

MINUTES

POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT COMMITTEE MEETING

THURSDAY - FEBRUARY 17, 2011 - 9:00 AM

PRESENT

Sgt. Leo Socorro – Chair
(Ret)Chief Linda Loizzo
Councilwoman Beth Spiegel
Councilman McKenzie Fleurimond
Sgt. Mo Asim

ABSENT

ALSO PRESENT

Graystone – C.Mulfinger /M. DeGenova
Davis Hamilton - Janna Woods
HGK – M. Spillane / D. Hauck
Renaissance – Andy Temming
Sugarman & Susskind - Bob Sugarman
Bolton Partners - Tom Lowman / J. DeLisle
Steven Gordon - Israel Diaz
Martin Lebowitz – Pension Administrator

DEPARTMENT REPRESENTATIVES

Andrew Fierman – Finance Dir.
Darcee Siegel – City Attorney
Lori Helton – IT

The meeting was called to order at 9:18 a.m. by Sgt. Socorro and was followed by a roll call of Trustees.

I. GARCIA HAMILTON – DECEMBER 31, 2010 REPORT

Janna Hamilton reported the total Garcia Hamilton Equity portfolio was valued at \$13,846,621 (including accrued interest) as of 12/31/2010, with an asset allocation of 8.31% in equities, 1.69% in cash and equivalents. Garcia Hamilton Fixed Income was valued \$24,936,688 (including accrued interest) as of 12/31/2010, with an asset allocation of 99.74% in bonds and .026% in cash and equivalents.

For the quarter ended 12/31/2010: Equities returned 12.99% compared to 11.84% for the Russell 1000 Growth. Bond fund return was -.57% compared to -1.45% BC Int. Gov/Credit.

Plan year results: Equities returned 16.37% vs. 16.84% for the Russell 1000 Growth. The fixed income portfolio was 7.00% vs. the BC Int. Gov/Credit return of 5.89%.

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Janna Hamilton reviewed the following stocks that did very well, Freeport McMoran Copper & Gold, Apache, Peabody Energy and Whole Foods Market. She also reviewed the stocks that did not do well, America Tower, Nike and America Express.

II. HGK – DECEMBER 31, 2010 REPORT

Mickey Spillane and David Hauck reported the total HGK portfolio was valued at \$13,373,498 (including accrued interest) as of 12/31/2010, with an asset allocation of 97.84% in equities, 2.16% in cash and equivalents.

For the quarter ended 12/31/2010: Total fund return was 9.06% compared to 10.54% for the Russell 1000 Value.

Plan year results: Total return for their portfolio was 11.47% vs. 15.51% for the Russell 1000 Value.

Their top tens holding as of December 31, 2010 was, Pfizer Inc., Chevron, ConocoPhillips, Danaher Corp., JPMorgan Chase, Apache, PepsiCo, Goldman Sach, General Dynamics and Marathon Oil.

III. RENAISSANCE – DECEMBER 31, 2010 REPORT

Andy Temming reported the total Renaissance International Growth portfolio was valued at \$3,238,897 (including accrued interest) as of 12/31/2010, with an asset allocation of 98.48% in equities, 1.52% in cash and equivalents.

For the quarter ended 12/31/2010: Total fund return was 9.66% vs. 7.20% for the MSCI AC WRLD x US.

Plan year results: Total return for their portfolio was 9.21% vs. 11.16% for the MSCI AC WRLD x US.

IV. GRAYSTONE CONSULTING – DECEMBER 31, 2010 REPORT

Charlie Mulfinger presented the performance report, indicating a total portfolio market value on 12/31/2010 of \$67,596,379 (including accrued income). This represents a net increase in value from the previous quarter of \$4,288,917. The total asset allocation was reported to be 51.86% invested in domestic equities, 9.53% invested in international, 36.89% in fixed income and 1.72% in cash and equivalents. The total fund earned 6.81% for the quarter.

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For the quarter ended 12/31/2010: Garcia Hamilton over-performed Russell 1000 Growth Fund 12.99% vs.11.84%. HGK under-performed Russell 1000 Value Fund 9.06% vs. 10.54%. GW Capital returned 18.15% vs. 15.36% for the Russell 2000 Value Fund. MDT returned 18.05% vs.14.01% for the Russell 2000 Growth Fund. Renaissance returned 9.66% vs.7.20% for the MSCI AC World x US. Thornburg returned 8.58% vs.7.20% for the MSCI AC World x US. Davis Hamilton Fixed Income earned -.57% outperformed the BC Int. Gov/Credit of -1.45%.

Plan year results: Total return earned for plan year was 12.67%.

V. ATTORNEY'S REPORT

Bob Sugarman discussed a proposed Ordinance requested by the trustees, that he drafted. It permits new retirees or DROP participants to elect an optional benefit permitting them to change their joint pensioner without proof of good health of the original joint annuitant, as now permitted by recent changes to Chapter 185, with the cost of this option to be borne by the member.

Motion by Chief Loizzo, seconded by Sgt. Asim to approve the proposed Ordinance and present to the City Attorney.

Roll call Vote:	Councilwoman Spiegel	Yes
	Councilman Fleurimond	Yes
	Chief Loizzo	Yes
	Sgt. Socorro	No
	Sgt. Asim	Yes

Motion carried.

Bob Sugarman discussed a new Senate Bill 1128 which was introduced by Senator Jeremy Ring that would amend Florida Statute chapters 112,121, 175 and 185. The major items would be to prohibit the City from providing membership in a defined benefit plan to any employees hired on or after July 1, 2011, change the terms of Police and Fire Pension Plans and allow the City to use the additional premium tax revenue to offset City contributions.

Bob Sugarman informed the committee that he filed the IRS Determination Letter.

VI. BOLTON PARTNERS – ACTUARY

Tom Lowman reviewed the DRAFT October 1, 2010 Valuation Report. The report showed that the City Contribution for 2012 would be 49.5% of non-DROP payroll versus 46.4% in 2010. The City of North Miami Beach will be required to contribute \$5,061,668 plus an additional \$750,000 for plan year 2012 for the Police Plan. The total recommended City Contribution for the Firefighter portion of the plan is \$56,560 for plan year 2012.

The overall funded ratio for the plan increased from 59.2% to 61.6%.

Participant Summary was as of 10/1/2010 as follows:

Active Participants	-	88
DROP Participants	-	26
Retirees & Benes	.-	100
Disabled	-	<u>9</u>
Total		220

Bob Sugarman questioned if the City paid the total contribution on 10/1/2011 the City contributions would be lowered. Tom Lowman stated that the City contributions would be lowered by \$231,674.

Andrew Fierman – Finance Dir – acknowledged acceptance of the 10/1/2010 Valuation Report.

Motion by Councilwoman Spiegel, seconded by Chief Loizzo, to accept the October 1, 2010 Valuation report with the exception that Tom Lowman will supply to the City a schedule of City contributions if they pay monthly, quarterly or lump-sum on 10/1/2011.

Motion carried unanimously.

VII. AUDITOR'S REPORT

Israel Diaz presented the September 30, 2010 Annual Financial Statement for the Police & Fire Retirement Plan for the City of North Miami Beach. Israel Diaz stated that the opinion is an unqualified opinion and a clean opinion so to speak and that this is what you are normally looking for when rendering an annual financial report.

Councilwoman Spiegel requested a breakdown of the travel expenses for 2010. Martin Lebowitz will supply Councilwoman Spiegel this information.

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The Financial Director Andrew Fierman has acknowledged receiving the September 30, 2010 Annual Financial Statement today.

Bob Sugarman suggested that each committee member keep a copy of the Annual Financial Statement at home for at least 5 years. Because if any claims are every made against any member due to embezzlement or improperly spending the assets, the Annual Financial Statement is your best defense.

Bob Sugarman asked Israel Diaz to comment on condition of our books and records and the cooperation by Martin Lebowitz and the City. Israel Diaz stated that our books and records were kept properly and acknowledged that Martin Lebowitz was very cooperative and timely on requests by his firms' staff.

Motion by Chief Loizzo, seconded by Sgt. Asim, to accept the Annual Financial Statement Audit for the fiscal year ending September 30, 2010 for the Police & Fire Retirement Plan prepared by Steven I. Gordon C.P.A.

Motion carried unanimously.

AUTHORIZATION TO BIND COVERAGE AND PAY FIDUCIARY LIABILITY INSURANCE PREMIUM EFFECTIVE 3/1/2011-3/1/2012

Martin Lebowitz received premium quotes from ULLICO Insurance in the amount \$16,541.43 and from US Specialty Insurance in the amount of \$19,255.10 with the same coverage.

After discussion, motion by Chief Loizzo, seconded by Sgt. Asim to renew Fiduciary Liability Insurance between the two companies and to delegate to the Chairman Sgt. Leo Socorro with the advice of Bob Sugarman to chose one of these Insurance Companies.

Motion carried unanimously.

VIII. APPROVAL OF MINUTES – JNT. 7/15/2010, JNT. 8/10/2010, JNT. 11/18/2010, 11/18/2010 AND 12/17/2010.

Motion by Chief Loizzo, seconded by Sgt. Asim to approve minutes of Jnt. July 15, 2010, Jnt. August 10, 2010, Jnt. November 18, 2010, November 18, 2010 and December 17, 2010.

Motion carried unanimously

XII. APPROVAL OF INVOICES

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

INVOICES:

Garcia Hamilton – Equity Quarterly Management Fees	\$16,889.21
Garcia Hamilton – Fixed Quarterly Management Fees	16,245.69
Morgan Stanley Smith Barney – Quarterly Consulting Fees	5,625.00
HGK – Quarterly Management Fees	13,356.46
GW Capital – Quarterly Management Fees	6,591.50
MDT – Quarterly Management Fees	8,133.31
Renaissance – Quarterly Management Fees	5,304.84
Thornburg - Quarterly Management Fees	5,063.22
Bolton Partners – Actuary Fees	6,227.53
Steven Gordon – Auditor	5,240.00
Sugarman & Susskind – Legal Fees	4,400.00
Salem Trust Company – Custodial Fees	8,414.28
<u>Motion carried unanimously.</u>	\$101,491.04

The next regularly scheduled quarterly Board meeting will be held on Thursday, May 19, 2011 at 9:00 a.m. Meeting was adjourned at 1:05 p.m.

Martin Lebowitz, Pension Administrator