

**MINUTES**

**GENERAL EMPLOYEES'  
RETIREMENT COMMITTEE MEETING**

**THURSDAY - FEBRUARY 17, 2011 - 3:00 PM**

**PRESENT**

Vic Espinal  
Larry Gordon  
Lori Helton – Chair  
Councilwoman Barbara Kramer  
Councilman Frantz Pierre

**ABSENT**

**ALSO PRESENT**

Charlie Mulfinger – Graystone Consulting  
Peter Strong – Gabriel Roeder Smith  
Mike Harhai/Deneen Bingham– Buckhead  
Janna Hamilton- Garcia Hamilton  
Thornburg – John Roche  
Steven Gordon – Auditor  
Bob Sugarman – Sugarman & Susskind  
Martin Lebowitz – Pension Administrator

**DEPARTMENT REPRESENTATIVES**

Darcee Siegel – City Attorney  
Andrew Fierman– Finance Director  
Janice Coakley – Public Services  
Ellen Snow – Asst. HR Director  
Esther Martinez – HR  
Audrea Hinds – Asst. HR Director

Lori Helton called the meeting to order at 3:06P.M., followed by a roll call of Trustees.

**I. GRS – ACTUARY**

Peter Strong of Gabriel, Roeder, Smith & Co. presented the results of their actuarial valuation as of 10/1/2010. The funded ratio for 10/1/2010 is 70.3% versus 10/1/2009, it was 73.1%.

He reported that the total required contribution for the fiscal year ending September 30, 2012 is \$4,119,060 (equating to 32.3% of the covered annual payroll). This total cost is funded by the City and through employee contributions. With employees contributing 7% through payroll deduction, the City must fund the remaining 25.3%. The report shows that the City Contributions for 2012 would be 25.3% versus 2011, it was 22.9%.

Bob Sugarman requested if the City paid the City contributions during the beginning of each month, beginning of each quarter or annually on October 1, 2011, how much would the City's contributions be lowered by. Peter Strong will send to Martin Lebowitz his response.

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

Motion by Larry Gordon, seconded by Victor Espinal, to accept the October 1, 2010 Valuation Report.

Motion carried unanimously.

**II. GARCIA HAMILTON REPORT - Q/E 12/31/2010**

Janna Hamilton reported the total DHJ Equity portfolio (Large Cap Growth) was valued at \$12,744,927 (including accrued interest) as of 12/31/2010, with an asset allocation of 98.65% in equities, 1.35% in cash and equivalents. DHJ Fixed Income was valued \$21,238,525 (including accrued interest) as of 12/31/2010, with an asset allocation of 98.18% in bonds and 1.82% in cash and equivalents.

For the quarter ended 12/31/2010: Equities returned 13.05% compared to 11.84% for the Russell 1000 Growth. Bond fund return was -.51% compared to -1.44% BC Int. Gov/Credit.

Plan year results: Equities returned 16.42% vs. 16.72% for the Russell 1000 Growth. The fixed income portfolio was 7.06% vs. the BC Int. Gov/Credit return of 5.89%.

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.

**III. BUCKHEAD CAPITAL – Q/E 12/31/2010**

Michael Harhai and Deneen Bingham reported the total Buckhead portfolio (Large Cap Value) was valued at \$11,687,524 (including accrued interest) as of 12/31/2010, with an asset allocation of 96.44% in equities, and 3.56% in cash and equivalents.

Michael Harhai stated he will be selling his interest in Buckhead Capital back to the firm over the next several years. Michael Harhai will still work for Buckhead Capital and will no longer be an owner but will be an employee. He is looking for retirement down the road.

For the quarter ended 12/31/2010: Equities returned 6.57% compared to 10.54% for the Russell 1000 Value.

Plan year results: Total return for their portfolio was 6.90%. Russell 1000 Value returned 15.51%.

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Michael Harhai reviewed the following stocks that did very well, Raymond James, DOW and Comcast. He also reviewed the stocks that did not do well, Bank of America, CISCO and AMDOCS.

**IV. THORNBURG – Q/E 12/31/2010**

John Roche reported the total Thornburg portfolio (Int'l Value) was valued at \$2,968,847 (including accrued interest) as of 12/31/2010, with an asset allocation of 95.56% in equities, 4.44% in cash and equivalents.

For the quarter ended 12/31/2010: Total fund return was 8.59% compared to 7.20% for the MSCI AC World x US.

Plan year results: Total return for their portfolio was 16.57% vs. 11.16% for the MSCI AC World x US.

**V. GRAYSTONE CONSULTING – Q/E 12/31/2010**

Charlie Mulfinger presented the performance report, indicating a total portfolio market value on 12/31/2010 of \$59,657,013 (including accrued income). This represents a net increase in value from the previous quarter of \$3,699,337. The total asset allocation was reported to be 53.47% invested in domestic equities, 10.3% invested in international, 35.60% in fixed income and 0.63% in cash and equivalents. The total fund earned 6.62% for the quarter.

For the quarter ended 12/31/2010: Garcia Hamilton Equity outperformed Russell 1000 Growth Fund 13.05% vs.11.84%. Buckhead under-performed Russell 1000 Value Fund 6.57% vs. 10.54%. GW Capital returned 18.14% vs. 15.36% for the Russell 2000 Value Fund. MDT returned 18.11% vs. 14.01% for the Russell 2000 Growth Fund. Harding Loevner returned 8.04% vs.7.20 for the MSCI AC World x US. Thornburg returned 8.59% vs. 7.20% for the MSCI AC World x US. Garcia Hamilton Fixed Income earned -.51% outperformed the BC Int. Gov/Credit of -1.44%.

Plan year results: Total return earned for plan year was 12.51%.

After discussion, motion by Victor Espinal, seconded by Councilwoman Kramer, to rebalance the account according to the Investment Policy target range as recommended by Graystone Consulting.

Motion carried unanimously.

**VI. ELMER SMITH – DISABILITY CASE**

Employee Elmer Smith has requested a claim for Total and Permanent Disability Retirement Income. Handed to the Committee were the findings from several doctors that Mr. Smith has seen and from our Independent Medical Doctor's Examination Report. Mr. Smith discussed his disability with the committee and answered questions about his ailments.

After discussion, motion by Victor Espinal, seconded by Councilman Pierre, to approve Elmer Smith's' Total and Permanent Disability Retirement Income.

Motion carried

**AUTHORIZATION TO BIND COVERAGE AND PAY PREMIUM EFFECTIVE 3/1/2011-3/1/2012**

Martin Lebowitz received premium quotes from ULLICO Insurance in the amount \$16,396.81 and from US Specialty Insurance in the amount of \$18,346.44 with the same coverage.

After discussion, motion by Victor Espinal, seconded by Larry Gordon to renew Fiduciary Liability Insurance between the two companies and to delegate to the Chair Lori Helton with the advice of Bob Sugarman to choose one of these Insurance Companies.

Motion carried unanimously.

**VII. PENSION ATTORNEY REPORT**

Bob Sugarman discussed a pension change Ordinance which incorporates many IRS items – it was given to Darcee Siegel for Council approval. This Ordinance need not be voted by the members.

Bob Sugarman prepared a Travel and Expense Policy which will be discussed at the next schedule meeting. Bob Sugarman discussed Van Harrington QDRO issue which was resolved, Baxter International litigation is proceeding and that his office has received submission from the IRS on the IRS Determination Letter Application.

**VIII. AUDITOR'S REPORT**

Steven Gordon presented the September 30, 2010 Annual Financial Statement for the General Employees' Retirement Plan for the City of North Miami Beach. Steven Gordon 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. Bob Sugarman asked Steven Gordon to comment on condition of our books and records and the cooperation by Martin Lebowitz and the City. Steve Gordon stated that our books and records were kept properly and

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found very few minor adjustments. He acknowledged that Martin Lebowitz was very cooperative and timely on requests by his firms' staff.

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 ever made against any member due to embezzlement or improperly spending the assets, the Annual Financial Statement is your best defense.

Motion by Larry Gordon, seconded by Victor Espinal, to accept the Annual Financial Statement Audit for the fiscal year ending September 30, 2010 for the General Employee's Retirement Plan prepared by Steven I. Gordon C.P.A.

Motion carried unanimously.

**IX. APPROVAL OF MINUTES – JNT 7/15/10, JNT. 8/10/2010, JNT. 11/18/10 AND 11/18/10**

Motion by Larry Gordon, seconded by Vic Espinal, to accept the Jnt. July 15, 2010, Jnt. August 10, 2010, Jnt. November 18, 2010 and November 18, 2010 minutes for the General Employees' Retirement Plan Meeting.

Motion carried unanimously.

**X. APPROVAL OF INVOICES**

Motion by Victor Espinal, seconded by Councilwoman Kramer, to approve payment of the following invoices:

Garcia Hamilton – Equity Quarterly Mgt. Fees	\$15,542.86
Garcia Hamilton – Fixed Quarterly Mgt. Fees	13,329.63
Buckhead Capital - Quarterly Management Fees	15,859.40
Morgan Stanley Smith Barney – Qtly. Consulting Fees	5,625.00
GW Capital - Quarterly Management Fees	6,317.52
Harding Loevner – Quarterly Management Fees	6,112.00
Thornburg Management – Quarterly Management Fees	4,695.02
MDT - Quarterly Management Fees	7,720.46
GRS – Actuaries Fees	5,945.00
Sugarman & Susskind – Legal Fees	4,430.00
Steven Gordon – Auditor	5,125.00
Salem Trust – Custodial Fees	7,426.49
	<u>\$98,728.38</u>

Motion carried unanimously.

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The next scheduled meeting is May 19, 2011 at 3:00 p.m. Meeting was adjourned at 6:45 p.m.

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**Martin Lebowitz, Pension Administrator**