MINUTES

GENERAL EMPLOYEES'
RETIREMENT COMMITTEE MEETING

TUESDAY - JUNE 17, 2014 - 3:30 PM

PRESENT

Kendra Woodroffe
Larry Gordon
Lori Helton – Chair
Councilwoman Barbara Kramer
Councilman Frantz Pierre

ALSO PRESENT

Graystone – C. Mulfinger
Bob Sugarman – Sugarman & Susskind
GRS Actuary – Larry Wilson
Jose Smith – City Attorney
Martin Lebowitz – Pension Administrator
Renaldo Gayle – Asst. Pension Admin.

ABSENT

DEPARTMENT REPRESENTATIVES

Lori Helton called the meeting to order at 3:40 P.M., followed by a roll call of the Trustees by Martin Lebowitz.

New Trustee, Kendra Woodroffe was welcomed to the board by Trustee Lori Helton. She replaced Victor Espinal.

I. PUBLIC COMMENTS

There were no comments from the public.

II. GRAYSTONE CONSULTING – Q/E 3/31/2014

Charlie Mulfinger started off by stating that the quarter was not as strong as the last one. He presented the performance report, indicating a total portfolio market value on 3/31/2014 of $76,594,890 (including accrued income). This represents a net increase in value from the previous quarter of $449,057. **Please see attached Summary of Relevant Facts as of March 31, 2014.**

Mr. Mulfinger went on to discuss Garcia Hamilton's performance. He recommended that a search for a new manager be conducted. The board was reminded that a search for a new manager was done before and a decision needs to be made about whether or not they will be staying with Garcia Hamilton going forward. Of the three managers, two were looked at in the past. A recommendation was made by Mr. Mulfinger that the board make a change. The managers were presented for consideration. The two managers discussed that made the shortlist were Sawgrass and Wedgewood. Mr. Mulfinger explained the difference between both managers and their investment strategies and performance.

Motion by Trustee Barbara Kramer, seconded by Larry Gordon, based upon Graystone's recommendation to replace Garcia Hamilton with Wedgewood.

Trustee Kendra Woodroffe asked Mr. Mulfinger if the board has the option to split the assets between Wedgewood and Sawgrass and see how they both perform initially. His response was that it can be done but the decision has to come from the board. He added that if the board isn't too comfortable with just one of the candidates, splitting would be a good way to go. Trustee Larry Gordon also added that he is torn between the two managers.

After discussion, Trustee Barbara Kramer amended her motion to have both Wedgewood and Sawgrass replace Garcia Hamilton as the new Large Cap Growth managers and authorize the chairman to sign the contract after it is successfully negotiated by the attorneys. After signing of contract, authorize Graystone to supervise the movement of the assets from one manager to the other. The motion remained seconded by Trustee Larry Gordon.

Roll Call:

Trustee Kendra Woodroffe	Yes
Trustee Lori Helton	Yes
Trustee Barbara Kramer	Yes
Trustee Frantz Pierre	Yes
Trustee Larry Gordon	Yes

Motion carried unanimously

III. PENSION ATTORNEY'S REPORT

Bob Sugarman reminded the board of the importance of filing the Financial Disclosure form by June 30th with the Supervisor of Elections in the county where they reside. Trustees should get a receipt when this is done and give a copy to the Pension Administrator.

Trustee Helton asked Bob Sugarman if we should reword the plan document based on the new plan amendment. Mr. Sugarman's response was that we should leave the document as is but attach the ordinance until everything is finalized with lawsuit but administer based on the amendment.

IV. GRS – ACTUARY – OCTOBER 1, 2013 VALUATION

Larry Wilson provided a summation of the October 1, 2013 valuation report and explained new terms. He stated that the contributions have gone down as a dollar amount but up as a percentage of pay. There was an actuarial gain this year, which means that the plan outperformed the actuarial assumptions. The gain was the result of investment returns.

The trustees had no questions or concerns regarding the report and Trustee Kramer made a motion, seconded by Trustee Gordon, to accept the valuation report.

Motion carried unanimously

After the vote, Mr. Wilson stated that the City contacted GRS to do another study regarding the financial impact of outsourcing the sanitation department. As a result, he is asking the board for permission to work with the City on its request.

The members had no issues with this request. However, Trustee Helton stated that she would like to have the results of the study shared with the trustees.

Mr. Wilson also stated that due to the plan changes, the current benefit calculation system is not compatible. He stated that there are options available for a new program or an updated version of the current one to accommodate the changes. He added that he just wanted to get a consensus as to which direction the board is considering.

The trustees briefly discussed the available options and decided that they will wait until the litigation process is completed.

V. APPOINTMENT OF 5th SEAT ON THE COMMETTEE

Motion by Trustee Kramer, seconded by Trustee Pierre to recommend the reappointment of Mr. Larry Gordon to the 5th seat on the board from 6/1/2014 to 5/31/2016.-

Motion carried unanimously.

VI. OPEN DISCUSSION

There was no open discussion.

VII. APPROVAL OF MINUTES – 2/20/2014 & 4/2/2014

Motion by Trustee Barbara Kramer, seconded by Trustee Frantz Pierre to accept the minutes of 2/20/2014 & 4/2/2014.

Motion carried unanimously

VIII. APPROVAL OF INVOICES

Motion by Trustee Barbara Kramer, seconded by Trustee Frantz Pierre, to approve payment of the following invoices.

Motion carried unanimously

INVOICES:

Garcia Hamilton – Investment Management Fees (Large Cap Growth)	$12,119.83
Garcia Hamilton – Investment Management Fees (Fixed Income)	10,702.81
Morgan Stanley Smith Barney (Graystone) – Consulting Fees	6,875.00
Buckhead Capital – Management Fees (Large Cap Value)	12,754.06

GW Capital – Management Fees (Small Cap Value)	7,400.58
MDT – Management Fees (Mid Cap Growth)	8,668.58
Harding Loevner – Management Fees (Int'l Growth)	7,399.00
Thornburg – Management Fees (Int'l Value)	5,455.53
Gabriel, Roeder, Smith & Co. – Actuary Fees	6,949.00
Steven Gordon – Auditor	1,558.00
Sugarman & Susskind – Legal Fees	7,032.00
Salem Trust Co. – Custodian Fees	8,037.76

Checks already issued since last meeting, for ratification by board:

City of NMB – Health/Dental/Group Life Premiums (R. Gayle, Apr 2014)	207.96
City of NMB – Health/Dental/Group Life Premiums (R. Gayle, May 2014)	207.96
City of NMB – Health/Dental/Group Life Premiums (R. Gayle, Jun 2014)	207.96
Copying	484.60
Revival Orthopedic – Willie Wilcox Disability Case	131.36
Laser Light – Envelopes	107.50
FPPTA – Re-certification – Lori Helton	30.00
United Members Ins. – Liability Insurance	11,972.47
Florida U.C. Fund – Unemployment Compensation (M. Lebowitz/R. Gayle)	105.95
FPPTA – One night hotel for M. Lebowitz, L. Helton and L. Gordon	506.25
Esquire – Court Reporter – Shade Meeting	440.00
Dr. Cheryl Yelverton – Disability IME for R. Budihas	800.00
TOTAL	**$110,154.16**

The next scheduled meeting is on August 21, 2014. Meeting was adjourned at 5:40 p.m.

Renaldo Gayle, Asst. Pension Administrator

SUMMARY OF RELEVANT FACTS
City of North Miami Beach General Employees' Retirement Plan
As of March 31, 2014

Distribution of Assets:		
Equity		
- Large Cap. Value	$15,995,927	
- Large Cap. Growth	$15,572,750	
- Small Cap. Value	$4,036,490	
- Mid Cap Growth	$4,335,653	
- International Value	$3,435,009	
- International Growth	$3,785,201	
Total Equity		$47,161,030
Fixed Income		$17,153,628
Hedge Fund of Funds		$7,481,998
Core Private Real Estate		$4,663,088
Cash (R&D/Residuals)		$135,146
Total Portfolio		$76,594,890

Distribution by Percentages:	Policy	Current
Equity Breakdown		
- Large Cap. Value	20.00%	20.88%
- Large Cap. Growth	20.00%	20.33%
- Small Cap. Value	5.00%	5.27%
- Mid Cap Growth	5.00%	5.66%
- International Value	5.00%	4.48%
- International Growth	5.00%	4.94%
Total Equity	60.00%	61.57%
Fixed Income	22.50%	22.40%
Hedge Fund of Funds	10.00%	9.77%
Core Private Real Estate	7.50%	6.09%
Cash (R&D/Residuals)	0.00%	0.18%
Total Portfolio	100.00%	100.00%

Other Important Facts:	
Total Portfolio	$76,594,890
Total Gain or (Loss) (Gross-of-Fees)	$883,186
Total Gain or (Loss) (Net-of-Fees)	$804,925
Total Fees	($78,261)

Buckhead (Large Cap Value)			Garcia Hamilton (Large Cap Growth)	
Total Assets	100.00%	$15,995,927	100.00%	$15,572,750
Equity	99.81%	$15,966,160	98.55%	$15,347,423
Cash	0.19%	$29,767	1.45%	$225,327
Fees		($12,318)		($12,203)
Gain or (Loss) - Gross		$571,445		($274,914)
Gain or (Loss) - Net		$559,127		($287,118)

GW Capital (Small Cap Value)			MDT (Mid Cap Growth)	
Total Assets	100.00%	$4,036,490	100.00%	$4,335,653
Equity	95.26%	$3,845,029	99.10%	$4,296,830
Cash	4.74%	$191,461	0.90%	$38,823
Fees		($7,366)		($8,416)
Gain or (Loss) - Gross		$82,535		$115,324
Gain or (Loss) - Net		$75,169		$106,908

Thornburg (Int'l Value)			Harding Loevner (Int'l Growth)	
Total Assets	100.00%	$3,435,009	100.00%	$3,785,201
Equity	95.38%	$3,276,147	97.43%	$3,687,916
Cash	4.62%	$158,862	2.57%	$97,285
Fees		($5,644)		($7,559)
Gain or (Loss) - Gross		($75,863)		($30,205)
Gain or (Loss) - Net		($81,507)		($37,764)

Garcia Hamilton (Fixed Income)			Receipts & Disbursements Acc't	
Total Assets	100.00%	$17,153,628	100.00%	$135,146
Fixed Income	99.70%	$17,102,145	0.00%	$0
Cash	0.30%	$51,482	100.00%	$135,146
Fees		($11,054)		$0
Gain or (Loss) - Gross		$223,294		$0
Gain or (Loss) - Net		$212,240		$0

Pine Grove (HFOF)			Private Advisors (HFOF)	
Total Assets	100.00%	$3,747,955	2762.97%	$3,734,043
HFOF	100.00%	$3,747,955	2762.97%	$3,734,043
Fees		$0		$0
Gain or (Loss) - Gross		$108,126		$48,073
Gain or (Loss) - Net		$108,126		$48,073

UBS (Core Private Real Estate)		
Total Assets	100.00%	$4,663,088
Private Real Estate	100.00%	$4,663,088
Fees		($13,700)
Gain or (Loss) - Gross		$115,371
Gain or (Loss) - Net		$101,671

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 March 31, 2014

Buckhead Large Cap. Value	Your Returns Gross-of-Fees	Your Returns Net-of-Fees	Russ 1000 Value	PSN Money Mgrs	S&P 500
Quarter	3.70	3.62	3.02	2.80	1.80
1 year	21.06	20.62	21.58	21.57	21.86
3 year	13.06	12.52	14.80	14.93	14.66
5 year	17.94	17.35	21.75	21.53	21.16
Since 9/30/2006	5.96	5.42	5.71	7.46	6.88
Garcia Hamilton & Associates Large Cap. Growth			Russ 1000 Growth	PSN Money Mgrs	
Quarter	(1.73)	(1.81)	1.12	1.15	
1 year	17.15	16.80	23.23	23.66	
3 year	10.71	10.24	14.62	14.24	
5 year	18.25	17.71	21.68	20.76	
Since 9/30/2006	7.42	6.95	8.66	8.41	
GW Capital Small Cap. Value			Russ 2000 Value	PSN Money Mgrs	
Quarter	2.09	1.90	1.78	2.44	
1 year	17.43	16.56	22.64	24.96	
3 year	11.14	10.31	12.73	14.14	
5 year	25.43	24.55	23.33	25.79	
Since 2/28/2009	25.84	24.97	24.98	NA	
MDT Advisers Mid Cap. Growth			Russ Mid Growth	PSN Money Mgrs	
Quarter	2.74	2.54	2.05	1.60	
1 year	29.90	28.90	24.23	24.59	
3 year	18.47	17.56	13.52	13.46	
Since 5/31/2009	26.45	25.50	21.01	NA	
Thornburg International Value			MSCI AC Wrld x US		
Quarter	(2.16)	(2.32)	0.51		
1 year	12.00	11.30	12.32		
3 year	3.99	3.33	4.16		
Since 9/30/2009	8.01	7.35	6.85		

Harding Loevner International Growth			MSCI AC Wrld x US		
Quarter	(0.79)	(0.99)	0.51		
1 year	10.90	10.03	12.32		
3 year	5.36	4.53	4.16		
5 year	15.90	15.04	15.52		
Since 3/31/2009	15.90	15.04	15.52		
Garcia Hamilton & Associates Fixed Income			**BC Int. Gov/Credit**	**BC Int. Aggregate**	**90-Day T-Bill**
Quarter	1.32	1.25	1.00	1.20	0.01
1 year	2.00	1.72	(0.12)	0.01	0.04
3 year	5.09	4.82	3.13	3.04	0.06
5 year	6.74	6.47	4.18	4.24	0.09
Since 2/28/2009	6.75	6.49	4.31	4.44	0.09
Private Advisors Alternative Investments			**HFRI FOF Con**		
Quarter	1.30	1.30	1.28		
Since 10/31/2013	2.90	2.90	2.96		
Pine Grove Alternative Investments			**HFRI FOF Con**		
Quarter	2.97	2.97	1.28		
Since 11/30/2013	3.63	3.63	2.96		
UBS Trumbull Property Fund Core Private Real Estate			**NCREIF**	**ODCE**	
Quarter	2.53	2.23	2.74	2.52	
1 year	11.35	10.04	11.18	13.76	
Since 7/31/2012	10.60	9.43	11.38	12.49	

TOTAL RETURN Time-Weighted Return (TWR)			Policy Index	Composite Index
Quarter	1.16	1.06	1.68	1.66
1 year	12.92	12.43	13.34	13.75
3 year	9.10	8.60	9.63	9.66
5 year	14.45	13.94	14.75	14.98
Since 9/30/2006	7.04	6.66	6.54	7.13
Dollar-Weighted Net (IRR)			**Actuarial Rate**	**CPI + 4**
Quarter		1.07	1.82	1.38
1 year		12.41	7.50	5.45
3 year		8.54	7.50	5.80
5 year		13.93	7.50	6.04
Since 9/30/2006		6.59	7.50	6.02

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) / 22.5% BC Int G/C /10.0% HFRI FOF Con/ 7.5% NCREIF for periods since 10/31/2013
- 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 March 31, 2014***

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	3 years	Since Inception
Total Portfolio	In Compliance	
Exceed Target Index	No	Yes
Exceed actuarial assumption (7.5%) *	Yes	No
Exceed CPI + 4% *	Yes	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	
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	No	Yes
Return > Russell 1000 Growth	No	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

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

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)	No	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 < 25.0% & > 20.0% 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	

Private Advisors

Hedge Fund of Funds

Market Value < 5.0% & > 0% of total fund	Yes	
Performance (Inception 10/31/2013)	3 years	Since Inception
Performance > HFRI FOF Conservative	N/A	No

Pine Grove

Hedge Fund of Funds

Market Value < 5.0% & > 0% of total fund	Yes	
Performance (Inception 11/30/2013)	3 years	Since Inception
Performance > HFRI FOF Conservative	N/A	Yes

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