



City of Margate

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Meeting Minutes Employee Benefits Trust Fund

Thursday, December 4, 2014

2:30 PM

Commission Chambers

CALL TO ORDER

Mike Nickler, Morgan Stanley was also present.

Present: 4 - Chair James Wilbur, Vice Chair Joanne Simone, Jackie Chin-Kidd and Adam Sitman

Absent: 3 - Efrain Suarez, Laura Sudman and Mark Weinrub

1) PUBLIC DISCUSSION

There was no public discussion.

2) MINUTES

A. MOTION APPROVING MINUTES DATED SEPTEMBER 2, 2014

A motion was made by Trustee Sitman, seconded by Secretary Chin-Kidd, that this Motion be approved. The motion carried by a unanimous vote.

3) INVOICES

A. MOTION APPROVING PAYMENT OF INVOICE(S) - MIEREZWA & ASSOCIATES, P.A. (August 31, 2014)

CHAIR WILBUR stated that the invoice was for Mierzwa and Associates for \$477.39; however, the amount due was zero.

THE MOTION DIED FOR LACK OF AN INVOICE AMOUNT.

B. MOTION APPROVING PAYMENT OF INVOICE(S) - STEVEN I. GORDON C.P.A. (SEPTEMBER 30, 2014)

CHAIR WILBUR explained that the invoice was from Steven Gordon, Accountant, for closing the books and records for the year ending May 31, 2014, as well as preparing the Internal Revenue Service (IRS) forms. He noted that the invoice was in the amount of \$2,340.00.

A motion was made by Secretary Chin-Kidd, seconded by Trustee Sitman, that this Motion be approved. The motion carried by a unanimous vote.

4) REPORT FROM ATTORNEY

There was no Attorney Report.

5) REPORT FROM TRUSTEES

JACKIE CHIN-KIDD reported that she had a check to deposit in the amount of \$3.05 for a tax refund payment.

6) OTHER BUSINESS

A. DISCUSSION AND POSSIBLE ACTION - AUTOMATED PROCESSING AND IMAGING (API) MICROFILMING

CHAIR WILBUR noted that there were two boxes of documents needing to be microfilmed, and he agreed with approving the microfilming providing the cost did not exceed \$1,000.

A motion was made by Secretary Chin-Kidd, seconded by Trustee Sitman, that the microfilming of documents be approved for an amount not to exceed \$1,000. The motion carried by a unanimous vote.

B. DISCUSSION AND POSSIBLE ACTION - DEATH BENEFITS

CHAIR WILBUR stated that Marilyn Greitzer, Finance Department, passed away.

MS. CHIN-KIDD said that she requested a copy of the Death Certificate; however, she had not received it. She noted that Ms. Greitzer passed away on August 10, 2014, but we were notified immediately.

CHAIR WILBUR stated that the 90 day requirement had passed; however, this item could be tabled to the next meeting to allow the beneficiary time to produce the Death Certificate.

A motion was made by Trustee Sitman, seconded by Secretary Chin-Kidd, that this Discussion and Possible Action be tabled to the next meeting. The motion carried by a unanimous vote.

C. DISCUSSION AND POSSIBLE ACTION - REVIEW ATTORNEY WITH CLOSER LOCATION AND ATTORNEY RATE INCREASE

CHAIR WILBUR felt that the Attorney should be present during the discussion regarding the rate increase. He added that the individual who wanted this item on the Agenda was not present either.

A motion was made by Vice Chair Simone, seconded by Secretary Chin-Kidd, that this Discussion and Possible Action be tabled. The motion carried by a unanimous vote.

MIKE NICKLER, MORGAN STANLEY, REPORT

MIKE NICKLER, Morgan Stanley, provided reports to the Trustees. He stated that year-to-date the fund made \$108,000. He said that this year, as in the past three years, diversification did not help. He noted that if the money was put in the Large Cap Stocks and the SNP 500, the fund would have done better. He referred to the graphs on Page 3, which showed that the SNP, Large Cap was up 13 percent. He reviewed the Money Managers as follows:

TCW INVESTMENT MANAGEMENT

MR. NICKLER felt that TCW needed watching as he was a little dissatisfied, though it included some good Large Cap Stocks, such as Google, Starbucks, Visa, etc. He said they were only up 7 percent, while the Russell 2500 was up 13 percent.

SYSTEMATIC FINANCIAL

MR. NICKLER explained that Systematic was a Small to Mid-Cap Value Manager that was up 1 percent year-to-date and the Russell 2000 Value index was even. He stated that Systematic had a zero return this year; however, it outperformed long term and was a good Money Manager.

INVESCO

MR. NICKLER stated that Invesco was a Large Value Manager with good stocks such as Microsoft, Citi Group, JP Morgan and Hewlett Packard. He said that year-to-date they were 7.3 percent versus 12.25 percent. He said that it was a good Money Manager doing what it was supposed to do.

DELAWARE INVESTMENTS

MR. NICKLER said that Delaware was a Small-Mid Growth Manager that was year-to-date up 1 percent. He stated that Delaware would underperform this year; however, it would be okay long term.

TRADEWINDS INTERNATIONAL

MR. NICKLER stated that Tradewinds was the International Manager that did terrible this year and was down 5 percent. He noted that it was doing good long term, took less risk and was a good Manager.

MFS INVESTMENT MGMT

MR. NICKLER stated that MFS was a Large Value Manager, as well as Invesco. He said that year-to-date it was up 10.7 percent versus 12.25 percent. He said that it was a good Money Manager to hold onto.

JENNISON ASSOCIATES

MR. NICKLER stated that Jennison was a Large Growth Manager that was up 11 percent versus 13 percent this year. He said that it was an excellent Large Growth Money Manager, and that their biggest holding was Apple.

LAZARD

MR. NICKLER said that Lazard was the Emerging Market Manager that did zero for the year, but it was a good Emerging Market Manager.

CAMBIAR INVESTORS

MR. NICKLER explained that Cambiar was a Small Value Manager that was -2 percent this year, but was a good Manager he had no problems with.

ALTERNATIVES

MR. NICKLER explained that Alternatives included metals, such as gold, silver and platinum. He noted that metals continued to do horribly. He added that Alternatives included real estate, which was good the past few years. He noted that year-to-date it was up 5.5 percent, which was helping the fund.

MR. NICKLER summarized by stating that though diversification had not helped, he felt that long term it was prudent to stay invested in a diversified manner.

CHAIR WILBUR clarified that the current investment portfolio was \$4.1 million.

MR. NICKLER agreed and explained that the fund was currently 24 percent Large Growth; 23 percent Large Value; 10 percent Small-Mid Value; 11 percent Small-Mid Growth; 22 percent International; with 10 percent Alternatives. He noted that under Alternatives he would switch Spectrum Strategic to Charter Grand because it was a better performer.

MS. CHIN-KIDD stated that the amount for those applicants who previously submitted their renewal forms was \$153,646; however, she estimated there would be an additional \$35,000 for 14 new applicants.

MR. NICKLER noted that he based his calculations on \$170,000 and provided his breakdown.

CHAIR WILBUR asked whether all renewals were received, and MS. CHIN KID said that only one person was not checked off for receiving the renewal form. He explained for Mr. Sitman how the renewal process worked and clarified that the applicants had until November 15th to submit their renewal forms, as well as their proof of payment for insurance. He said that if the applicant had City insurance, they did not have to submit that information as it would be provided by Human Resources. He noted that Medicare information could be obtained online. He further explained that if on different insurance, a cancelled check, paycheck stub, bank draft or something showing the monthly premium being paid. He stated that the insurance card was not proof of payment.

CHAIR WILBUR stated that there was approximately \$27,000 in the checking; therefore, the investment could total \$190,000.

MR. NICKLER provided the following allocation recommendations based on \$170,000:

\$55,000 from TCW
\$30,000 from JENNISON
\$30,000 from MFS
\$20,000 from INVESCO
\$25,000 from DELAWARE
\$10,000 from LAZAR

MR. NICKLER asked that he be informed of the upcoming meetings.

CHAIR WILBUR said that an e-mail will be sent informing Mr. Nickler of the meeting dates.

MR. NICKLER said that he automatically came to the meetings in December and June. He reiterated his recommendation to move funds from Spectrum Strategic to Charter Grand under Alternatives.

A motion was made by Secretary Jackie Chin-Kidd, seconded by Trustee Adam Sitman, that Mr. Nickler's recommendations be approved.. The motion carried by the following vote:

Yes: 4 - Chair Wilbur, Vice Chair Simone, Secretary Chin-Kidd and Trustee Sitman

Absent: 3 - Trustee Suarez, Trustee Sudman and Trustee Weinrub

MR. NICKLER questioned when the payout would be made.

CHAIR WILBUR said that the payout could be made up to the last day in January. He said that the check from Mr. Nickler would be needed prior to January 15, 2015.

7) SCHEDULE NEXT MEETING

CHAIR WILBUR stated that the next meeting would be on January 15, 2015, at 2:30 p.m.

ADJOURNMENT

There being no further business, the meeting adjourned at 3:12 p.m.

Respectfully submitted,

Transcribed by Carol DiLorenzo

Jackie Chin-Kidd, Secretary

Date