

MINUTES

**POLICE OFFICERS' & FIREFIGHTERS'
RETIREMENT COMMITTEE MEETING**

THURSDAY - NOVEMBER 18, 2010 - 9:00 AM

PRESENT

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

ALSO PRESENT

Graystone – Charlie Mulfinger
GW Capital - Scott Mullet
Thornburg – John Roche
MDT Advisors – Nick Kemerer
Tom Lowman – Bolton Partners
Robert Sugarman – Plan Attorney
Martin Lebowitz – Pension Administrator

ABSENT

DEPARTMENT REPRESENTATIVES

Bill Dresback – Retired Firefighter
Jeff DeLisle – Bolton Partners
Lori Helton – IT
Various Police Officers

The meeting was called to order at 9:08 a.m. by Sgt. Socorro and was followed by a roll call of Trustees. Sgt. Socorro welcome new trustee to the board Councilman McKenzie Fleurimond who replaced Councilman John Julien.

I. GW CAPITAL – SEPTEMBER 30, 2010 REPORT

Scott Mullet reported the total GW Capital Small Cap Value Equity portfolio was valued at \$3,184,008 (including accrued interest) as of 9/30/2010, with an asset allocation of 93.90% in equities, 6.10% in cash and equivalents

For the quarter ended 9/30/2010: Total fund return was 10.19% compared to 9.72% for the Russell 2000 Value.

Plan year results: Total return for their portfolio was 15.38% vs. 11.84% for the Russell 2000 Value.

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II. MDT ADVISORS – SEPTEMBER 30, 2010 REPORT

Nick Kemerer reported the total MDT Advisors Mid Cap Growth portfolio was valued at \$3,438,360 (including accrued interest) as of 9/30/2010, with an asset allocation of 99.08% in equities, .92% in cash and equivalents.

For the quarter ended 9/30/2010: Total fund return was 15.71% compared to 14.64% for the Russell Mid Growth.

Plan year results: Total return for their portfolio was 24.51% vs. 18.26% for the Russell Mid Growth.

III. THORNBURG – SEPTEMBER 30, 2010 REPORT

John Roche reported the total Thornburg International Value portfolio was valued at \$2,944,202 (including accrued interest) as of 9/30/2010, with an asset allocation of 96.13% in equities, 3.87% in cash and equivalents.

For the quarter ended 9/30/2010: Total fund return was 16.79% vs. 16.58 for the MSCI AC World X US.

Plan year results: Total fund return was 11.86% vs. 7.56% for the MSCI AC World X US.

IV. GRAYSTONE CONSULTING – SEPTEMBER 30, 2010 REPORT

Charlie Mulfinger presented the performance report, indicating a total portfolio market value on 9/30/2010 of \$62,961,266 (including accrued income). This represents a net increase in value from the previous quarter of \$4,747,064. The total asset allocation was reported to be 48.60% invested in domestic equities, 9.36% invested in international, 38.98% in fixed income and 3.06% in cash and equivalents. The total fund earned 8.27% for the quarter.

For the quarter ended 9/30/2009: Garcia Hamilton under-performed Russell 1000 Growth Fund 12.84% vs.13.00%. HGK outperformed Russell 1000 Value Fund 10.20% vs. 10.13%. GW Capital returned 10.19% vs. 9.72% for the Russell Mid 2000 Value Fund. MDT returned 15.71% vs. 14.64% for the Russell 2000 Growth Fund. Renaissance returned 13.55% vs.16.58 for the MSCI AC World x US. Thornburg returned 16.79% vs.16.58 for the MSCI AC World x US. Garcia Hamilton Fixed Income earned 3.20% outperformed the BC Int. Gov/Credit of 2.76%.

Plan year results: Total return earned for plan year was 9.27%.

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Councilwoman Spiegel asked about how much cash the plans holds and what interest rate it is earning. Charlie Mulfinger stated the fund is earning about less than ¼ percent. The board has asked Charlie Mulfinger to research if there is a higher interest for any uninvested cash that is held in the plan. Charlie Mulfinger will contact Salem Trust to find out if they have other money market funds that pay a higher interest and are FDIC insured.

V. PENSION ATTORNEY REPORT

- **IRS DETERMINATION LETTER – see attached**

The cost to apply is \$8,500 if just one plan applies, should the General and Police and Fire all apply, it would cost \$7,500 each, plus an application fee of \$1,000 per plan.

After discussion, the trustees have tabled this item until the December 17, 2010 meeting.

- Bob Sugarman gave an opinion on DROP members benefit election that Martin Lebowitz had requested. Martin Lebowitz will email the trustee with Bob Sugarman's response.
- Signed contract with Robbins Geller Rudman and Dowd for Portfolio Monitoring
- Merrill Lynch lawsuit still on-going
- Working on contract with UBS for real estate investment management. The issue is UBS will not acknowledge that it is a fiduciary with respect to our plan. This item will be discussed further at the next regular scheduled meeting on February 17, 2011.
- **CHAPTER 2009-97**

Bob Sugarman discussed the proposed Ordinance which is as follows:

Section 2 - Membership for the trustees who would serve on the committee for a period of 2 years would be changed to 4 years.

Section 3 -

Option 3: A retirement income of modified monthly amount, payable to the participant during the joint lifetime of the participant and a joint pensioner designated by the participant; and following the death of the participant, a percentage of such monthly benefit (either 50%, 66.667%, 75% or 100% as selected by the participant) to the joint pensioner for his or her lifetime. There shall be no reduction of the participant's benefits in case of death of the joint pensioner. A Participant electing this option with a joint

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pensioner or beneficiary (or beneficiaries) whose pension benefits have commenced, may thereafter change their designated joint pensioner or beneficiary (or beneficiaries); provided, the joint pensioner last previously designated is alive and evidence of good health is provided when he or she files with the Retirement Committee their request for such change.

Option 4: A retirement income of modified monthly amount, payable to the Participant during the joint lifetime of the Participant and a joint pensioner designated by the Participant; and following the death of the Participant, fifty percent (50%) of such monthly benefit shall be payable to the joint pensioner for his or her lifetime. A Participant electing this option may change their designated joint pensioner or

beneficiary up to two times after benefits have commenced and shall not be required to provide proof of the good health of the joint survivor or beneficiary or that said joint survivor or beneficiary is still alive. A Participant electing this option shall have their pension benefit recalculated and reduced by two percent (2%).

Option 5: A retirement income of modified monthly amount, payable to the Participant during the joint lifetime of the Participant and a joint pensioner designated by the Participant; and following the death of the Participant, seventy-five percent (75%) of such monthly benefit shall be payable to the joint pensioner for his or her lifetime. A Participant electing this option may change their designated joint pensioner or beneficiary up to two times after benefits have commenced and shall not be required to provide proof of the good health of the joint survivor or beneficiary or that said joint survivor or beneficiary is still alive. A Participant electing this option shall have their pension benefit recalculated and reduced by four percent (4%).

(c) Changes of Joint Pensioner, Beneficiary or Beneficiaries - If a participant has elected an option with a joint pensioner or beneficiary (or beneficiaries) and his or her retirement income benefits have commenced, he or she may thereafter change his or her designated joint pensioner or beneficiary (or beneficiaries). He or she may do so only in the case where the designation to be changed is one involving a joint pensioner, if the joint pensioner last previously designated by him or her is alive when he or she files with the Retirement Committee his or her request for such change. The consent of a participant's joint pensioner or beneficiary (or beneficiaries) to any such change shall not be required.

The above items in Section 3 was tabled for the next meeting with Tom Lowman on the December 17, 2010.

Section 4

In General - No benefits, rights or accounts shall exist under the plan which are subject in any manner to voluntary or involuntary anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge; and any attempt to so anticipate, alienate, transfer, assign, pledge, encumber or charge the same shall be void, except a retiree receiving any monthly benefit may authorize the board of trustees to withhold from the monthly benefit those funds necessary to pay for the benefits being received through the City, to pay the certified bargaining agent of the City, and to make any payments for child support or alimony. The Board of Trustees may, upon the written request of the retiree of the pension plan, authorize the plan administrator to withhold from that retiree's benefit payment those funds that the retiree directs to pay for premiums for accident, health, and long-term care insurance for the retiree and the retiree's spouse and dependents. The pension plan, and its Board of Trustees, shall not incur any liability for participation in this permissive program for actions taken in good faith. The actual cost of this program may be deducted from the retiree's benefit payment.

Section 5 -In the event of termination or partial termination of the plan, each participant's accrued pension benefit shall become nonforfeitable (100 percent vested). The board shall determine the date of distribution and the asset value required to fund all nonforfeitable benefits after taking into account the expenses of such distribution. The board shall inform the then current Plan sponsor if additional assets are required in which event the then current Plan sponsor shall continue to financially support the pension plan until all nonforfeitable benefits have been funded. At such time, the funds shall be appropriated and distributed in accordance with the provisions of Section 175 and 185, Florida Statutes.

Section 6- The Retirement Committee shall establish a written investment policy, with the advice and counsel of such advisors as the Retirement Committee deems necessary, and said investment policy shall set forth the types of securities and other types of investments into which shall be placed the assets of the fund. The policy shall further set forth appropriate limitations on those investments, including, but not limited to, anticipated rate of return, quality of investment, class of investment and acceptable risk. The Retirement Committee shall identify and publicly report any direct or indirect holdings it may have in any scrutinized company, as defined in Florida Statutes, Section 215.473, and proceed to sell, redeem, divest, or withdraw all publicly traded securities it may have in such company beginning January 1, 2010 and shall thereafter be prohibited from purchasing or holding such securities. The divestiture of any such security must be completed by September 30, 2010. In accordance with Ch. 2009-97, Laws of Florida, no person may bring any civil, criminal, or administrative action against the board or any employee, officer, director, or advisor of such

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board based upon the divestiture of any security pursuant to this paragraph. The board shall have the authority to invest and reinvest the assets of the plan in such securities or property, real or personal, as the board deems appropriate.

Motion by Sgt. Asim, seconded by Chief Loizzo, to approve Ordinance that concerns Chapter 2009-97 Section 2, Section 4, Section 5, Section 6 and delete Section 3 pertaining to Option 3, Option 4 and Option 5 to bring forward to the Police Officers to vote and recommended for adoption to the City Council and get and Actual Impact Statement from Tom Lowman .

Roll Call:

Sgt. Mo Asim - Yes
Councilman McKenzie Fleurimond - Yes
Chief Linda Loizzo - Yes
Councilwoman Beth Spiegel - No
Sgt. Leo Socorro - Yes

Motion carried

VI. BOLTON PARTNERS – ACTUARY

• EXPERIENCE STUDY

Tom Lowman has recommended lowering the assumption rate from 8% to 7.75%. Bob Sugarman suggested inviting the City Manager, City Attorney and Finance Director to a pension meeting when the board will discuss the lowering of the assumption rate from 8% to 7.75%. Bob Sugarman would like Tom Lowman to include in his actuary report the \$750,000 the City contributes and what impact this will have on the assumption rate. This item is tabled until the next scheduled meeting on December 17, 2010.

• FIREFIGHTERS 2011 SHARE PAYMENTS

Letter was sent in from Bolton Partners to pay the 15 firefighters their share of 175 monies, based on the plan provisions. These payments will be made in January 2011. See attached letter.

Motion by Chief Loizzo, seconded by Sgt. Socorro, to pay the Firefighter Share payments to made in January 2011.

Motion carried unanimously

VII. QUARTERLY MEETING SCHEDULE FOR 2011

The following meeting schedule for the year 2011 was agreed to, subject to any necessary changes due to scheduling conflicts:

Thursday, February 17 th	~	Quarter End 12/31/2010
Thursday, May 19 th	~	Quarter End 3/31/2011
Thursday, August 18 th	~	Quarter End 6/30/2011
Thursday, November 17 th	~	Quarter End 9/30/2011

Approval of Minutes – June 18, 2010, Jnt. July 15, 2010, Jnt. August 10, 2010, August 10, 2010, September 15, 2010 and Jnt. October 1, 2010.

Motion by Chief Loizzo, seconded by Sgt. Socorro, to approve minutes of June 18, 2010, August 10, 2010 and Jnt. October 1, 2010 and to table Jnt. August 10, 2010 and Jnt. July 15, 2010.

Motion carried unanimously

VIII. APPROVAL OF INVOICES

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

INVOICES:

Garcia Hamilton – Equity Quarterly Management Fees	\$15,448.35
Garcia Hamilton – Fixed Quarterly Management Fees	15,882.43
Morgan Stanley Smith Barney – Quarterly Consulting Fees	5,625.00
HGK – Quarterly Management Fees	11,818.10
GW Capital – Quarterly Management Fees	5,718.74
MDT – Quarterly Management Fees	6,876.52
Renaissance – Quarterly Management Fees	4,833.07
Thornburg - Quarterly Management Fees	4,549.52
Bolton Partners – Actuary Fees	22,026.10
Sugarman & Susskind – Legal Fees	14,362.50
Perry & Jensen – Legal Fees	2,933.52*
Salem Trust Company – Custodial Fees	7,834.33
	\$118,703.18

- Perry and Jensen invoice was reduced by \$135.00

Motion carried unanimously.

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The next regularly scheduled quarterly Board meeting will be held on Thursday, February 17, 2011 at 9:00 a.m. Meeting was adjourned at 12:40 p.m.

Martin Lebowitz, Pension Administrator