

Miramar Firefighters Pension Fund

MINUTES OF MEETING HELD

October 18, 2006

Alan Park called the meeting to order at 9:10 AM in the Conference Room of Fire Station 100 located at 2800 SW 184th Avenue, Miramar, FL. Those persons present were:

TRUSTEES PRESENT

Alan Park, Chairman
Jay Gillette, Secretary
S. Robert Rubin
L. Keith Tomey

Susan Finn; Advisory Board

OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel
Denise McNeill; Pension Resource Center;
Administrator
Don Dulaney; Dulaney & Company; Actuary
Chief Conlan
Sal Caliendo
Peter Gurdak

TRUSTEES ABSENT

Randi Morales; Pension Board Trustee (resigned)
Noel Marti; Advisory Board
Kelly Byrne; Advisory Board
Steven Wells; Advisory Board

Alan Park advised he had received a letter of resignation from Randi Morales. Mr. Park reported that he had sent a letter to the City requesting Susan Finn be re-appointed to the Board of Trustees. He will advise the administrator when a response is received from the City regarding the vacant Trustee seat.

MINUTES

- Robert Rubin made a motion to approve the minutes of August, 2006. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.

INVESTMENT MONITOR REPORT

The Investment Report, although listed on the agenda, is not scheduled to be available for this meeting.

ACTUARY REPORT

Don Dulaney presented the Trustees with a table of annuity factors for Drop accounts. He noted that all Drop accounts are currently allocated to the fixed account. Discussion followed regarding the 75% Purchase Power benefit. Mr. Dulaney reported that the estimated cost to include the 75% Purchase Power members in the COLA would be approximately .2% while the savings for eliminating the 75% Purchase Power and replacing the benefit with the COLA may be .1%. Mr. Dulaney recommended leaving the 75% Purchase Power benefit in place. Lengthy discussion followed regarding the

issue and at what point a member would receive an increase from the 75% Purchase Power if they were receiving the COLA benefit. Alan Park recommended that the COLA benefit be added to the members currently eligible for the 75% Purchase Power and the Purchase Power benefit not be eliminated. Mr. Dulaney will further review the members currently eligible to receive the 75% Purchase Power benefit and will report to the Board. Mr. Park instructed Mr. Dulaney to process the 2007 post retirement subsidy increase and the 2007 Purchase Power calculations.

OLD BUSINESS

BUYBACK UPDATES: Denise McNeill advised that Daniel Tate's buyback payment was returned for insufficient funds and he has requested to purchase the buyback time via payroll deduction. The Trustees discussed the process at length, noting that the cost of a recalculation will need to be paid by the employee. Due to the time lapse and the increased payroll since Mr. Tate's original calculation, Mr. Dulaney recommended the benefit be recalculated. He advised that he would charge a lower recalculation fee of \$200 when an employee is required to pay for such reprocessing.

- Robert Rubin made a motion to have the buyback recalculated; for the cost of the buyback to be paid by the member (Daniel Tate) and for the recalculated buyback to be initiated via payroll deduction due to the circumstances. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

The administrator will follow up with the participant to advise of the pending process.

ELECTRONIC PAYROLL DATA: Denise McNeill advised that although the issue has not been resolved, the Pension Resource Center's programmer has a conference call scheduled with the City's ADP payroll representative in an effort to resolve the pending request. The Administrator will continue to follow up on the communication in an effort to resolve the issue.

BENEFIT CONSULTANT CONFIDENTIALITY AGREEMENT: Bonni Jensen advised that she has made numerous attempts to communicate with Rich Moss in an effort to resolve the confidentiality agreement with no response. Mr. Gillette advised that he has not received a response either. The Trustees decided that the issue would be tabled until such time that the Board receives further communication from Mr. Moss.

UNION BENEFIT REQUEST: Chief Conlan expressed his concern with the process of benefit changes advising that a portion of the department is not involved in the communication relating to benefits the Union will bargain for. He requested that the pension fund process a survey to the membership inquiring as to the top three benefits members would like to see enhanced. Mr. Park advised that he had previously spoken with the Union about putting together a packet of information for the membership that would include options and the cost associated with each. Chief Conlan recommended the pension board consider processing such a survey without the involvement of the Union. The Trustees advised that although the pension board does not represent the Union, it is important that benefit changes be in agreement with all parties as all benefit enhancements to the pension plan can only be processed with the agreement of the majority of the membership as well as the City's approval. The Trustees further advised that all Union and pension board meetings are public meetings and therefore no information can be withheld from the membership.

Sal Caliendo inquired into the premium tax income relating to the Chapter 175 funds and whether or not all members are receiving the benefits of said funds. Mrs. Jensen

explained that \$206,000 received each year is a fixed amount which credits toward the existing plan. She advised that in 1999, legislature was passed requiring that all additional funds received above the \$206,000 be used to purchase additional benefits, however there is no specified time limit as to when the funds must be used. Mrs. Jensen explained that, generally speaking, creating a benefit retroactively to include all retired members can create significant issues into the future noting that as the plan grows and the number of retiree members increases, the cost to increase the benefits for all members could become prohibitive. Mr. Dulaney reported that although some pension funds have that type of a retroactive “me too” benefit, it is not a normal process to include all existing retirees in benefit changes.

The Trustees explained they believed any attempt to enhance benefits without Union agreement and participation would not receive the approval of the membership. Lengthy discussion continued regarding the issue with motions being made and withdrawn.

- Keith Tomey made a motion to process a survey of the membership after January 1, 2007, of the top three pension benefit enhancements desired. The motion received a second by Bob Rubin and was approved by the Trustees 3-1 with Alan Park voting against.

NEW BUSINESS:

DROP APPLICATIONS: Chief Conlan requested that the Drop statements be updated with the member’s end date. Mr. Dulaney advised that he will add the end date to the quarterly statements.

Denise McNeill advised of two pending Drop applications for Peter Gurdak and Jeffrey Cochran. Alan Park advised of a request received from Mr. Gurdak to transfer his maximum allowable number of hours into the Drop at the beginning of his Drop entry. Discussion followed regarding the maximum number of hours and the process of transferring the funds into the Drop account. Mrs. Jensen advised that the funds must be rolled over, however the participant may select if the funds are to be rolled over at the beginning of entry into the Drop or at the end when employment is terminated. Mr. Park requested the attorney draft a notice to be included in the Drop application explaining that the rollover is mandatory. Chief Conlan advised that he was unaware the rollover was mandatory and requested the Board allow a short time for the members currently in the Drop to reconsider their election and whether or not they wish for the funds to be rolled over now or at the end of their Drop. Mrs. Jensen advised the City would need to approve such an allowance.

- Bob Rubin made a motion, pending authorization from the City, for notice to be sent to all existing Drop participants allowing a thirty day window of opportunity for the current Drop participants to elect an initial transfer of accumulated sick and vacation time into the Drop account. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

Don Dulaney advised that the IRS maximum allowable amount will need to be observed. Mrs. Jensen will review and advise.

FIDUCIARY LIABILITY POLICY: Denise McNeill advised that the renewal policy was currently being processed.

ATTORNEY REPORT

Bonni Jensen advised that previous communication with Mr. Rosenberg suggested he would be willing to move forward with the Ordinance changes presented by the Pension Board however she has received no response from the City from recent inquiries into the status of the request. Mrs. Jensen advised that the revision has been reviewed by Mr. Dulaney and found to be in order with the plan.

Mrs. Jensen advised that she had sent an email to Carolyn Cervanti in the City requesting clarification of the definition of payroll codes being used to calculate pension contributions. Mrs. Jensen reviewed the definition as determined in the Ordinance. Alan Park advised that additional amounts which have been determined as eligible for pension effective October 1, 2003 are not being included in the payroll calculation. Mr. Park advised that members who have entered the Drop or have retired since October 1, 2003 are not affected as they have all held positions of non-upgrades. It appears that the first employee to be affected by this issue will be Peter Gurdak due to his recent Drop application. Mrs. Jensen is awaiting a response from the City.

Bonni Jensen presented the Trustees with a summary of recent legislative changes relating to the Pension Protection Act. She advised that while most of the changes relate to private sector pension plans, a few changes will affect the public pension plans. Mrs. Jensen reviewed the changes relating to Public Safety Officers (police officers and firefighters) in detail.

- 1) Effective January 1, 2007, the retired member may elect to exclude up to the first \$3,000 annually from their pension income as non-taxable if the funds are used to pay for qualified health insurance premiums. She further explained that only members retired under normal retirement and disability retirement would qualify for the benefit therefore vested terminated members of the plan or lump sum recipients would not qualify for the benefit. Mrs. Jensen reviewed the details of what is considered to be qualified health insurance premiums noting that only premiums paid to the municipality's insurance carrier would qualify. Mrs. Jensen recommended that an election form be created for eligible participants and that the limit be coordinated along with the City's 457 plan to ensure the maximum limitation is not exceeded. She further advised that if a member should die prior to making an election, the law does not appear to continue to the spouse/beneficiary. She explained that, she does not expect a response from the government relating to spouse/beneficiary prior to the effective date.
- Bob Rubin made a motion to adopt an enrollment form as recommended by the attorney pending further instruction from the government. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.
- 2) Mrs. Jensen reviewed the second part of the law relating to members who separate service after age 50. Effective August 17, 2006, members may take distributions from government pension plans without being subject to the 10% penalty tax. (Previous tax requirement was for age 55.) Mrs. Jensen will provide an updated form to the administrator for future use.

Mrs. Jensen will create the necessary election form relating to the health insurance premium.

Mrs. Jensen advised she had received communication from the State Fire Marshall's office inquiring into the benefit being paid to Diane Dillon and who made the determination of duty death benefits.

DISBURSEMENTS

Denise McNeill presented a disbursement report for review.

- Robert Rubin made a motion to approve the disbursements as presented. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.

ADMINISTRATIVE REPORT

Denise McNeill presented an audit engagement letter received by Don Bellantoni of Koch Reiss.

- Robert Rubin made a motion to accept the engagement agreement. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.

Denise McNeill notified the Board of a letter received from the investment consultant, Jeff Swanson. In Merrill Lynch's recent audit, there were a few representations made in prior quarterly reports that required clarification.

Alan Park advised that the notice sent to the City in May requesting payment of interest on the City's shortfall of employer contributions for the prior plan year had not been paid to the plan, nor had the administrator or the board received a response from the City relating to such. Mrs. Jensen recommended another notice be sent to the City explaining that the process follows the guideline of the State of Florida's Division of Retirement. The administrator will copy Patricia Shoemaker, Division of Retirement, as well as Phil Rosenberg, City attorney. Mr. Dulaney advised that an imputed interest is calculated in the overall fund however this interest is actual dollars of lost income to the plan.

Denise McNeill reported State Chapter 175 funds were received into the plan on September 8, 2006.

The meeting schedule for 2007 will be set at the December meeting.

Alan Park advised that he had brought back information for the Trustees from the recent FPPTA conference.

ADJOURNMENT

There being no further business,

- Bob Rubin made a motion to adjourn the meeting at 11:40 AM. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.

Respectfully submitted,

Jay Gillette, Secretary