MINUTES

GENERAL EMPLOYEES' RETIREMENT COMMITTEE MEETING
THURSDAY - AUGUST 15, 2013 - 3:30 PM

PRESENT

Vic Espinal
Larry Gordon
Councilwoman Barbara Kramer
Lori Helton – Chair

ABSENT

Councilman Frantz Pierre

ALSO PRESENT

Charlie Mulfinger – Graystone Consulting
Scott Owens – Graystone
Larry Wilson, GRS
Leigh Minoux, Asst. City Attorney
Bob Sugarman – Sugarman & Susskind
Martin Lebowitz – Pension Administrator

DEPARTMENT REPRESENTATIVES

Janice Coakley
Laura Wozniak
Carl Holness
Leo Maldonado
Hubert Rose
Lorenzo Hall
Mac Serda – Interim City Manager
Susan Ritter
Jancy Espinal

Lori Helton called the meeting to order at 4:25 P.M., followed by a roll call of Trustees.

1. GRAYSTONE CONSULTING – Q/E 6/30/2013

Charlie Mulfinger and Scott Owens presented the performance report, indicating a total portfolio market value on 6/30/2013 of $69,664,053 (including accrued income). This represents a net increase in value from the previous quarter of $288,030. **Please see attached Summary of Relevant Facts as of June 30, 2013.**

2. PENSION ATTORNEY'S REPORT

Bob Sugarman discussed the proposed Ordinance 2013-15 and stated that these changes will need to be voted on by all members in the General Employees' Pension Plan such as AFSCME, IUBA and all other non-union members. Martin Lebowitz will prepare the Ballot if this proposed Ordinance 2013-15 is passed by the City Council's first reading.

Bob Sugarman stated there is a pending issue with the IRS concerning DROP Plans payments in how the IRS treats them as a Defined Contribution Plan. Therefore, the Plans could be subject to the 415(c) limits.

Bob Sugarman discussed Senate Bill 534 which creates new reporting requirements for local government's defined benefit retirement Plans. State Bill 534 also require plans to post actuarial data on the City's website. These reporting requirements must be reflected in the 10/1/2014 Valuation Report. The cost of these additional requirements from the actuary will be approximately $2,000 - $2,500.

Bob Sugarman reminded the trustees of their continuing education obligation and discussed the upcoming FPPTA school which will be held in Palm Beach Gardens from September 29 – October 2, 2013.

3. ORDINANCE 2013-15 PENSION CHANGES

Larry Wilson has been requested from the City to produce an Impact Statement for the proposed Ordinance 2013-15.

Motion by Trustee Espinal, seconded by Trustee Gordon, to have Larry Wilson prepare an Impact Statement for proposed City Ordinance 2013-15 at the City's expense and the Impact Statement will be shared with the Trustees.

Motion carried unanimously.

Larry Wilson stated the highlights of Ordinance 2013-15 as follows:

1. Normal retirement eligibility is the earlier of (1) attainment of age sixty-two 62 with the (10) years of service or (2) attainment of age sixty (60) with twenty-five (25) years of service (future accruals after the effective date).
2. The benefit multiplier shall be 2.5% for credited service after the effective date.
3. Cost of living adjustment (COLA) will .75% after the effective date.
4. DROP participation will be thirty-six (36) months (for future retirees and DROP participants).
5. COLA is deferred three (3) years following termination of employment for future retirees and future DROP participants.
6. Employees shall be vested 100% after 10 years of service of currently non-vested members.

The foregoing provisions shall not apply to any members who is employed on the effective date and has attained age fifty-five (55) with 20 or more years of service or age 62.

Larry Wilson discussed GASB 67 which has new accounting standards and will need to be reflected in the 10/1/2013 Valuation Report.

Lori Helton asked a question to the Interim City Manager Mac Serda about the proposed Ordinance 2013-15 that will be presented to the City Council on 8/20/2013 for first reading. She inquired whether there will be any changes to Ordinance 2013-15 that was tabled on 8/6/2013. Mac Serda stated that what Larry Wilson summarized earlier has not changed. He wasn't sure if the effective dates of these proposed changes will still be August 31, 2013.

Motion by Trustee Espinal, seconded by Trustee Gordon to give direction to Martin Lebowitz, if the City Council adopts Ordinance 2013-15 on first reading than Martin Lebowitz will prepare a ballot to be presented to the active members of the Plan. The ballot will be held a week prior to the City Councils next meeting. The ballot will have two items to vote for.

Motion carried unanimously.

4. APPROVAL OF MINUTES – 6/12/2013 AND 7/19/2013

Motion by Trustee Barbara Kramer, seconded by Trustee Victor Espinal, to accept the 6/12/2013 and 7/19/2013 minutes for the General Employees' Retirement Plan Committee.

Motion carried unanimously.

5. APPROVAL OF INVOICES

Motion by Trustee Larry Gordon, seconded by Trustee Barbara Kramer, to approve payment of the following invoices except for Salem Trust in the amount of $8,200.00.

Motion carried unanimously.

Garcia Hamilton – Equity Quarterly Mgt. Fees	11,219.95
Garcia Hamilton – Fixed Quarterly Mgt. Fees	13,387.89
Buckhead Capital - Quarterly Management Fees	11,871.96
Morgan Stanley Smith Barney – Qtly. Consulting Fees	6,875.00
GW Capital - Quarterly Management Fees	7,547.62
Harding Loevner – Quarterly Management Fees	6,899.00
Thornburg Management – Quarterly Management Fees	5,052.48
MDT - Quarterly Management Fees	8,232.89
GRS – Actuaries Fees	6,312.00
Sugarman & Susskind – Legal Fees	4,400.00
Salem Trust – Custodial Fees	8,200.00
	$89,998.79

6. PUBLIC COMMENTS –

Jean Vixama discussed an issue concerning his date of hire. The pension record reflects his date of hire as June 20, 1994. However, he was hired June 1990 as a contract employee. Mr. Vixama feels that he should get credit from his date of hire. Mr. Vixama asked the committee can he retire with 19 years of service and age 55. The answer was no, he cannot retire unit he has 20 years of service. The current plan document states as follows:

Employee means any person employed by the City on a regular full-time basis, excluding police officers, firefighters or City Council members, who is receiving compensation from the City for personal services, and who is within a group or classification of employees designated by the Retirement Board as eligible for membership in the plan, exclusive of the following groups and classifications:

(a) Persons employed on a provisional, original probationary or other temporary basis;

(b) Members of boards or commissions, officers or employees receiving no salary or a nominal salary or a fee basis;

(c) Persons whose regular employment with the City is for less than twenty (20) hours per week or for not more than five (5) months in any once calendar year.

Martin Lebowitz will research what type of an employee Mr. Vixama was when he was hired. We will also research the Plan Document back in 1996.

Janice Coakley stated that in reference to proposed pension changes, the AFSCME union did not vote to remove the required 66 2/3% of the active participant's right to vote.

The next scheduled meeting **is on** November 12, 2013 . Meeting was adjourned at 6:10 p.m.

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Martin Lebowitz, Pension Administrator

SUMMARY OF RELEVANT FACTS
City of North Miami Beach General Employees' Retirement Plan
As of June 30, 2013

Distribution of Assets:		
Equity		
- Large Cap. Value	$14,841,384	
- Large Cap. Growth	$14,208,415	
- Small Cap. Value	$3,992,967	
- Mid Cap Growth	$4,121,553	
- International Value	$3,043,440	
- International Growth	$3,332,971	
Total Equity		$43,540,730
Fixed Income		$21,156,844
Core Private Real Estate		$4,396,694
Cash (R&D/Residuals)		$569,785
Total Portfolio		$69,664,053

Distribution by Percentages:	Policy	Current
Equity Breakdown		
- Large Cap. Value	20.00%	21.30%
- Large Cap. Growth	20.00%	20.40%
- Small Cap. Value	5.00%	5.73%
- Mid Cap Growth	5.00%	5.92%
- International Value	5.00%	4.37%
- International Growth	5.00%	4.78%
Total Equity	60.00%	62.50%
Fixed Income	32.50%	30.37%
Core Private Real Estate	7.50%	6.31%
Cash (R&D/Residuals)	0.00%	0.82%
Total Portfolio	100.00%	100.00%

Other Important Facts:

Total Portfolio	$69,664,053
Total Gain or (Loss) (Gross-of-Fees)	$370,008
Total Gain or (Loss) (Net-of-Fees)	$288,030
Total Fees	($81,979)

Buckhead (Large Cap Value)			**Garcia Hamilton (Large Cap Growth)**	
Total Assets	100.00%	$14,841,384	100.00%	$14,208,415
Equity	97.94%	$14,535,721	98.32%	$13,970,312
Cash	2.06%	$305,663	1.68%	$238,102
Fees		($19,216)		($9,765)
Gain or (Loss) - Gross		$472,204		$136,599
Gain or (Loss) - Net		$452,987		$126,833
GW Capital (Small Cap Value)			**MDT (Mid Cap Growth)**	
Total Assets	100.00%	$3,992,967	100.00%	$4,121,553
Equity	94.92%	$3,789,998	98.96%	$4,078,716
Cash	5.08%	$202,969	1.04%	$42,837
Fees		($7,216)		($7,953)
Gain or (Loss) - Gross		($25,997)		$144,711
Gain or (Loss) - Net		($33,212)		$136,758
Thornburg (Int'l Value)			**Harding Loevner (Int'l Growth)**	
Total Assets	100.00%	$3,043,440	100.00%	$3,332,971
Equity	96.20%	$2,927,664	99.06%	$3,301,781
Cash	3.80%	$115,776	0.94%	$31,190
Fees		($4,925)		($6,804)
Gain or (Loss) - Gross		($20,578)		($80,239)
Gain or (Loss) - Net		($25,502)		($87,043)
Garcia Hamilton (Fixed Income)			**Receipts & Disbursements Acc't**	
Total Assets	100.00%	$21,156,844	100.00%	$569,785
Fixed Income	99.26%	$20,999,463	0.00%	$0
Cash	0.74%	$157,381	100.00%	$569,785
Fees		($13,435)		$0
Gain or (Loss) - Gross		($399,573)		$25
Gain or (Loss) - Net		($413,008)		$25
UBS (Core Private Real Estate)				
Total Assets	100.00%	$4,396,694		
Private Real Estate	100.00%	$4,396,694		
Fees		($12,665)		
Gain or (Loss) - Gross		$142,857		
Gain or (Loss) - Net		$130,192		

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 June 30, 2013

Buckhead Large Cap. Value	Your Returns Gross-of-Fees	Your Returns Net-of-Fees	Russ 1000 Value	PSN Money Mgrs	S&P 500
Quarter	3.29	3.15	3.20	3.11	2.92
Fiscal YTD	13.50	13.06	17.68	16.09	13.40
1 year	20.21	19.59	25.32	22.92	20.60
3 year	14.46	13.85	18.51	18.70	18.45
5 year	6.84	6.27	6.67	7.74	7.01
Since 9/30/2006	4.17	3.61	3.81	5.65	5.01
Garcia Hamilton & Associates Large Cap. Growth			**Russ 1000 Growth**	**PSN Money Mgrs**	
Quarter	0.97	0.90	2.06	2.25	
Fiscal YTD	7.19	6.86	10.32	11.71	
1 year	14.07	13.59	17.05	18.61	
3 year	16.36	15.81	18.67	17.91	
5 year	5.98	5.46	7.47	6.56	
Since 9/30/2006	5.92	5.44	6.65	6.42	
GW Capital Small Cap. Value			**Russ 2000 Value**	**PSN Money Mgrs**	
Quarter	(0.65)	(0.82)	2.47	2.14	
Fiscal YTD	20.82	20.19	18.07	17.88	
1 year	29.32	28.42	24.75	23.90	
3 year	19.35	18.48	17.33	18.50	
Since 2/28/2009	26.00	25.13	24.62	NA	
MDT Advisers Mid Cap. Growth			**Russ Mid Growth**	**PSN Money Mgrs**	
Quarter	3.64	3.44	2.87	2.78	
Fiscal YTD	17.60	16.93	16.66	16.54	
1 year	24.38	23.43	22.89	23.42	
3 year	25.25	24.29	19.53	18.55	
Since 5/31/2009	24.91	23.99	19.66	NA	

Thornburg International Value			MSCI AC Wrld x US		
Quarter	(0.67)	(0.83)	(3.11)		
Fiscal YTD	8.95	8.45	5.82		
1 year	15.19	14.48	13.65		
3 year	9.26	8.57	8.00		
Since 9/30/2009	6.23	5.59	4.09		
Harding Loevner International Growth			**MSCI AC Wrld x US**		
Quarter	(2.35)	(2.55)	(3.11)		
Fiscal YTD	6.82	6.21	5.82		
1 year	14.70	13.83	13.65		
3 year	10.77	9.91	8.00		
Since 3/31/2009	15.45	14.60	14.45		
Garcia Hamilton & Associates Fixed Income			**BC Int. Gov/Credit**	**BC Int. Aggregate**	**90-Day T-Bill**
Quarter	(1.85)	(1.92)	(1.70)	(1.78)	0.01
Fiscal YTD	(0.01)	(0.20)	(1.10)	(1.46)	0.05
1 year	3.49	3.23	0.29	(0.12)	0.07
3 year	5.09	4.82	3.14	3.02	0.08
Since 2/28/2009	7.01	6.75	4.68	4.79	0.10
UBS Trumbull Property Fund Core Private Real Estate			**NCREIF**	**ODCE**	
Quarter	3.34	3.04	2.87	3.86	
Fiscal YTD	7.08	6.14	8.20	9.15	
Since 7/31/2012	9.79	8.82	10.73	12.17	

* Note: Barclays Aggregate index substituted for the quarter due to NCREIF Property Index not being available yet.

TOTAL RETURN Time-Weighted Return (TWR)			Policy Index	Composite Index
Quarter	0.52	0.41	0.68	0.76
Fiscal YTD	7.35	6.95	8.04	8.19
1 year	12.77	12.24	12.82	12.96
3 year	11.71	11.19	11.81	11.97
5 year	6.80	6.36	6.15	6.84
Since 9/30/2006	6.01	5.64	5.42	6.03
Dollar-Weighted Net (IRR)			**Actuarial Rate**	**CPI + 4**
Quarter		0.41	1.88	1.18
Fiscal YTD		6.96	5.63	3.69
1 year		12.24	7.50	5.76
3 year		11.19	7.50	6.36
5 year		6.31	7.50	5.34
Since 9/30/2006		5.59	7.50	6.06

Policy Index Composition

- 20% Russ 1000 Value / 20% Russ 1000 Growth / 5% Russ 2000 Value / 5% Russ Mid Growth / 10% MSCI AC Wd 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 Wd 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 Wd x US (net) / 40% BC Int G/C for periods from 5/31/2009 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 June 30, 2013***

GUIDELINES	In Compliance
Equity Portfolio	
Listed on recognized exchange	Yes
Single issue not to exceed 10% at market value for each equity in each separately managed portfolio	Yes
Total equity portfolio < 62.5% & > 57.5% of total fund at market	Yes
Single issue not to exceed 5% at market value for the total portfolio	Yes
Foreign equities < 25% of total portfolio at market	Yes

OBJECTIVES	In Compliance	
Total Portfolio	3 years	Since Inception
Exceed Target Index	No	Yes
Exceed actuarial assumption (7.5%) *	Yes	No
Exceed CPI + 4% *	Yes	No

** Measured using Net Dollar-Weighted Rate of Return*

Buckhead

Large Capitalization Value Equity Portfolio

Market Value < 22.5% & > 17.5% of total fund	Yes	
Performance (Inception 9/30/2006)	3 years	Since Inception
Rank in the Top 50% of manager universe	No	No
Return > Russell 1000 Value	No	Yes

Garcia Hamilton & Associates

Large Capitalization Growth Equity Portfolio

Market Value < 22.5% & > 17.5% of total fund	Yes	
Performance (Inception 9/30/2006)	3 years	Since Inception
Rank in the Top 50% of manager universe	No	No
Return > Russell 1000 Growth	No	No

GW Capital

Small Capitalization Value Equity Portfolio

Market Value < 7.5% & > 2.5%of total fund	Yes	
Performance (Inception 2/28/2009)	3 years	Since Inception
Rank in the Top 50% of manager universe	Yes	Yes
Return > Russell 1000 Growth	Yes	Yes

MDT Advisers

Mid Capitalization Growth Equity Portfolio

Market Value < 7.5% & > 2.5%of total fund	Yes	
Performance (Inception 5/31/2009)	3 years	Since Inception
Rank in the Top 50% of manager universe	Yes	Yes
Return > Russell 2000 Growth	Yes	Yes

Thornburg

International Value Equity Portfolio

Market Value < 7.5% & > 2.5%of total fund	Yes	
Performance (Inception 9/30/2009)	3 years	Since Inception
Return > MSCI EAFE (Net)	Yes	Yes

Harding Loevner

International Growth Equity Portfolio

Market Value < 7.5% & > 2.5%of total fund	Yes	
Performance (Inception 3/31/2009)	3 years	Since Inception
Return > MSCI All Country World ex US	Yes	Yes

Garcia Hamilton & Associates

Fixed Income Portfolio

Market Value < 35.0% & > 30.0% of total fund	Yes	
Performance (Inception 2/28/2009)	3 years	Since Inception
Return > Barclays Cap Interm. Gov't/Credit	Yes	Yes
U.S. Government / Agency or U.S. Corporations	Yes	
Bonds rated "A" or better	Yes	
Single corporate issuer not exceed 10% of bond portfolio (except U.S. Government/Agency)	Yes	

UBS

Private Real Estate

Market Value < 10.0% & > 0.0% of total fund	Yes	
Performance (Inception 7/31/2012)	3 year	Since Inception
Performance > NCREIF Ppty Index	N/A	No
Performance > NCREIF ODCE	N/A	No

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