0%

Plan year results: Total return for their portfolio was -2.3%. Equities returned -8.1% vs. -10.9% for the Russell 1000 Growth. The fixed income portfolio **was** 6.3% vs. the Lehman Intermediate Index return of 6.0%. Inception-to-date total time-weighted return has been 8.8% on an annualized basis.

III. ALLIANCEBERNSTEIN – Q/E 3/31/2008

Chris Toma and J.C. Cabrera reported the total AllianceBernstein portfolio was valued at \$15,702,220(including accrued interest) as of 3/31/2008, with an asset allocation of 46.1% in equities, 48.6% in fixed income and 5.3% in cash and equivalents.

For the quarter ended 3/31/2008: Return for the total account was -4.1%. Equities returned -10.3% compared to -8.7% for the Russell 1000 Value. Fixed income returned 2.2% vs. the Merrill Lynch US Master Bond Index 2.9%.

Plan year results: Total return for their portfolio was -6.9%. Equities returned -17.6% vs. -14.0% Russell 1000 Value. The fixed income portfolio at 5.2% vs. the Merrill Lynch US Master Bond Index 5.8%. Inception-to-date total time-weighted return has been 3.9% on an annualized basis.

IV. VALULATION REPORT 10/1/2007

Tom Lowman reviewed the October 1, 2007 Valuation Report. The report showed that the City Contribution for 2009 would be a 43.2% versus 2008 was 46.0%.

Motion by Sgt. Asim, seconded by Sgt. Socorro, to accept the October 1, 2007 Valuation Report

Motion carried unanimously.

V. OPTIONAL FORM FACTORS

Tom Lowman discussed changing the pension plan's Joint & Survivor factors on a prospective basis. The reason for the change is to reflect the plan's COLA. The new factors would create a larger reduction in the benefit under the Joint & Survivor option. In the existing table, the factors did not take the COLA into consideration. Tom Lowman requested the Committee to change the option factors or keep the status quo.

The Committee has recommended tabling this item until the next meeting.

Also, Tom Lowman discussed the Present Value Benefit Method when purchasing buyback of service credit does not cover the full amount of increase in the unfunded liability. The committee has requested to amend the Plan to purchase 4 years of credited service without leaving early.

Tom Lowman reviewed a possible change to GASB accounting rules for pension plans. They are looking to change liability rules more in line with the private pension plans. Also, funded levels to Bond Rate of 6% versus our 8% funding level.

VI. APPOINTMENT OF 5TH SEAT ON THE COMMITTEE

Motion by Sgt. Asim, seconded by Sgt. Socorro, to re-appoint Chief Loizzo for the fifth seat on the Retirement Committee from 6/1/2008 through 5/31/2010.

Motion carried unanimously

Chief Loizzo presented to Sgt. Mo Asim a plaque for his service on the Retirement Committee. This will be the last meeting for Sgt. Mo Asim.

Motion by Sgt. Mo Asim, seconded by Chief Loizzo, for Sgt. Leo Socorro serve as Chairperson for the next two years.

Motion carried unanimously.

VII. PURCHASE OF 8 YEARS OF CREDITED SERVICE

Sgt. Socorro has been requested from some member to purchase 8 yrs. of credited service. Mayor Marin does not want this benefit to go forward.

VIII. TERRI GUTTMAN VALDES ATTORNEY

Attorney Valdes is representing Det. Love, Officer Smith, Officer Eddington and Officer Gonzalez concerning their pension. Specifically, they all have time working for the City as civilian status. They all have 2 years to 9 years and none of them vested in the City of North Miami Beach General Pension Plan before they became Sworn Police Officers. The issue was brought to the Board's attention at a meeting held on June 20, 2002 and June 15, 2006 to count civilian service time towards credited service in the Police plan. Attorney Valdes is requesting that the officers

**Police & Fire Retirement
Committee Meeting
May 22, 2008
Page 4**

she represents be given credited service for the time they worked as a civilian. Further discussion followed about remedies, including changing the General Plan and Police Plan to allow credited service to count when someone transfers to any other city plan.

The Police Officers want to retire with 12 years of credited service as a Police Officer and be able to retire without any penalty. There is a cost to the plan for this type of benefit. The committee has recommended that the Police Officer hire an actuary to calculate the reduction of their benefit to show what their pension would be if this benefit was to go forward.

Motion by Mayor Marin, seconded by Councilman DeRose, not to make any change to the Plan to allow early retirement without any reduction to their pension benefit.

Roll Call Vote: Councilman DeRose -Yes
Mayor Marin - Yes
Sgt. Asim -No
Sgt. Socorro -No
Chief Loizzo - No

Motion carried.

Sgt. Socorro questions can they bring this matter back to the committee in the future, Mayor Marin stated they could bring this matter up at any future meeting.

IX. APPROVAL OF INVOICES

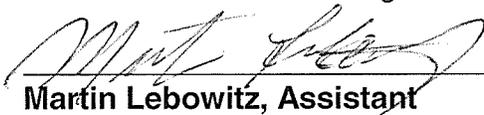
Motion by Sgt. Asim, seconded by Mayor Marin, to approve payment of the following invoices:

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|--|-------------|
| Davis Hamilton Jackson – Quarterly Management Fees | \$29,026.91 |
| Salem Trust – Custodial Fees | 5,650.58 |
| Sugarman & Susskind – Legal Fees | 412.50 |
| Bolton Partners – Actuaries Fees | 12,191.10 |
| AllianceBernstein - Quarterly Management Fees | 20,593.97 |

\$67,875.06

Motion carried unanimously.

The next regularly scheduled quarterly Board meeting will be held on Thursday, August 28, 2008 at 9:00 a.m. Meeting was adjourned at 11.05 a.m.



Martin Lebowitz, Assistant