

## MINUTES

### GENERAL EMPLOYEES' RETIREMENT COMMITTEE MEETING

TUESDAY - DECEMBER 8, 2015 - 3:00 PM

#### PRESENT

Larry Gordon  
Lori Helton – Chair  
Councilwoman Barbara Kramer  
Kendra Woodroffe  
Councilwoman Marlen Martell

#### ALSO PRESENT

Charlie Mulfinger – Graystone  
Bob Sugarman – Sugarman & Susskind  
Martin Lebowitz – Pension Administrator  
Renaldo Gayle – Asst. Plan Administrator  
Brad Rinsem – Salem Trust  
Jose Smith – City Attorney

#### ABSENT

#### DEPARTMENT REPRESENTATIVES

#### I. ROLL CALL

The meeting was called to order at 3:16 p.m. by Trustee Lori Helton, followed by a roll call of the Trustees by Martin Lebowitz.

Trustee Lori Helton stated that Salem Trust will be taken out of order and presented after Public Comments.

#### II. PUBLIC COMMENTS

There were no public comments.

#### III. SALEM TRUST COMPANY – REPORT ON CONTROL SYSTEMS

Mr. Brad Rinsem is the President and CEO of Salem Trust. He provided an update on the conversion and audit. He also discussed a history of the recent audit findings for newly appointed Trustee, Marlen Martell. He spoke about the conversion and the annual SSAE 16 audit report. He concluded a new SSAE 16 was issued in September 2015 and no exceptions were found.

#### IV. GRAYSTONE CONSULTING – Q/E 9/30/2015

Charlie Mulfinger stated that it was a tough quarter but since then the market has recovered a bit. Since Trustee Martell is new to the board, Mr. Mulfinger briefly explained what his role is as investment consultant for the plan.

He then discussed the economy and market by stating that the first quarter number was revised up by 0.6%. From an economy standpoint it is still seen as a positive quarter. The second quarter was revised multiple times higher and ended up to 3.9% GDP growth. The third quarter GDP number originally came out at 1.5% but was recently revised up to 2.1%. The economy remains in a slow growth environment. Consumer spending was the biggest part of the economy.

The plan is slightly overweight in the Large Cap Value and Mid Cap Growth but underweight in the Small Cap Value, Large Cap Growth, International Growth and International Value. The plan is currently at 58.54% 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 9/30/2015 of \$74,845,173 (including accrued income). This represents a net decrease in value from the previous quarter of \$4,141,310. **Please see attached Summary of Relevant Facts as of September 30, 2015.**

The Alternative Investment Addendum was discussed. Mr. Mulfinger explained that the purpose of the document is to ensure that the contract encompasses the hedge funds and private real estate that were hired. He noted that the original language did not hold Graystone as responsible as it should and as a result, Mr. Sugarman took a look at the document and had it revised. The revised document will ensure Graystone's fiduciary responsibilities over the alternative investments.

#### **V. PLAN ACTUARY'S REPORT**

Mr. Lebowitz informed the board that Mr. Wilson decided not to attend the meeting because there is nothing to report on.

#### **VI. PENSION ATTORNEY'S REPORT**

Mr. Sugarman discussed the DROP Administrative Rules. He highlighted the sections of the document that were changed.

Motion by Trustee Barbara Kramer, seconded by Trustee Larry Gordon, to adopt the revised DROP Administrative Rules, authorize the administrator to include the document in the plan's records and distribute the document to the participants.

Motion carried unanimously

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Mr. Sugarman stated that the plan received a favorable determination from the IRS. The IRS Determination letter received is the last one because the IRS Determination 5-year cycle program will be discontinued. He went on to discuss a proposed ordinance to change the plan to comply with IRS regulations.

Other changes suggested are as follows:

- A DROP participant can vote for employee-elected trustees and also serve as a trustee on the board;
- A quorum must include at least one elected official or designee;
- Any employee purchasing time who has been terminated must make the final payment the earlier of 60 days after separation or 30 days before receipt of the first benefit check; and
- Allowing in-service distributions as long as they do not violate IRS rules.

These changes will have to be forwarded to the City Attorney for review and submission to City Council for approval. An Actuarial Impact Statement should be requested.

After discussion motion by Trustee Barbara Kramer, seconded by Trustee Marlen Martell, to approve the additional plan changes and authorize Mr. Lebowitz to order an Actuarial Impact Statement based on the suggested changes.

Motion carried unanimously

The plan's auditor, Steve Gordon has merged his firm with Kabat – Schertzer De La Torre – Taraboulos. Mr. Sugarman contacted Mr. Gordon and requested information for the board to do their due diligence as to whether or not they approve of continuing services with Mr. Gordon under the new firm. The board was provided with a document from Mr. Gordon that identifies the new firm and a letter showing the peer review process that explains that the firm meets all requirements. Mr. Sugarman suggested that the board to make a decision whether or not they wish to do business with the new firm.

Motion by Trustee Larry Gordon, seconded by Trustee Barbara Kramer, to continue with the services of the new auditing firm Kabat – Schertzer De La Torre - Taraboulos.

Motion carried unanimously

**VII. OPEN DISCUSSION**

There was no open discussion.

**VIII. PROPOSED 2016 CALENDAR**

No motion on this item.

**IX. APPROVAL OF MINUTES – 8/3/2015**

Motion by Trustee Larry Gordon, seconded by Trustee Marlen Martell, to accept the minutes of 8/3/2015.

Motion carried

**X. APPROVAL OF INVOICES**

Motion by Trustee Barbara Kramer, seconded by Trustee Marlen Martell, to approve payment of all invoices.

Motion carried

**INVOICES:**

Morgan Stanley Smith Barney (Graystone) – Consulting Fees	\$ 8,125.00
Sawgrass – Investment Management Fees (Large Cap Growth)	9,192.00
Wedgewood – Investment Management Fees (Large Cap Growth)	9,313.00
Garcia Hamilton – Investment Management Fees (Fixed Income)	11,085.07
Buckhead Capital – Investment Management Fees (Large Cap Value)	19,967.81
GW Capital – Investment Management Fees (Small Cap Value)	6,681.50
Harding Loevner – Investment Management Fees (Int'l Growth)	7,304.00
Thornburg Management – Investment Management Fees (Int'l Value)	5,945.24
MDT – Investment Management Fees (Mid Cap Growth)	8,084.78
Gabriel, Roeder, Smith & Co. – Actuary Fees	10,954.00
Sugarman & Susskind – Legal Fees	8,800.00
Kabat – Schertzer De La Torre- Taraboulos – Auditor Fees	1,890.00
Salem Trust Co. – Custodian Fees – 9/30/2015	7,494.44

**Checks already issued since last meeting, for ratification by board:**

City of NMB – Health/Dental/Group Life Premiums (R. Gayle, Sep. 2015)	230.34
City of NMB – Health/Dental/Group Life Premiums (R. Gayle, Oct. 2015)	230.34
City of NMB – Health/Dental/Group Life Premiums (R. Gayle, Nov. 2015)	230.34
City of NMB – Health/Dental/Group Life Premiums (R. Gayle, Dec. 2015)	230.34
Larry Gordon – FPPTA – 1 night hotel deposit	186.30
Renaldo Gayle – FPPTA – 1 night hotel deposit	93.15
Martin Lebowitz – FPPTA – 1 night hotel deposit	93.15

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Laser Lights Litho – Envelopes	107.50
Kendra Woodroffe – FPPTA – Per Diem	200.00
FPPTA – Registration (Lebowitz, Gordon, Woodroffe and Gayle)	2,250.00
Workers Compensation	220.00
Larry Gordon – FPPTA – Per Diem	200.00
Larry Gordon – FPPTA – Hotel	350.70
Larry Gordon – FPPTA – mileage and tolls	147.05
Renaldo Gayle – FPPTA – Hotel	175.35
Renaldo Gayle – FPPTA – Per Diem	100.00
Renaldo Gayle – FPPTA – gas	10.00
Martin Lebowitz – FPPTA – Per Diem	100.00
Martin Lebowitz – FPPTA – Hotel	175.35
Martin Lebowitz – FPPTA – gas and tolls	15.89
Kendra Woodroffe – FPPTA – gas, tolls and rental	314.66
Kendra Woodroffe – FPPTA – Hotel	507.00
FPPTA – Re-certification – Gayle and Helton	45.00
Florida UC Fund – Unemployment	34.20
<b><u>TOTAL</u></b>	<b><u>\$121,083.50</u></b>

The next scheduled meeting is on March 3, 2016. Meeting was adjourned at 5:13 p.m.

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**Renaldo Gayle, Asst. Pension Administrator**



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

Fund Name	Year Return Gross Return	Year Return Net of Fees		Risk-100 Growth	PSN Return / Basis	Risk-100 Growth	PSN Return / Basis
		Quarter	Since 9/30/2006				
<b>Buckhead</b>							
Large Cap. Value		Quarter	(6.21)	(6.35)	(8.40)	(7.88)	(6.43)
		1 year	(1.71)	(2.09)	(4.43)	(3.39)	(0.60)
		3 year	11.13	10.70	11.60	11.55	12.41
		5 year	11.03	10.53	12.29	12.26	13.35
		Since 9/30/2006	5.31	4.79	4.76	6.37	6.37
<b>Wedgewood</b>							
Large Cap. Growth		Quarter	(7.06)	(7.18)	(5.28)	(6.30)	
		Since 10/31/2014	(5.83)	(6.20)	0.53	NA	NA
		Since 10/01/2014	(2.80)	(3.17)	NA	NA	NA
<b>Sawgrass</b>							
Large Cap. Growth		Quarter	(4.37)	(4.49)	(5.28)	(6.30)	
		Since 10/31/2014	(0.90)	(1.27)	0.53	NA	NA
		Since 10/01/2014	2.02	1.64	NA	NA	NA
<b>GW Capital</b>							
Small Cap. Value		Quarter	(9.53)	(9.72)	(10.73)	(8.90)	
		1 year	(7.34)	(8.05)	(1.80)	1.61	
		3 year	6.90	6.10	9.18	11.88	
		5 year	9.26	8.45	10.16	12.69	
		Since 2/28/2009	16.62	15.79	17.31	NA	
<b>MDT Advisors</b>							
Mid Cap. Growth		Quarter	(7.27)	(7.47)	(7.99)	(8.52)	
		1 year	2.10	1.28	1.46	2.32	
		3 year	15.97	15.07	13.99	13.12	
		5 year	17.61	16.69	13.59	12.99	
		Since 5/31/2009	20.68	19.77	16.58	NA	
<b>Thornburg</b>							
International Value		Quarter	(8.96)	(9.12)	(12.17)	(12.17)	
		1 year	(4.23)	(4.85)	(12.17)	(12.17)	
		3 year	5.03	4.37	2.34	1.82	
		5 year	3.46	2.80	1.82	2.76	
		Since 9/30/2009	4.92	4.27			

Harding Loewner International Growth		ESG AS VALUE ADJ	
Quarter	(11.69)	(11.89)	(12.17)
1 year	(7.75)	(8.50)	(12.17)
3 year	4.24	3.42	2.34
5 year	4.14	3.32	1.82
Since 3/31/2009	10.84	10.00	9.44
Garcia Hamilton & Associates Fixed Income			
Quarter	1.61	1.53	0.95
1 year	3.68	3.41	2.67
3 year	3.13	2.87	1.45
5 year	4.25	3.98	2.42
Since 2/28/2009	6.04	5.78	3.91
Private Advisors Alternative Investments			
Quarter	(2.68)	(2.68)	(1.82)
1 year	(4.25)	(4.25)	0.59
Since 10/31/2013	(0.16)	(0.16)	2.87
Pine Groc Alternative Investments			
Quarter	(2.76)	(2.76)	(1.82)
1 year	(4.18)	(4.18)	0.59
Since 11/30/2013	0.57	0.57	2.35
UBS Trumbull Property Fund Core Private Real Estate			
Quarter	3.43	3.12	3.08
1 year	12.93	11.62	13.48
3 year	11.27	9.97	11.91
Since 7/31/2012	11.52	10.28	12.07
ESG AS VALUE ADJ			
Quarter	1.08	1.23	0.01
1 year	2.95	2.93	0.02
3 year	1.64	1.64	0.04
5 year	2.68	2.68	0.06
Since 3/31/2009	4.13	4.13	0.07

TOTAL RETURN		Real, under		Composite Index	
Time-Weighted Return (TWR)		Real, under		Composite Index	
	Quarter	(3.95)	(4.08)	(4.67)	(4.61)
	1 year	0.07	(0.39)	0.24	0.33
	3 year	7.57	7.08	7.88	8.08
	5 year	8.32	7.83	8.37	8.55
	Since 9/30/2006	6.21	5.81	5.79	6.30
Dollar-Weighted Net (IRR)		As a % of Risk		CPI + 4	
	Quarter	(4.04)	(4.04)	1.88	0.89
	1 year	(0.28)	(0.28)	7.75	3.91
	3 year	7.24	7.24	7.75	4.92
	5 year	7.93	7.93	7.75	5.67
	Since 9/30/2006	5.81	5.81	7.75	5.77

**Policy Index Composition**

- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ Mid Growth / 10% MSCI AC Wld s US (net) / 22.5% BC Int GIC / 10% HFRI POP Con / 5% WCRPE 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 Wld s US (net) / 40% BC Int GIC for periods from 9/30/2008 to 8/30/2012
- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ Mid Growth / 5% MSCI EAFE (net) / 5% MSCI AC Wld s US (net) / 40% BC Int GIC for periods from 5/31/2008 to 8/30/2008
- 12.5% Russ 1000 Value / 27.5% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ 2000 Growth / 10% MSCI EAFE (net) / 40% BC Int GIC for periods from 2/28/2008 to 5/31/2008
- 12.5% Russ 1000 Value / 27.5% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ 2000 Growth / 10% MSCI EAFE (net) / 20% BC Int GIC / 20% BC Agg for periods prior to 2/28/2008