

MINUTES

GENERAL EMPLOYEES' RETIREMENT COMMITTEE WORKSHEET AND MEETING

TUESDAY - OCTOBER 30, 2012 - 3:30 PM

PRESENT

Lori Helton – Chair
Vic Espinal
Councilwoman Barbara Kramer
Larry Gordon

ALSO PRESENT

Charlie Mulfinger – Graystone Consulting
Scott Owens – Graystone Consulting
Michael Harhai – Buckhead
Harding Loevner – Patrick Broderick
Larry Wilson – GRS Actuary
Darcee Siegel – City Attorney
Bob Sugarman – Sugarman & Susskind
Martin Lebowitz – Pension Administrator

ABSENT

Councilman Frantz Pierre

DEPARTMENT REPRESENTATIVES

Robert Grosswald – Sanitation
Roz Weisblum – City Manager
Janice Coakley –
Mac Serda – Asst. City Manager

The meeting was called to order at 3.40 p.m. by Trustee Helton and was followed by a roll call of Trustees

1. ROLL CALL

Trustee Pierre was absent

2. GARCIA HAMILTON REPORT - Q/E 9/30/2012

Janna Hamilton reported the total Equity portfolio (Large Cap Growth) was valued at \$13,290,337 (including accrued interest) as of 9/30/2012, with an asset allocation of 99.16% in equities, 0.84% in cash and equivalents. Fixed Income was valued \$21,480,749 (including accrued interest) as of 9/30/2012, with an asset allocation of 97.22% in bonds and 2.78% in cash and equivalents.

For the quarter ended 9/30/2012: Equities returned 6.29% compared to 6.11% for the Russell 1000 Growth. Bond fund return was 3.43% compared to 1.40% BC Int. Gov/Credit.

Plan year results: Equities returned 25.77% vs. 29.19% for the Russell 1000 Growth. The fixed income portfolio was 9.86% vs. the BC Int. Gov/Credit return of 4.41%.

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3. BUCKHEAD CAPITAL – Q/E 9/30/2012

Michael Harhai reported the total Buckhead portfolio (Large Cap Value) was valued at \$13,075,573 (including accrued interest) as of 9/30/2012, with an asset allocation of 97.23% in equities, and 2.77% in cash and equivalents.

For the quarter ended 9/30/2012: Equities returned 5.77% compared to 6.49% for the Russell 1000 Value.

Plan year results: Total return for their portfolio was 24.35%. Russell 1000 Value returned 30.90%.

4. HARDING LOEVNER – Q/E 9/30/2012

Patrick Broderick reported the total Harding Loevner portfolio (Int'l Growth) was valued at \$3,120,106 (including accrued interest) as of 9/30/2012, with an asset allocation of 99.37% in equities, .63% in cash and equivalents.

For the quarter ended 9/30/2012: Total fund return was 7.17% compared to 7.40% for the MSCI AC World x US.

Plan year results: Total return for their portfolio was 16.94% vs. 14.49% for the MSCI AC World x US.

6. GRS – ACTUARY – PLAN DESIGN STUDY

Larry Wilson presented the Plan Design Study to the committee members. The purpose of the Study is to evaluate options for the Plan redesign that would meet the overall goals and objectives of the City. **(See attached study)**

The City has proposed freezing the Plan and installing a defined contribution plan for future benefits. The overall goal was to redesign a schedule of benefits that will have a best estimate going forward cost of 8% of pay from the City and 7% of pay from the employees.

Roz Weisblum, the City Manager, discussed that the City would like to have the Plan save approximately \$1 million a year in City contributions.

What GRS has proposed would eliminate the installing of a defined contribution plan.

After discussion, motion by Trustee Kramer, seconded by Trustee Espinal to authorize Larry Wilson of GRS to do an additional study using the current assumptions and to see if it could save the City approximately \$1 million a year of City contributions to the General Employees' Retirement Plan. The cost to render this study by GRS would not exceed \$6,000.

Motion carried

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Roll Call:

Trustee Kramer	Yes
Trustee Gordon	Yes
Trustee Helton	Yes
Trustee Espinal	Yes

5. GRAYSTONE CONSULTING – Q/E 9/30/2012

Charlie Mulfinger and Scott Owens presented the performance report, indicating a total portfolio market value on 9/30/2012 of \$65,282,285 (including accrued income). This represents a net increase in value from the previous quarter of \$3,156,832. **Please see attached Summary of Relevant Facts as of September 30, 2012.**

Charlie Mulfinger discussed the issue of scheduling an education meeting on Alternative Investments. Since the Police & Fire Retirement Committee will be setting up a conference call with the trustees to present an educational session on Alternative Investments. Charlie Mulfinger will coordinate with Martin Lebowitz to determine a date for this conference call for both boards. Bob Sugarman advised that any video or phone conference must be posted, that voting cannot take place, and a room and speaker and monitor must be set up for members of the public to observe and listen.

7. PENSION ATTORNEY REPORT

Bob Sugarman distributed the New Ordinance on changing the Mortality Table that has been given to the City Attorney and will then be presented to the City Council for approval. **(See attached).**

Motion by Trustee Gordon, seconded by Trustee Espinal, to approval the Ordinance to change the Mortality Table for the Plan with the exception to delete from the Ordinance “ these amendments have been approved by a majority of the Plan’s active participants voting in a referendum”.

Motion carried unanimously.

8. OPEN DISCUSSION

None

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9. CALENDAR 2013

Martin Lebowitz presented the 2013 calendar to the committee. There are some changes to the calendar for 2013 and the committee is also waiting to obtain the available dates from our Consultant and Attorney. Once the changes are provided, the committee will be informed of the new dates for 2013.

10. APPROVAL OF MINUTES – 8/16/ 2012 AND 9/11/2012

Motion by Trustee Gordon, seconded by Trustee Kramer, to accept the August 16, 2012 and September 11, 2012 minutes for the General Employees' Retirement Plan Meeting.

Motion carried unanimously.

11. APPROVAL OF INVOICES

Trustee Helton questioned Trustee Pierre not attending the FPPTA Trustee School in October 2012. The Plan paid the hotel and registration fees of \$975.00 for Trustee Pierre and the Plan will not be reimbursed. Also, we issued a per diem check to Trustee Pierre for \$200 which as of today was not cashed.

Motion by Trustee Gordon, seconded by Trustee Kramer, to approve payment of the following invoices, except \$200 issued to Trustee Pierre for his per diem check:

Motion carried unanimously

Morgan Stanley Smith Barney – Qtly. Consulting Fees	\$ 6,875.00
Garcia Hamilton – Equity Quarterly Mgt. Fees	15,852.15
Garcia Hamilton – Fixed Quarterly Mgt. Fees	13,303.18
Buckhead Capital - Quarterly Management Fees	17,594.46
GW Capital - Quarterly Management Fees	6,210.66
Harding Loevner – Quarterly Management Fees	6,156.00
Thornburg Management – Quarterly Management Fees	4,466.58
MDT - Quarterly Management Fees	7,059.10
GRS – Actuaries Fees	15,382.00
Steven Gordon – Auditor	405.00
Sugarman & Susskind – Legal Fees	6,600.00
Salem Trust – Custodial Fees	7,598.09
Petty Cash	25.00
City of NMB – Health/Dental/Group Life Premiums (M.Lebowitz,8/12)	519.65
City of NMB – Health/Dental/Group Life Premiums (M.Lebowitz,9/12)	519.65
City of NMB – Health/Dental/Group Life Premiums (M.Lebowitz,10/12)	483.11
FPPTA – Registration for Helton, Gordon and Pierre	66.94
Larry Gordon - FPPTA Hotel one night deposit	1,350.00
Hyatt Hotel – FPPTA full payment for Helton, Pierre and Gordon	1,575.00
Lori Helton – FPPTA –Per diem	200.00
Frantz Pierre – FPPTA –Per diem	200.00
Florida U.C. Fund – Unemployment Compensation(Martin Lebowitz)	171.10
Office Depot – Office supplies	163.49
Laser Light Litho – Envelopes	107.50
	<u>\$112,816.72</u>

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The next regularly scheduled quarterly Board meeting will be held on February 14, 2013 at 3:30 p.m. Meeting was adjourned at 6:15 p.m.

Martin Lebowitz, Pension Administrator



October 26, 2012

Mr. Martin Lebowitz
Plan Administrator
City of North Miami Beach
17011 NE 19th Avenue – Room 311
North Miami Beach, Florida 33162-3100

Re: Actuarial Impact Statement

Dear Marty:

As requested, we have performed an actuarial review of the proposed Ordinance (copy attached) for the Retirement Plan for General Employees of the City of North Miami Beach.

Based upon our review, the proposed Ordinance:

1. Updates the definition of *Actuarial Equivalent*.
2. Repeals all Ordinances in conflict.
3. Provides for severability.
4. Provides for codification.
5. Provides for an effective date.

In our opinion, based upon the actuarial assumptions and methods employed in the October 1, 2011 Actuarial Valuation, the proposed Ordinance is a *no cost* Ordinance under State minimum funding requirements.

If you should have any question concerning the above, please do not hesitate to contact us.

Sincerest regards,

Lawrence F. Wilson, A.S.A.
Senior Consultant and Actuary

Enclosure

cc: Bob Sugarman, Esq.

ORDINANCE NO. 200__

AN ORDINANCE AMENDING THE GENERAL EMPLOYEES RETIREMENT PLAN OF THE CITY OF NORTH MIAMI BEACH, FLORIDA, AMENDING ARTICLE II, DEFINITIONS, PROVIDING FOR THE MOST CURRENT MORTALITY TABLE AND MODEL FOR MEASURING CONTINGENCIES; PROVIDING FOR SEVERABILITY; PROVIDING FOR THE REPEAL OF ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HERewith; PROVIDING FOR THE CODIFICATION OF THIS ORDINANCE, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the current mortality table utilized to determine actuarial equivalence establishing the actuarial present value of benefit payments is outdated and requires revision; and

WHEREAS, the pension plan's actuary has recommended incorporating the most recently accepted actuarial methodology mortality table providing for greater accuracy and precision in benefit calculations; and

WHEREAS, the trustees of the City of North Miami Beach General Employees Retirement Plan have requested and approved such an amendment as being in the best interests of the participants and beneficiaries as well as improving the administration of the plan, and

WHEREAS, an amendment to the City code is necessary to permit such new obligations and conditions; and

WHEREAS, the City Council has received and reviewed an actuarial impact statement related to this change and attached as such; and

WHEREAS, these amendments have been approved by a majority of the Plan's active participants voting in a referendum,

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of North Miami Beach, Florida:

Section 1. The foregoing WHEREAS clauses are hereby ratified and confirmed as being true and correct and are hereby made a specific part of this Ordinance upon adoption hereof.

Section 2. Article II, Definitions, of the Retirement Plan for General Employees of the City of North Miami Beach is hereby amended by adding the following underlined language and deleting the stricken language:

Actuarial Equivalent as used herein means equality in value of the aggregate amounts expected to be received under different forms of payment. Actuarially Equivalent amounts will be determined for all purposes based on the RP 2000 Combined Healthy Mortality Table, projected to the fiscal year that includes the benefit commencement date with Scale BB, 1994 Group Annuity Reserving Table, projected by 2002, based upon a fixed blend 50% male mortality rates – 50% female mortality rates, per IRS Revenue Ruling 2001-62 with interest ~~7.758~~ 8.0% where the disabled Member's age shall be set forward five (5) years for all calculations.

...

Section 3. If any section, subsection, clause or provision of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed to the extent of such conflict.

Section 4. It is the intention of the City Council of the City of North Miami Beach and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances of the City of North Miami Beach, Florida. The Sections of this Ordinance may be renumbered or relettered to accomplish this intention and the word "Ordinance" may be changed to "Section", "Article" or other appropriate word as the codifier may deem fit.

Section 5. This Ordinance shall take effect upon adoption.

PASSED, FIRST READING, this _____ day of _____, 2012.

PASSED, SECOND READING, this _____ day of _____, 2012.

MAYOR

ATTEST:

City Clerk

I HEREBY CERTIFY that I have approved this
ORDINANCE as to form.

City Attorney



October 26, 2012

Mr. Martin Lebowitz
Plan Administrator
City of North Miami Beach
17011 N.E. 19th Avenue – Room 311
North Miami Beach, Florida 33162-3100

**Re: Retirement Plan for General Employees of the City of North Miami Beach
Plan Reform as of October 1, 2011**

Dear Marty:

As requested, we are pleased to present our Actuarial Study of the Retirement Plan for General Employees of the City of North Miami Beach (Plan) as of October 1, 2011.

Purpose - The purpose of the Study is to evaluate options for Plan redesign that would meet the overall goals and objectives of the City.

We understand the City has proposed freezing the Plan and installing a defined contribution plan for future benefits. Under this approach the City would be responsible for funding Plan benefits earned as of the date the Plan is frozen. We further understand the City contribution under the defined contribution Plan would max out at 8% of pay.

Overall goal is to redesign a schedule of plan benefits that will have a best estimate going forward cost of 8% of pay from the City and 7% of pay from the employees. In addition to the 8% of pay City contribution, the City will amortize current unfunded accrued benefits over a period of 25 years.

To reduce risk:

1. City will contribute annually 8% of pay (in addition to the 25 year amortization payment for current unfunded accrued benefits (UAB)) - any excess resulting from the excess of the annual 8% of pay City contribution (in addition to the 25 year amortization payment for current unfunded accrued benefits) above the minimum funding requirement will be held in reserve,
2. Members will contribute an additional 1% of pay into a reserve fund,
3. In the event a future minimum City funding requirement exceeds 8% of covered payroll (in addition to the 25 year amortization payment for current UAB), the reserve in items 1. and 2. above will be drawn down to the fullest to offset any future minimum City funding requirement above 8% of covered payroll (in addition to the 25 year amortization payment for current UAB),

Mr. Martin Lebowitz
October 26, 2012
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4. Five-year smoothed actuarial value of assets is reset to market value - deferred investment losses are fully recognized,
5. Net assumed investment return is reduced to 7.50%, compounded annually,
6. Mortality assumption is strengthened and
7. DROP interest crediting is either fund return or money market return as elected by DROP member.

Background – The City’s FYE 2013 minimum required contribution is 32.6% of covered payroll. Members currently contribute 7% of covered pay.

Unrecognized investment losses total \$6,086,915 (Actuarial Value = \$60,135,822 less Market Value = \$54,048,907) as of October 1, 2011.

Net assumed investment return is 7.75%, compounded annually.

The mortality assumption is generally the rates from the RP-2000 Mortality Table with full generational projection by Scale AA.

DROP interest is credited at the fixed rate of 3%, compounded monthly.

In addition, the Board is interested in modifying the following current provisions:

1. Normal retirement eligibility is the earlier of attainment of age 62 or attainment of age 55 with twenty (20) years of service.
2. Early retirement eligibility is the earlier of attainment of age 55 with fifteen (15) years of service or completion of twenty (20) years of service, regardless of age.
3. **Benefit accrual rate is three percent (3%) for each year of credited service.**
4. Plan participants are 100% vested upon completion of six (6) years of credited service.
5. Maximum period of DROP participation is five (5) years.
6. **COLA adjustments are 2.25% per annum.**

Proposed Changes – We understand the City wishes to determine the effect on its Plan contribution of the following proposed changes to the timing of contributions.

Under all Scenarios benefits accrued and eligibilities are not reduced. In additions, no changes in benefits or eligibilities are contemplated for active members who have reached retirement age.

The unfunded present value of accrued benefits is \$33,830,147 (\$87,879,054 - \$54,048,907) as of October 1, 2011 under the strengthened assumptions.

Scenario 1

1. Normal retirement eligibility: earlier of (1) age 62 with 10 years of service or (2) age 60 with 25 years of service (future accruals),
2. Early retirement eligibility: earlier of (1) age 55 with 20 years of service or (2) completion of 25 years of service, regardless of age (future accruals),
3. Early retirement reduction factor: 1/15 for the first 5 years, 1/30 thereafter benefit commencement precedes normal retirement date,
4. **Future service multiplier: 2.8% (future accruals),**
5. Vesting: 100% after 10 years of service (for currently non-vested members),
6. DROP period: 36 months (future DROPs),
7. **COLA rate: 2.00% per annum (future retirees),**
8. COLA deferral period: 3 years (future retirees).

Scenario 2

1. Normal retirement eligibility: earlier of (1) age 62 with 10 years of service or (2) age 60 with 25 years of service (future accruals),
2. Early retirement eligibility: earlier of (1) age 55 with 20 years of service or (2) completion of 25 years of service, regardless of age (future accruals),
3. Early retirement reduction factor: 1/15 for the first 5 years, 1/30 thereafter benefit commencement precedes normal retirement date,
4. **Future service multiplier: 2.8% (future accruals),**
5. Vesting: 100% after 10 years of service (for currently non-vested members),
6. DROP period: 36 months (future DROPs),
7. **COLA rate: 0.75% per annum (future retirees),**
8. COLA deferral period: 3 years (future retirees) – N/A.

Scenario 3

1. Normal retirement eligibility: earlier of (1) age 62 with 10 years of service or (2) age 60 with 25 years of service (future accruals),
2. Early retirement eligibility: earlier of (1) age 55 with 20 years of service or (2) completion of 25 years of service, regardless of age (future accruals),
3. Early retirement reduction factor: 1/15 for the first 5 years, 1/30 thereafter benefit commencement precedes normal retirement date,
4. **Future service multiplier: 2.4% (future accruals),**
5. Vesting: 100% after 10 years of service (for currently non-vested members),
6. DROP period: 36 months (future DROPs),
7. **COLA rate: 2.00% per annum (future retirees),**
8. COLA deferral period: 3 years (future retirees and DROPs).

Scenario 4

1. Normal retirement eligibility: earlier of (1) age 62 with 10 years of service or (2) age 60 with 25 years of service (future accruals),
2. Early retirement eligibility: earlier of (1) age 55 with 20 years of service or (2) completion of 25 years of service, regardless of age (future accruals),
3. Early retirement reduction factor: 1/15 for the first 5 years, 1/30 thereafter benefit commencement precedes normal retirement date,
4. **Future service multiplier: 2.6% (future accruals),**
5. Vesting: 100% after 10 years of service (for currently non-vested members),
6. DROP period: 36 months (future DROPs),
7. **COLA rate: 1.50% per annum (future retirees),**
8. COLA deferral period: 3 years (future retirees and DROPs).

Results – The attached Exhibits set out the key financial results of our Study for each Scenario. The following sets out the minimum annual required City contribution as a dollar amount and as a percentage of projected FYE 2013 covered payroll (\$11,507,283):

Item	Minimum Annual Required City Contribution		
	Base Plan	UAB Amortization EOY	Total
Current Plan / Strengthened Assumptions	\$ 4,614,420 (40.1%)	Included in Base	\$ 4,614,420 (40.1%)
<i>Scenario 1</i> – Includes 2.8% multiplier / 2% COLA / Strengthened Assumptions	\$ 1,050,160 (9.1%)	\$3,034,925 (26.4%)	\$4,085,085 (35.5%)
<i>Scenario 2</i> – Includes 2.7% multiplier / 0.75% COLA / Strengthened Assumptions	\$ 912,073 (7.9%)	\$3,034,925 (26.4%)	\$3,946,998 (34.3%)
<i>Scenario 3</i> – Includes 2.4% multiplier / 2% COLA / Strengthened Assumptions	\$ 900,566 (7.8%)	\$3,034,925 (26.4%)	\$3,935,491 (34.2%)
<i>Scenario 4</i> – Includes 2.6% multiplier / 1.5% COLA / Strengthened Assumptions	\$ 912,073 (7.9%)	\$3,034,925 (26.4%)	\$3,946,998 (34.3%)

Other Considerations

We anticipate double digit investment return for the Plan for fiscal year ended September 30, 2012. On that basis, we would expect results to be more favorable as of September 30, 2012.

Actuarial Assumptions and Methods, Plan Provisions, Financial Data, Member Census Data – The actuarial assumptions and methods, Plan provisions, financial data and member census data employed for purposes of our Actuarial Study are the same actuarial assumptions and methods, plan provisions, financial data and member census data utilized for the October 1, 2011 Actuarial Valuation with the exception of the following:

1. The actuarial value of assets is reset to market value.
2. Investment return is 7.5%, net of investment expenses.
3. Mortality Projection Scale BB replaces Projection Scale AA.

This Actuarial Study describes the financial effect of the proposed changes on the Plan, from a neutral perspective.

These calculations are based upon assumptions regarding future events. However, the Plan's long term costs will be determined by actual future events, which may differ materially from the assumptions made. These calculations are also based upon present and proposed Plan provisions that are outlined or referenced in this Actuarial Study. If you have reason to believe the assumptions used are unreasonable, the Plan provisions are incorrectly described or referenced, important Plan provisions relevant to this proposed Actuarial Study are not described or that conditions have changed since the calculations were made, you should contact the undersigned prior to relying on information in this Actuarial Study.

If you have reason to believe that the information provided in this Actuarial Study is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the undersigned prior to making such decision.

Future actuarial measurements may differ significantly from the current measurements presented in this Study due to such factors as the following: Plans experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in Plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This Actuarial Study should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this Study in a manner other than the intended purpose may produce significantly different results.

Mr. Martin Lebowitz
October 26, 2012
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The signing actuaries are independent of the Plan Sponsor.

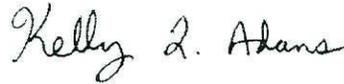
The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you should have any question concerning the above or if we may be of further assistance with this matter, please do not hesitate to contact us.

Sincerest regards,



Lawrence F. Wilson, A.S.A.
Senior Consultant and Actuary



Kelly L. Adams, A.S.A.
Consultant and Actuary

Enclosure

**Retirement Plan for General Employees
of the City of North Miami Beach**

Comparison of Cost Data as of October 1, 2011

	<i>Strengthened Assumptions</i>		<i>Scenario 1 - All Changes</i>		<i>Scenario 2 - All Changes</i>	
	<i>7.5% / Mortality / Market Value</i>	<i>2.8% Multiplier & 2.00% COLA</i>	<i>2.8% Multiplier & 2.00% COLA</i>	<i>2.8% Multiplier & 0.75% COLA</i>	<i>2.8% Multiplier & 0.75% COLA</i>	<i>2.8% Multiplier & 0.75% COLA</i>
	Cost	% of Annual Compensation	Cost	% of Annual Compensation	Cost	% of Annual Compensation
	Data		Data		Data	
A. Participants						
1. Active employees	261	N/A	261	N/A	261	N/A
2. Terminated vested	35	N/A	35	N/A	35	N/A
3. Receiving benefits	194	N/A	194	N/A	194	N/A
4. DROP participants	37	N/A	37	N/A	37	N/A
5. Annual payroll of active employees	\$ 11,326,066	100.0%	\$ 11,326,066	100.0%	\$ 11,326,066	100.0%
6. Annual projected payroll of active employees (2012 - 2013)	\$ 11,507,283	100.0%	\$ 11,507,283	100.0%	\$ 11,507,283	100.0%
B. Present Value of Future Benefits	\$ 111,366,642	983.3%	\$ 105,042,559	927.4%	\$ 103,462,909	913.5%
C. Total Normal Costs	\$ 1,985,704	17.5%	\$ 1,794,422	15.8%	\$ 1,734,273	15.3%
D. Total Actuarial Accrued Liability	\$ 98,728,419	871.7%	\$ 94,080,573	830.7%	\$ 93,001,866	821.1%
E. Actuarial Value of Assets	\$ 54,048,907	477.2%	\$ 54,048,907	477.2%	\$ 54,048,907	477.2%
F. Unfunded Actuarial Accrued Liability	\$ 44,679,512	394.5%	\$ 40,031,666	353.4%	\$ 38,952,959	343.9%
G. Increase in Expected City Contribution	\$ 863,046 ¹	7.5%	\$ 333,711 ¹	2.9%	\$ 195,624 ¹	1.7%
H. Accumulated Benefits						
1. Present Value of Accumulated Benefits	\$ 87,879,054	775.9%	\$ 87,879,054	775.9%	\$ 87,879,054	775.9%
2. Market Value of Assets	\$ 54,048,907	477.2%	\$ 54,048,907	477.2%	\$ 54,048,907	477.2%
3. Unfunded Present Value of Accumulated Benefits	\$ 33,830,147	298.7%	\$ 33,830,147	298.7%	\$ 33,830,147	298.7%
I. Total Required Contribution	\$ 5,419,930	47.9%	\$ 4,890,595	43.2%	\$ 4,752,508	42.0%
J. Expected City Contribution						
1. Amortization with Interest of Unfunded Present Value of Accumulated Benefits	\$ 3,034,925 ¹	26.4%	\$ 3,034,925 ¹	26.4%	\$ 3,034,925 ¹	26.4%
2. Minimum Additional City Funding Requirement	\$ 1,579,495 ¹	13.7%	\$ 1,050,160 ¹	9.1%	\$ 912,073 ¹	7.9%
3. Total City Contribution	\$ 4,614,420 ¹	40.1%	\$ 4,085,085 ¹	35.5%	\$ 3,946,998 ¹	34.3%
K. Employee Contributions						
1. Regular (7% of pay)	\$ 805,510 ¹	7.0%	\$ 805,510 ¹	7.0%	\$ 805,510 ¹	7.0%
2. Reserve (1% of pay)	\$ 115,073 ¹	1.0%	\$ 115,073 ¹	1.0%	\$ 115,073 ¹	1.0%
3. Total	\$ 920,583 ¹	8.0%	\$ 920,583 ¹	8.0%	\$ 920,583 ¹	8.0%

¹ Percent of pay applied to expected 2012-2013 covered payroll (\$11,507,283)

**Retirement Plan for General Employees
of the City of North Miami Beach**

Comparison of Cost Data as of October 1, 2011

	Strengthened Assumptions 7.5% / Mortality / Market Value		Scenario 3 - All Changes 2.4% Multiplier & 2.00% COLA		Scenario 4 - All Changes 2.6% Multiplier & 1.50% COLA	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants						
1. Active employees	261	N/A	261	N/A	261	N/A
2. Terminated vested	35	N/A	35	N/A	35	N/A
3. Receiving benefits	194	N/A	194	N/A	194	N/A
4. DROP participants	37	N/A	37	N/A	37	N/A
5. Annual payroll of active employees	\$ 11,326,066	100.0%	\$ 11,326,066	100.0%	\$ 11,326,066	100.0%
6. Annual projected payroll of active employees (2012 - 2013)	\$ 11,507,283	100.0%	\$ 11,507,283	100.0%	\$ 11,507,283	100.0%
B. Present Value of Future Benefits	\$ 111,366,642	983.3%	\$ 103,355,080	912.5%	\$ 103,570,948	914.4%
C. Total Normal Costs	\$ 1,985,704	17.5%	\$ 1,727,590	15.3%	\$ 1,737,055	15.3%
D. Total Actuarial Accrued Liability	\$ 98,728,419	871.7%	\$ 92,960,111	820.8%	\$ 93,091,525	821.9%
E. Actuarial Value of Assets	\$ 54,048,907	477.2%	\$ 54,048,907	477.2%	\$ 54,048,907	477.2%
F. Unfunded Actuarial Accrued Liability	\$ 44,679,512	394.5%	\$ 38,911,204	343.6%	\$ 39,042,618	344.7%
G. Increase in Expected City Contribution	\$ 863,046 ¹	7.5%	\$ 184,117 ¹	1.6%	\$ 195,624 ¹	1.7%
H. Accumulated Benefits						
1. Present Value of Accumulated Benefits	\$ 87,879,054	775.9%	\$ 87,879,054	775.9%	\$ 87,879,054	775.9%
2. Market Value of Assets	\$ 54,048,907	477.2%	\$ 54,048,907	477.2%	\$ 54,048,907	477.2%
3. Unfunded Present Value of Accumulated Benefits	\$ 33,830,147	298.7%	\$ 33,830,147	298.7%	\$ 33,830,147	298.7%
I. Total Required Contribution	\$ 5,419,930	47.9%	\$ 4,741,001	41.9%	\$ 4,752,508	42.0%
J. Expected City Contribution						
1. Amortization with Interest of Unfunded Present Value of Accumulated Benefits	\$ 3,034,925 ¹	26.4%	\$ 3,034,925 ¹	26.4%	\$ 3,034,925 ¹	26.4%
2. Minimum Additional City Funding Requirement	\$ 1,579,495 ¹	13.7%	\$ 900,566 ¹	7.8%	\$ 912,073 ¹	7.9%
3. Total City Contribution	\$ 4,614,420 ¹	40.1%	\$ 3,935,491 ¹	34.2%	\$ 3,946,998 ¹	34.3%
K. Employee Contributions						
1. Regular (7% of pay)	\$ 805,510 ¹	7.0%	\$ 805,510 ¹	7.0%	\$ 805,510 ¹	7.0%
2. Reserve (1% of pay)	\$ 115,073 ¹	1.0%	\$ 115,073 ¹	1.0%	\$ 115,073 ¹	1.0%
3. Total	\$ 920,583 ¹	8.0%	\$ 920,583 ¹	8.0%	\$ 920,583 ¹	8.0%

¹ Percent of pay applied to expected 2012-2013 covered payroll (\$11,507,283)

Based on 09/30/2011 Valuation data	For FY 2013	DC 8% Frozen DB	Current Plan Strengthen Assump	Opt 1 2.8% mult 2% cola	Opt 2 2.8% mult .75% cola	Opt 3 2.4% mult 2% cola	Opt 4 2.6% mult 1.5% cola
City - Normal	9.3%	8.0%	13.7%	9.1%	7.9%	7.8%	7.9%
City - UAB	<u>23.3%</u>	<u>26.4%</u>	<u>26.4%</u>	<u>26.4%</u>	<u>26.4%</u>	<u>26.4%</u>	<u>26.4%</u>
City Required Contribution	32.6%	34.4%	40.1%	35.5%	34.3%	34.2%	34.3%
Empl - Normal	<u>7.0%</u>						
Total Reqd Contribution	39.6%						

Per Valuation Report:

Estimated Covered Payroll	\$ 11,507,283	\$ 11,507,283	\$ 11,507,283	\$ 11,507,283	\$ 11,507,283	\$ 11,507,283	\$ 11,507,283
City - Normal	1,070,177	920,583	1,576,498	1,047,163	909,075	897,568	909,075
City - UAB	<u>2,681,197</u>	<u>3,037,923</u>	<u>3,037,923</u>	<u>3,037,923</u>	<u>3,037,923</u>	<u>3,037,923</u>	<u>3,037,923</u>
Estimated City Contribution	\$ 3,751,374	\$ 3,958,505	\$ 4,614,420	\$ 4,085,085	\$ 3,946,998	\$ 3,935,491	\$ 3,946,998
Percent Chg		5.5%	23.0%	8.9%	5.2%	4.9%	5.2%

Per Budget:

FY13 Budgeted Covered Payroll	\$ 10,618,742	\$ 10,618,742	\$ 10,618,742	\$ 10,618,742	\$ 10,618,742	\$ 10,618,742	\$ 10,618,742
City Contribution Using FY13 Covered Payroll	\$ 3,461,710	\$ 3,652,847	\$ 4,258,116	\$ 3,769,653	\$ 3,642,229	\$ 3,631,610	\$ 3,642,229
Percent Chg		5.5%	23.0%	8.9%	5.2%	4.9%	5.2%

PROPOSED FY2013 BUDGET
PENSION CONTRIBUTIONS

Fund	Police	G.E.	Mgmt	FRS	FY 2013
010	4,304,817	1,517,399	1,133,643	2,799	6,958,658
103		21,034			21,034
104			51,306		51,306
116	87,689				87,689
172	937,412				937,412
173		83,913			83,913
400		40,213			40,213
410		981,407	288,344		1,269,751
450		129,343			129,343
471		72,232	78,234		150,466
474		427,249			427,249
500	-	188,920	-	-	188,920
	<u>5,329,918</u>	<u>3,461,710</u>	<u>1,551,527</u>	<u>2,799</u>	<u>10,345,954</u>
	<u>750,000</u>				<u>750,000</u>
FY 2013	6,079,918	3,461,710	1,551,527	2,799	11,095,954
FY 2012	5,749,099	2,927,951	1,678,859	3,223	10,359,132
Difference	330,819	533,759	(127,332)	(424)	736,822

SUMMARY OF RELEVANT FACTS
City of North Miami Beach General Employees' Retirement Plan
As of September 30, 2012

Distribution of Assets:	
Equity	
- Large Cap. Value	\$13,075,573
- Large Cap. Growth	\$13,290,337
- Small Cap. Value	\$3,442,807
- Mid Cap Growth	\$3,530,398
- International Value	\$2,793,312
- International Growth	\$3,120,106
Total Equity	\$39,252,533
Fixed Income	\$21,480,749
Core Private Real Estate	\$4,229,072
Cash (R&D/Residuals)	\$319,932
Total Portfolio	\$65,282,285

Other Important Facts:

Total Portfolio	\$65,282,285
Total Gain or (Loss) (Gross-of-Fees)	\$3,156,832
Total Gain or (Loss) (Net-of-Fees)	\$3,086,081
Total Fees	(\$70,752)

Buckhead (Large Cap Value)		Garcia Hamilton (Large Cap Growth)	
Total Assets	100.00%	\$13,075,573	100.00%
Equity	97.23%	\$12,712,961	99.16%
Cash	2.77%	\$362,612	0.84%
Fees		(\$16,683)	
Gain or (Loss) - Gross		\$729,524	
Gain or (Loss) - Net		\$712,841	

Distribution by Percentages:		
Equity Breakdown	Policy	Current
- Large Cap. Value	20.00%	20.03%
- Large Cap. Growth	20.00%	20.36%
- Small Cap. Value	5.00%	5.27%
- Mid Cap Growth	5.00%	5.41%
- International Value	5.00%	4.28%
- International Growth	5.00%	4.78%
Total Equity	60.00%	60.13%
Fixed Income	32.50%	32.90%
Core Private Real Estate	7.50%	6.48%
Cash (R&D/Residuals)	0.00%	0.49%
Total Portfolio	100.00%	100.00%

GW Capital (Small Cap Value)		MDT (Mid Cap Growth)		Harding Loevner (Int'l Growth)	
Total Assets	100.00%	\$3,442,807	100.00%	\$3,120,106	\$3,120,106
Equity	94.57%	\$3,255,781	98.93%	\$3,100,315	\$3,100,315
Cash	5.43%	\$187,026	1.07%	\$19,792	\$19,792
Fees		(\$5,981)		(\$5,928)	(\$5,928)
Gain or (Loss) - Gross		\$226,383		\$192,574	\$192,574
Gain or (Loss) - Net		\$220,402		\$185,899	\$185,899

Thornburg (Int'l Value)		Receipts & Disbursements Acc't	
Total Assets	100.00%	\$21,480,749	100.00%
Equity	94.86%	\$20,883,125	0.00%
Cash	5.14%	\$597,623	100.00%
Fees		(\$14,963)	
Gain or (Loss) - Gross		\$730,222	
Gain or (Loss) - Net		\$715,259	

Garcia Hamilton (Fixed Income)		UBS (Core Private Real Estate)	
Total Assets	100.00%	\$4,229,072	100.00%
Fixed Income	97.22%	\$4,229,072	100.00%
Cash	2.78%	\$0	
Fees		\$0	
Gain or (Loss) - Gross		\$104,072	
Gain or (Loss) - Net		\$104,072	

The prices, quotes or statistics contained herein have been obtained from sources believed reliable, however, the accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

Breakdown of Returns
City of North Miami Beach General Employees' Retirement Plan
As of September 30, 2012

Buckhead		Your Returns	Your Returns			
Large Cap. Value		Gross-of-Fees	Net-of-Fees	Russ 1000 Value	PSN Money Mgrs	S&P 500
	Quarter	5.91	5.77	6.49	NA	6.35
	Fiscal YTD	25.01	24.35	30.90	NA	30.20
	1 year	25.01	24.35	30.90	NA	30.20
	3 year	9.47	8.88	11.83	NA	13.20
	5 year	0.55	0.01	(0.90)	NA	1.05
	Since 9/30/2006	2.51	1.96	1.50	NA	3.47
Garcia Hamilton & Associates						
Large Cap. Growth				Russ 1000 Growth	PSN Money Mgrs	
	Quarter	6.43	6.29	6.11	NA	
	Fiscal YTD	26.39	25.77	29.19	Na	
	1 year	26.39	25.77	29.19	NA	
	3 year	13.22	12.65	14.73	NA	
	5 year	2.98	2.48	3.24	NA	
	Since 9/30/2006	5.46	4.97	5.77	NA	
GW Capital						
Small Cap. Value				Russ 2000 Value	PSN Money Mgrs	
	Quarter	7.04	6.85	5.66	NA	
	Fiscal YTD	33.55	32.55	32.62	NA	
	1 year	33.55	32.55	32.62	NA	
	3 year	14.03	13.18	11.72	NA	
	Since 2/28/2009	25.44	24.59	24.58	NA	
MDT Advisers						
Mid Cap. Growth				Russ Mid Growth	PSN Money Mgrs	
	Quarter	5.77	5.57	5.34	NA	
	Fiscal YTD	32.41	31.40	26.68	NA	
	1 year	32.41	31.40	26.68	NA	
	3 year	21.73	20.78	14.73	NA	
	Since 5/31/2009	25.09	24.17	18.96	NA	
Thornburg						
International Value				MSCI AC Wld x US		
	Quarter	5.73	5.56	7.40		
	Fiscal YTD	16.89	16.13	14.49		
	1 year	16.89	16.13	14.49		
	Since 9/30/2009	4.81	4.18	3.17		
Harding Loevner						
International Growth				MSCI AC Wld x US		
	Quarter	7.38	7.17	7.40		
	Fiscal YTD	17.89	16.94	14.49		
	1 year	17.89	16.94	14.49		
	3 year	7.58	6.73	3.17		
	Since 3/31/2009	16.83	15.98	15.92		
Garcia Hamilton & Associates						
Fixed Income				BC Int. Gov/Credit	BC Int. Aggregate	90-Day T-Bill
	Quarter	3.50	3.43	1.40	1.36	0.02
	Fiscal YTD	10.14	9.86	4.41	4.31	0.08
	1 year	10.14	9.86	4.41	4.31	0.08
	3 year	7.03	6.76	5.18	5.34	0.09
	Since 2/28/2009	8.54	8.28	6.02	6.26	0.10
UBS Trumbull Property Fund						
Core Private Real Estate				NCREIF		
	Since 7/2/2012	2.52	2.52	NA		
TOTAL RETURN						
Time-Weighted Return (TWR)						
				Policy Index	Composite Index	
	Quarter	5.06	4.94	4.37	4.31	
	Fiscal YTD	19.10	18.56	17.99	18.11	
	1 year	19.10	18.56	17.99	18.11	
	3 year	9.89	9.38	9.40	9.57	
	5 year	3.96	3.58	3.12	3.72	
	Since 9/30/2006	5.54	5.18	4.72	5.40	
Dollar-Weighted Net (IRR)						
				Actuarial Rate	CPI + 4	
	Quarter		4.90	1.94	2.19	
	Fiscal YTD		18.55	8.00	5.76	
	1 year		18.55	8.00	5.76	
	3 year		9.37	8.00	6.20	
	5 year		3.53	8.00	6.07	
	Since 9/30/2006		5.13	8.00	6.20	

Policy Index Composition

- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ Mid Growth / 10% MSCI AC Wld x US (net) / 32.5% BC Int G/C / 7.5% NCREIF for periods since 6/30/2012
- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ Mid Growth / 10% MSCI AC Wld x US (net) / 40% BC Int G/C 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 Wld x US (net) / 40% BC Int G/C for periods from 9/31/2009 to 9/30/2009
- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ 2000 Growth / 10% MSCI EAFE (net) / 40% BC Int G/C 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 G/C / 20% BC Agg for periods prior to 2/28/2009

COMPLIANCE CHECKLIST

City of North Miami Beach General Employees' Retirement Plan

As of September 30, 2012

GUIDELINES	In Compliance	OBJECTIVES	In Compliance
Equity Portfolio			
Listed on recognized exchange	Yes	Total Portfolio	3 years Yes
Single issue not to exceed 10% at market value for each equity in each separately managed portfolio	Yes	Exceed Target Index	Since Inception Yes
Total equity portfolio < 62.5% & > 57.5% of total fund at market	Yes	Exceed actuarial assumption (8%) *	No
Single issue not to exceed 5% at market value for the total portfolio	Yes	Exceed CPI + 4% *	No
Foreign equities < 25% of total portfolio at market	Yes	* Measured using Net Dollar-Weighted Rate of Return	
Buckhead			
Large Capitalization Value Equity Portfolio			
Market Value < 22.5% & > 17.5% of total fund	Yes	Market Value < 7.5% & > 2.5% of total fund	Yes
Performance (Inception 9/30/2006)	3 years N/A	Performance (Inception 9/30/2009)	3 years Yes
Rank in the Top 50% of manager universe	No	Return > MSCI EAFE (Net)	Since Inception Yes
Return > Russell 1000 Value	Yes		
Garcia Hamilton & Associates			
Large Capitalization Growth Equity Portfolio			
Market Value < 22.5% & > 17.5% of total fund	Yes	Market Value < 7.5% & > 2.5% of total fund	Yes
Performance (Inception 9/30/2006)	3 years N/A	Performance (Inception 3/31/2009)	3 years Yes
Rank in the Top 50% of manager universe	No	Return > MSCI All Country World ex US	Since Inception Yes
Return > Russell 1000 Growth	Yes		
GW Capital			
Small Capitalization Value Equity Portfolio			
Market Value < 7.5% & > 2.5% of total fund	Yes	Market Value < 35.0% & > 30.0% of total fund	Yes
Performance (Inception 2/28/2009)	3 years N/A	Performance (Inception 2/28/2009)	3 years Yes
Rank in the Top 50% of manager universe	Yes	Return > Barclays Cap Intern. Gov't/Credit	Since Inception Yes
Return > Russell 1000 Growth	Yes	U.S. Government / Agency or U.S. Corporations Bonds rated "A" or better	Yes
		Single corporate issuer not exceed 10% of bond portfolio (except U.S. Government/Agency)	Yes
MDT Advisers			
Mid Capitalization Growth Equity Portfolio			
Market Value < 7.5% & > 2.5% of total fund	Yes	Market Value < 35.0% & > 30.0% of total fund	Yes
Performance (Inception 5/31/2009)	3 years N/A	Performance (Inception 2/28/2009)	3 years Yes
Rank in the Top 50% of manager universe	Yes	Return > Barclays Cap Intern. Gov't/Credit	Since Inception Yes
Return > Russell 2000 Growth	Yes	U.S. Government / Agency or U.S. Corporations Bonds rated "A" or better	Yes
		Single corporate issuer not exceed 10% of bond portfolio (except U.S. Government/Agency)	Yes

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