

MINUTES

GENERAL EMPLOYEES' RETIREMENT COMMITTEE MEETING

MONDAY - AUGUST 3, 2015 - 3:00 PM

PRESENT

Larry Gordon
Lori Helton – Chair
Councilwoman Barbara Kramer
Kendra Woodroffe

ALSO PRESENT

Charlie Mulfinger/Scott Owens – Graystone
Pedro Herrera – Sugarman & Susskind
Martin Lebowitz – Pension Administrator
Jose Smith – City Attorney
Larry Wilson – GRS Actuary

ABSENT

Councilman Frantz Pierre

DEPARTMENT REPRESENTATIVES

I. ROLL CALL

The meeting was called to order at 3:08 p.m. by Trustee Lori Helton, followed by a roll call of the Trustees by Martin Lebowitz.

II. PUBLIC COMMENTS

There were no public comments.

III. GRAYSTONE CONSULTING – Q/E 6/30/2015

Charlie Mulfinger started off by stating that it was a difficult quarter due to a struggling market. The plan had a return of negative 0.24.

Scott Owens discussed the economy and market by stating that the quarter was very volatile. However, the market will continue to strengthen as we enter the earnings season. Most companies are beating estimates. He expects there to be a little more volatility in the market.

The plan is slightly overweight in the two Large Caps and Mid Cap but underweight in the Small Cap and International Value. International Growth is equal weighted. The plan is currently at 61.15% in stocks versus the target of 60%. This means rebalancing is not necessary because the plan is within range. Fixed income, Hedge Funds, and Real Estate are also within range. He presented the performance report, indicating a total portfolio market value on 6/30/2015 of \$78,986,483 (including accrued income). This represents a net decrease in value from the previous quarter of \$590,006. **Please see attached Summary of Relevant Facts as of June 30, 2015.**

IV. PLAN ACTUARY'S REPORT – SUMMARY PLAN DESCRIPTION

Larry Wilson discussed the Summary Plan Description (SPD). He stated that it is updated every two years according to State rules. There have been substantial changes since the last time it was updated. As such, the benefits portion of the SPD must be revised. Mr. Wilson stated that he will bill at an hourly rate with a not to exceed cost of \$2,500. The document will be completed within 60 days.

Trustee Lori Helton stated that she would like to see multiple examples listed in the SPD. She wants it to be simple and easily understood.

The trustees had no concerns regarding the actuary preparing the SPD and Trustee Larry Gordon made a motion, seconded by Trustee Barbara Kramer, to move forward with preparation of the document.

Motion carried unanimously

Mr. Wilson spoke briefly about the requirements for Chapter 112.664 Compliance Report. He presented the board with a copy of the document and a summation. The report must be placed on the Plan's website along with the most recent Financial Statement, Audit, Actuarial Valuation Report, and a link to the Division of Retirement Actuarial Summary Fact Sheet. The previous five years side-by-side comparison of the plan's assumed rate vs the actual rate of return should also be on the website.

VII. PENSION ATTORNEY'S REPORT

Mr. Herrera started off by discussing a proposed ordinance amendment that addresses three items. As a requirement for receiving a favorable determination from the IRS, there are certain items that must be a part of the plan's language and the plan must be administered as tax qualified. The next item amends the plan to allow DROP participants to be elected as a trustee on the pension board. Finally, it would clarify that in-service distributions are permitted. In-Service Distribution refers to when a qualified plan pays out a pension or a benefit to someone who is yet to attain the normal retirement age under the plan and has not separated from service.

Trustee Helton then raised a concern regarding the quorum. She asked if the other members of the board would be interested in revising the rules for the quorum. Mr. Lebowitz stated that the plan document says the quorum should constitute three members of the retirement committee whose numbers shall include at least two elected officials and or the designee. After discussion, the recommendation by Trustee Kramer was that the ordinance also amends the quorum provision to consist of at least one city council member and two other trustees. Mr. Herrera will move forward with this recommended amendment to be presented to city council. It

was decided that there should be a special meeting to discuss these amendments. Mr. Herrera will work on the language and once that is done, he will inform the pension office to arrange a date for the special meeting. He also informed the board that the actuary will need to prepare an impact statement once the language of the ordinance is finalized.

Trustee Larry Gordon made a motion, seconded by Trustee Barbara Kramer, to authorize the chairperson to direct Larry Wilson to prepare an Impact Statement once the language of the proposed ordinance has been finalized and recommended by legal counsel.

Motion carried unanimously

XI. OPEN DISCUSSION

There was no open discussion.

XII. APPROVAL OF MINUTES – 6/16/2015

Motion by Trustee Kendra Woodroffe, seconded by Trustee Larry Gordon, to accept the minutes of 6/16/2015.

Motion carried

XIII. APPROVAL OF INVOICES

Motion by Trustee Larry Gordon, seconded by Trustee Kendra Woodroffe, to approve payment of all invoices.

Motion carried

INVOICES:

Morgan Stanley Smith Barney (Graystone) – Consulting Fees	\$ 6,875.00
Sawgrass – Investment Management Fees (Large Cap Growth)	10,353.00
Wedgewood – Investment Management Fees (Large Cap Growth)	9,817.00
Garcia Hamilton – Investment Management Fees (Fixed Income)	11,109.11
Buckhead Capital – Investment Management Fees (Large Cap Value)	21,514.26
GW Capital – Investment Management Fees (Small Cap Value)	7,165.26
Harding Loevner – Investment Management Fees (Int'l Growth)	8,104.00

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Thornburg Management – Investment Management Fees (Int'l Value)	6,387.02
MDT – Investment Management Fees (Mid Cap Growth)	8,926.21
Gabriel, Roeder, Smith & Co. – Actuary Fees	9,432.00
Sugarman & Susskind – Legal Fees	4,400.00
S.I. Gordon & Company – Auditor Fees	500.00
Salem Trust Co. – Custodian Fees – 6/30/2015	8,000.40
<i><u>Checks already issued since last meeting, for ratification by board:</u></i>	
City of NMB – Health/Dental/Group Life Premiums (R. Gayle, Jul. 2015)	230.34
City of NMB – Health/Dental/Group Life Premiums (R. Gayle, Aug. 2015)	230.34
Larry Gordon – FPPTA – Per Diem	200.00
Renaldo Gayle – FPPTA – Per Diem	100.00
Martin Lebowitz – FPPTA – Per Diem	100.00
Office Depot – Supplies	163.53
Workers Compensation	31.50
Larry Gordon – FPPTA – mileage	39.20
Larry Gordon – FPPTA – Hotel	429.50
Renaldo Gayle – FPPTA – Hotel	429.50
<u>TOTAL</u>	<u>\$114,537.17</u>

The next scheduled meeting is on December 8, 2015. Meeting was adjourned at 5:15 p.m.

Renaldo Gayle, Asst. Pension Administrator

SUMMARY OF RELEVANT FACTS
City of North Miami Beach General Employees' Retirement Plan
As of June 30, 2015

Distribution of Assets:	
Equity	
- Large Cap. Value	\$16,206,833
- Large Cap. Growth	\$16,021,323
- Small Cap. Value	\$3,785,989
- Mid Cap Growth	\$4,463,988
- International Value	\$3,873,501
- International Growth	\$3,949,219
Total Equity	\$48,300,853
Fixed Income	\$17,776,336
Hedge Fund of Funds	\$7,476,877
Core Private Real Estate	\$5,304,692
Cash (R&D/Residuals)	\$127,725
Total Portfolio	\$78,986,483

Distribution by Percentages:		Policy	Current
Equity Breakdown			
- Large Cap. Value	20.00%	20.52%	20.52%
- Large Cap. Growth	20.00%	20.28%	20.28%
- Small Cap. Value	5.00%	4.79%	4.79%
- Mid Cap Growth	5.00%	5.65%	5.65%
- International Value	5.00%	4.90%	4.90%
- International Growth	5.00%	5.00%	5.00%
Total Equity	60.00%	61.15%	61.15%
Fixed Income	22.50%	22.51%	22.51%
Hedge Fund of Funds	10.00%	9.47%	9.47%
Core Private Real Estate	7.50%	6.72%	6.72%
Cash (R&D/Residuals)	0.00%	0.16%	0.16%
Total Portfolio	100.00%	100.00%	100.00%

Other Important Facts:

Total Portfolio	\$78,986,483
Total Gain or (Loss) (Gross-of-Fees)	(\$186,041)
Total Gain or (Loss) (Net-of-Fees)	(\$275,875)
Total Fees	(\$89,834)

Buckhead (Large Cap Value)		100.00%
Total Assets	\$16,206,833	100.00%
Equity	\$15,994,009	98.69%
Cash	\$212,824	1.31%
Fees	(\$12,781)	
Gain or (Loss) - Gross	\$164,075	
Gain or (Loss) - Net	\$151,294	

Sawgrass (Large Cap Growth)		100.00%
Total Assets	\$8,282,715	100.00%
Equity	\$8,217,149	99.21%
Cash	\$65,566	0.79%
Fees	(\$10,459)	
Gain or (Loss) - Gross	(\$84,688)	
Gain or (Loss) - Net	(\$95,147)	

Thornburg (Int'l Value)

Total Assets	\$3,873,501	100.00%
Equity	\$3,691,201	95.29%
Cash	\$182,300	4.71%
Fees	(\$6,044)	
Gain or (Loss) - Gross	\$102,649	
Gain or (Loss) - Net	\$96,605	

Garcia Hamilton (Fixed Income)

Total Assets	\$17,776,336	100.00%
Fixed Income	\$17,592,348	98.98%
Cash	\$183,988	1.04%
Fees	(\$11,227)	
Gain or (Loss) - Gross	(\$206,490)	
Gain or (Loss) - Net	(\$217,718)	

Pine Grove (HFOF)

Total Assets	\$3,759,361	100.00%
HFOF	\$3,759,361	100.00%
Fees	(\$9,143)	
Gain or (Loss) - Gross	(\$9,143)	
Gain or (Loss) - Net	(\$9,143)	

UBS (Core Private Real Estate)

Total Assets	\$5,304,692	100.00%
Private Real Estate	\$5,304,692	100.00%
Fees	(\$15,136)	
Gain or (Loss) - Gross	\$150,729	
Gain or (Loss) - Net	\$135,593	

Wedgewood (Large Cap Growth)		100.00%
Total Assets	\$7,738,608	100.00%
Equity	\$7,072,709	91.40%
Cash	\$665,898	8.60%
Fees	(\$9,844)	
Gain or (Loss) - Gross	(\$95,915)	
Gain or (Loss) - Net	(\$105,759)	

GW Capital (Small Cap Value)		100.00%
Total Assets	\$3,786,989	100.00%
Equity	\$3,694,530	97.56%
Cash	\$91,459	2.42%
Fees	(\$7,317)	
Gain or (Loss) - Gross	(\$156,767)	
Gain or (Loss) - Net	(\$164,083)	

MDT (Mid Cap Growth)

Total Assets	\$4,463,988	100.00%
Equity	\$4,412,517	98.85%
Cash	\$51,471	1.15%
Fees	(\$9,031)	
Gain or (Loss) - Gross	(\$56,225)	
Gain or (Loss) - Net	(\$64,256)	

Harding Loevner (Int'l Growth)

Total Assets	\$3,949,219	100.00%
Fixed Income	\$3,870,510	98.01%
Cash	\$78,709	1.99%
Fees	(\$7,870)	
Gain or (Loss) - Gross	\$16,507	
Gain or (Loss) - Net	\$8,637	

Receipts & Disbursements Acct

Total Assets	\$127,725
Cash	\$127,725
Gain or (Loss) - Gross:	(\$126)
Gain or (Loss) - Net:	(\$9,143)

Private Advisors (HFOF)

Total Assets	\$5,717,516	100.00%
Private Advisors (HFOF)	\$5,717,516	100.00%
Fees	\$0	
Gain or (Loss) - Gross	(\$11,773)	
Gain or (Loss) - Net	(\$11,773)	

Breakdown of Returns
City of North Miami Beach General Employees' Retirement Plan
As of June 30, 2015

Fund Name	Your Returns		Russ. 1000 Value	PSN Money Mgrs	S&P 500
	Gross-of-Fees	Net-of-Fees			
Buckhead Large Cap. Value	Quarter	1.02	0.94	0.10	NA
	1 year	5.39	5.05	4.14	NA
	3 year	15.72	15.28	17.35	NA
	5 year	14.09	13.58	16.50	NA
	Since 9/30/2006	6.24	5.72	5.96	NA
Wedgewood Large Cap. Growth	Quarter	(1.22)	(1.35)	0.12	NA
	Since 10/31/2014	1.32	1.06	6.14	NA
	Since 10/01/2014	4.59	4.32	NA	NA
	Quarter	(1.01)	(1.14)	0.12	NA
	Since 10/31/2014	3.63	3.37	6.14	NA
Since 10/01/2014	6.68	6.42	NA	NA	
Sawgrass Large Cap. Growth	Quarter	(1.01)	(1.14)	0.12	NA
	Since 10/31/2014	3.63	3.37	6.14	NA
	Since 10/01/2014	6.68	6.42	NA	NA
	Quarter	(3.98)	(4.16)	(1.20)	NA
	Since 10/31/2014	(8.54)	(9.23)	0.78	NA
Since 10/01/2014	13.06	12.23	15.49	NA	
GW Capital Small Cap. Value	Quarter	13.70	12.86	14.81	NA
	1 year	19.20	18.36	20.19	NA
	3 year				
	5 year				
	Since 2/28/2009				
MDT Advisers Mid Cap. Growth	Quarter	(1.22)	(1.42)	(1.14)	NA
	1 year	10.21	9.34	9.47	NA
	3 year	21.17	20.23	19.25	NA
	5 year	22.96	22.01	18.70	NA
	Since 5/31/2009	23.14	22.21	18.93	NA
Thornburg International Value	Quarter	2.73	2.57	0.53	NA
	1 year	1.29	0.65	(5.27)	NA
	3 year	10.41	9.72	9.44	NA
	5 year	8.79	8.10	7.76	NA
	Since 9/30/2009	6.87	6.22	5.23	NA

Harding Loevner International Growth		MSCI AC Wld x US		90-Day T-Bill	
Quarter	0.42	0.22	0.53		
1 year	0.97	0.17	(5.27)		
3 year	11.27	10.41	9.44		
5 year	10.30	9.44	7.76		
Since 3/31/2009	13.54	12.69	12.14		
Garcia Hamilton & Associates Fixed Income		BC Int. Gov/Credit		BC Int. Aggregate	
Quarter	(1.15)	(1.21)	(0.67)		0.00
1 year	2.14	1.89	1.68		0.02
3 year	3.77	3.50	1.60		0.05
5 year	4.61	4.35	2.79		0.06
Since 2/28/2009	6.02	5.76	3.91		0.08
Private Advisors Alternative Investments		HFRI FOF Com			
Quarter	(0.32)	(0.32)	0.28		
1 year	(1.52)	(1.52)	2.71		
Since 10/31/2013	1.46	1.46	4.23		
Pine Grove Alternative Investments		HFRI FOF Com			
Quarter	(0.24)	(0.24)	0.28		
1 year	(1.57)	(1.57)	2.71		
Since 11/30/2013	2.47	2.47	3.92		
UBS Trumbull Property Fund Core Private Real Estate		NCREIF/BC AGG		ODGE	
Quarter	2.92	2.62	(1.68)		NA
1 year	12.67	11.36	7.69		NA
Since 7/31/2012	11.27	10.04	10.17		NA

TOTAL RETURN Time-Weighted Return (TWR)		Policy Index	Composite Index
Quarter	(0.24)	(0.35)	(0.24)
1 year	4.22	3.78	4.24
3 year	10.83	10.34	11.08
5 year	10.97	10.47	11.17
Since 9/30/2006	6.88	6.49	6.50
Dollar-Weighted Net (IRR)		Actuarial Rate	CPI + 4
Quarter	(0.35)	1.88	1.81
1 year	3.81	7.75	3.93
3 year	10.43	7.75	5.28
5 year	10.53	7.75	5.83
Since 9/30/2006	6.45	7.75	5.82

Policy Index Composition

- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ Mid Growth / 10% MSCI AC Wid x US (net) / 22.5% BC Int GIC / 10.0% HFRI For Corr / 7.5% NCREIF for periods since 10/31/2013
- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ Mid Growth / 10% MSCI AC Wid x US (net) / 40% BC Int GIC for periods from 9/30/2009 to 6/30/2012
- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ Mid Growth / 5% MSCI EAFE (net) / 5% MSCI AC Wid x US (net) / 40% BC Int GIC for periods from 9/30/2009 to 6/30/2009
- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ Mid Growth / 10% MSCI EAFE (net) / 40% BC Int GIC for periods from 2/28/2009 to 5/31/2009
- 12.5% Russ 1000 Value / 27.5% Russ 1000 Growth / 5% Russ Mid Value / 5% Russ 2000 Growth / 10% MSCI EAFE (net) / 20% BC Int GIC / 20% BC Agg for periods prior to 2/28/2009