

***City of Miami Springs Police and Firefighters'
Retirement System
Minutes of the Meeting Held
SEPTEMBER 19, 2012 – SPECIAL MEETING***

The special meeting of the Board of Trustees of the City of Miami Springs Police and Firefighters' Retirement System was called to order at 10:03AM by Chairman Peter Baan in the Commission Chambers at the City of Miami Springs City Hall at 201 Westward Drive, Miami Springs, Florida.

TRUSTEES PRESENT

Peter Baan, Chair
Oscar Garcia, Trustee
Gene Duffy, Trustee
Jonathan Kahn, Trustee
Raymond Buckner, Trustee

OTHERS PRESENT

Audrey Ross, Pension Resource Centers (PRC)
John McCann, Thistle Asset Consulting
Christa Maxwell, Thornburg Investments
Peter Mitchell, Thornburg Investments
David Schwarzenberger, WHV Investments
Patrick Broderick, Harding Loevner
Moira Ramos, City of Miami Springs-Finance Dept.
William Alonso, City of Miami Springs – Finance Dir

INVESTMENT MANAGER PRESENTATIONS (INTERNATIONL EQUITY)

• **Thornburg Investment – Presented By: Christa Maxwell & Peter Mitchell**

Ms. Maxwell introduced herself and Mr. Mitchell. She stated that Thornburg was established in 1982 and they currently manage \$78B in assets. Ms. Maxwell explained that Thornburg is a privately held firm located in Santa Fe, New Mexico. There are a total of 66 professionals' team members and all portfolio managers share ownership in the firm.

Mr. Mitchell reviewed the investment process and commented that the Thornburg International fund has outperformed the index by 513 basis points since inception. They use bottom up fundamental research and they only buy promising companies with sound business fundamentals at a discount to their intrinsic value. Mr. Mitchell reviewed the buying process and stated that all companies they buy into must meet all 3 of their criteria's such as, basic value, consistent earners, and emerging franchises. Their portfolio has about a 30% exposure to emerging markets and their turnover rate is about 30% on average as well.

Lastly Ms. Maxwell stated that if they were hired, they would be able to attend the quarterly meetings as needed because Mr. Mitchell is stationed in Jacksonville, Florida. Also their fee is 65 basis points. Ms. Maxwell then opened the floor to any questions from the board members.

• **WHV Investment – Presented By: David Schwarzenberger**

Mr. Schwarzenberger introduced himself and reviewed the firm's background. WHV is wholly owned by Laird Norton Investment Management since 1994. There are 71 employees with an average of 23 years of experience. WHV manages \$13.2B in assets and is continuously growing. Mr. Schwarzenberger reviewed their client listed and noted that they have several clients located in Florida.

Mr. Schwarzenberger reviewed their investment philosophy and stated that they are grounded in the conviction that superior investment performance depends primarily on investing in the most attractive global economic sectors. Therefore their International portfolio is sector neutral and they also have a top-down investment process. He reviewed the sector weightings and commented that they hold about 30-60 stocks in the portfolio at all times. There is very low turnover in this portfolio, about 10%. Mr. Schwarzenberger explained that this plan would have a separately managed account at the Custodian with an entry of \$1M and the fee is 100 basis points.

- **Harding Loevner – Presented By: Patrick Broderick**

Mr. Broderick stated that Harding Loevner builds portfolios of high-quality, fast-growing companies identified through fundamental research. Loevner was founded in 1989 by 2 investment managers that worked for the Rockefellers and built their business from the ground up. Mr. Broderick commented that they manage \$19.4B in assets and they are a global, long term, disciplined, and transparent firm.

Mr. Broderick reviewed the firm's investment process regarding buying and selling stocks. They start with a universe of 3,500 companies and eventually narrow it down to 50 holdings by going through their investment process. He noted that they have about a 15% exposure to emerging markets and they do buy ADR's. Mr. Broderick reviewed their Florida clients and noted that their fee is 86 basis points.

Board Discussion:

The board discussed and reviewed the presentations that they saw today. They also compared each firm's historical returns that were provided by the Plan's Consultant. The board concluded that they were not impressed with WHV's presentation or fees. Also WHV seems to have a totally different investment approach as well as increased risk compared to the other 2 managers. The board discussed the difference between being in a commingled fund versus a separate fund. The Trustees had a lengthy discussion and commented that they were interested in Harding Loevner, but they would like to wait until after the elections to make a decision.

INVESTMENT CONSULTANT REPORT: THISTLE ASSET CONSULTING (JOHN MCCANN)

Mr. McCann passed out an equity manager search that was requested on behalf of the board. He noted that these are large cap managers that would be a compliment to ICC Capital. There are 14 different managers in the search and the Trustees' reviewed their long term performance. Mr. McCann recommended interviewing the top 3 managers within the next couple of weeks just like they did today with the International managers. He reminded the Trustees that they are not looking to completely replace ICC, but rather take 20% from them and investment it with another large cap manager. The Trustees concurred with Mr. McCann and directed him to set up a special meeting to interview the top 3 managers Polen, Sawgrass, and Robeco.

Lastly Mr. McCann briefly reviewed the Real Estate asset class. He explained that Real Estate adds more diversification to the portfolio and they would also be receiving quarterly distributions which generate income for the fund. Also he commented that they would only be allocating about 5-8% of the portfolio to Real Estate. The Trustees stated that they will look more into this after they interview the equity managers.

OTHER BUSINESS

Ms. Ross explained that the City is currently in the process of preparing their actuarial valuation report regarding their other post-employment benefits. They City needs the

boards permission to use the pension data that was previously provided to GRS for purposes of their valuation. Mr. Ross stated that ultimately all the information that they are requesting is considered public records anyways.

MOTION: Mr. Buckner made a motion to allow the City to have access to the pension information that GRS uses in their annual actuarial valuations for purposes of the City's own post-employment benefit actuarial valuation.

SECOND: Mr. Kahn seconded the motion.

CARRIED: The motion carried 5-0.

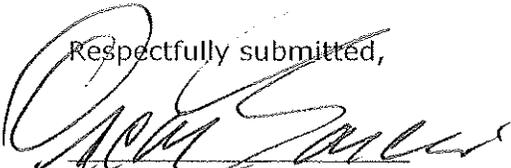
NEXT MEETING DATE

Thursday November 1, 2012 @ 8:30 AM

ADJOURN

There being no further business, a motion was made to adjourn the meeting at 11:22 AM.

Respectfully submitted,



Oscar Garcia, Secretary