

Miramar Firefighters Pension Fund

MINUTES OF MEETING HELD

December 5, 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 (departed 11 AM)
Noel Marti; Advisory Board

OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel
Denise McNeill; Pension Resource Center;
Administrator
Don Dulaney; Dulaney & Company; Actuary
Troy Brown & Jeff Swanson; Merrill Lynch, Investment
Consultant
Chief Conlan
Sal Caliendo
Leo Nunez
Larry Burns

TRUSTEES ABSENT

Kelly Byrne; Advisory Board
Steven Wells; Advisory Board

MINUTES

- Robert Rubin made a motion to approve the minutes of October, 2006 with an amendment correcting the reference to the post retirement subsidy. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

INVESTMENT MONITOR REPORT

Jeff Swanson introduced Troy Brown from Merrill Lynch explaining that he would be leaving the firm at the end of the month and that the plan's consulting would be assumed by Troy Brown. Mr. Brown introduced himself explaining that although he has not attended meetings for this plan, he has been working on the plan at Merrill Lynch for quite some time and is therefore very familiar with this fund.

Mr. Swanson presented the Fund's Summary Report for the fiscal year ending September 30, 2006 noting a strong year-end return of 10.3% ranking the plan in the top 5% in Merrill Lynch's universe of public clients. Mr. Swanson explained that the fund's diversification in the recent year has resulted in a significant impact on the fund. Mr. Swanson then noted that the fund's international account reflects a market value of 11%, however the cost of 10% has not been exceeded and therefore the fund is within policy guidelines. Overall performance and contributions resulted in a fiscal year end balance of \$40,458,190. Alan Park inquired as to the consultant's recommendation for further

diversification into small cap investments and Mr. Swanson advised that the current portfolio is strong and not necessarily in need of revisions at this time. Jeff Swanson and Troy Brown departed the meeting at 9:20 A.M.

OLD BUSINESS

OPEN TRUSTEE SEAT (CITY APPOINTED):

Mr. Park advised that a letter was sent to both Chief Hunt and Commissioner Conlan regarding the resignation of Randi Morales and the vacant seat, however no response had been received at this time. He further advised that Susan Finn had expressed an interest in filling the vacant seat. Mr. Park recommended that Susan Finn attempt to contact the City directly if she is still interested in the position.

BUYBACK UPDATES: Denise McNeill advised that Daniel Tate's buyback had been recalculated and a letter had been sent to Mr. Tate requiring a response within 30 days to initiate the process. Discussion followed regarding the buyback process. In the future, if a member does not initiate a buyback within the allowable time and requests the buyback again at a later date, the actuarial cost to recalculate of \$200 must be collected directly from the member prior to any recalculation being processed.

ELECTRONIC PAYROLL DATA: Denise McNeill advised that the Pension Resource Center's programmer had successfully received a file from ADP in the format requested, however the process of automatically receiving the files after each payroll process has not been followed through. Lengthy discussion followed regarding the data issue. Bonni Jensen advised members must review their payroll stubs for accuracy and immediately report any discrepancy. Mrs. McNeill will continue to address the data issue with the City regarding an effective way to automate receiving regular files as well as creating a plan of action to receive the historical records from the prior payroll system.

DROP APPLICATIONS: Denise McNeill advised that payroll had been received, the actuary had completed calculations and benefit election forms had been sent to both Gurdak and Cochran. Mrs. McNeill then explained that there were questions regarding the data reported from payroll, therefore she had sent a request to the City to confirm specific payroll periods in question. Discussion followed regarding the current benefit election form. Mr. Park requested the actuary provide the joint and survivor benefit in a dollar format in addition to the percentage in an effort to clearly express the amount to be received by the beneficiary. Mr. Park instructed Mr. Dulaney to reprocess the pending benefit election forms for both Gurdak and Cochran in the same manner.

FIDUCIARY LIABILITY POLICY: Denise McNeill advised that the renewal quote had been received renewing at the same rate as the prior year.

ADMINISTRATIVE REPORT

The Trustees reviewed and accepted the 2007 meeting schedule.

A refund of contributions is scheduled to be paid to Melanie Jacks on February 14, 2007. The amount will include all employee contributions made to the plan plus interest. The Trustees instructed the administrator to prepare for payment to be issued after the February meeting.

Denise McNeill reported that she had requested payroll data to process a calculation for terminated employee, Charles Randall, however she just recently received a refund of contribution request from the member. She explained that Mr. Randall's benefit had

vested two months prior to his termination. Discussion followed regarding the Ordinance allowance for vested-terminated members to withdraw from the plan removing their contributions with interest. Mrs. McNeill recommended having a calculation processed to define the benefit. The Trustees advised that the refund request would be accepted in accordance with the plan rules. Bonni Jensen will draft a special release form to be signed by the member prior to funds being released.

Alan Park received a recent renewal for the email domain name. Mr. Rubin recommended moving the domain location to another carrier due to cost. He will research and handle the transition.

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.

ACTUARY REPORT

Don Dulaney reported that the poor performance year of 2001 would be removed from the five year smoothing in the next valuation report. Mr. Dulaney explained that he will consider recommending a different smoothing technique that would allow the plan to recognize more of a gain in addition to a "fresh start" on the smoothing. He explained there are currently \$6 Million dollars of unrecognized assets in the plan that may be released by other smoothing methods allowing for some of those pending assets to be utilized more effectively. Mrs. Jensen advised that another pension plan changed their smoothing to an IRS approved method, however the Division of Retirement's actuary, Charles Slavin did not approve for the method to be used in the plan. Lengthy discussion followed regarding the process.

Mr. Dulaney reported the 2007 Post Retirement Subsidy benefit would increase to \$194.06. The administrator will process the 3% Cola for 2007 and send to the actuary for confirmation prior to processing with Northern Trust. Mr. Dulaney advised that the six members eligible for the 75% Purchase Power benefit would be reviewed and any increase would be reported to the administrator for processing.

Mr. Park reminded Mr. Dulaney to include an "end date" on all future Drop Statements.

Discussion followed regarding the pension contributions made by members throughout the year. Larry Burns had contacted the actuary regarding the payroll reported. Lengthy discussion followed regarding the payroll processing. Bonni Jensen advised that according to recent review, it appeared the City had not implemented all changes from the last bargaining agreement. The data reported for the valuation will need to be carefully reviewed. Discussion followed regarding the need for the specific data as requested by the administrator. The data could then be appropriately monitored relating to the bargaining agreement, preliminary calculations could be provided to members and annual reporting to both the actuary and auditor could be processed.

ATTORNEY REPORT

Bonni Jensen reported she had received notice that the requested Ordinance changes would not be presented until after the close of 2006.

Mrs. Jensen presented a lump sum drop election policy to be completed by members entering into the Drop plan. She explained that IRS limitations must be followed. The current IRS maximum amount for 2006 is \$44,000 and for 2007 the maximum amount listed is \$45,000. Lengthy discussion followed regarding the process. The bargaining agreement allows for accrued time to be paid into the Drop and the Ordinance allows a one time deposit however, the maximum allowable transaction is limited by IRS rules. If funds are transferred at the end of the person's employment, the maximum IRS amount (\$45,000 for 2007) may be transferred to the Drop account and the balance of remaining hours can be paid in cash by the City directly to the member. If funds are transferred in the beginning of entry into the Drop, only the allowable IRS maximum amount may be transferred. Mrs. Jensen advised the IRS recognizes a one-time rollover but she would have to research whether or not annual transfers could be allowed. Current Drop members believed they were not given detailed information regarding the transfer. Upon confirmation from the City, the Board will allow for a 30-day election period for all members currently in the Drop plan. Mrs. Jensen will contact the City confirming approval to process the transactions for members currently in the Drop should they elect to have the funds rolled over at this time. Mr. Nunez advised that he believes it is written in the bargaining agreement as being an option of the member to do the rollover at the beginning of the Drop or upon separation of the member's service however Mrs. Jensen explained that all members must participate in the same manner in order for the rollover to be tax free under IRS guidelines.

Bob Rubin departed the meeting at 11:20 AM.

Don Dulaney advised that some pension plans allow time account to be transferred at the entry into the Drop but withholds a minimum number of hours in the member's account. Mrs. Jensen will request a response from the City as to the existing Drop members and whether or not the City will allow them to receive the payout at this time.

Bonni Jensen presented revised Health Insurance Premium Election Forms relating to the Pension Protection Act. The Administrator will address the process with Northern Trust and will follow up with the City to confirm which retirees have continued under the City's health plan. Mrs. Jensen advised that a round table discussion was held by several plan attorneys at a recent pension conference in an attempt to interpret the Act consistently. She advised that, at this time, in the case of a deceased member, the current interpretation is that the spouse stands in the shoes of the retiree.

Mrs. Jensen presented a restated Drop Distribution Policy.


- Keith Tomey made a motion to accept the revised Drop Distribution Policy as presented. The motion received a second by Jay Gillette and was approved by the Trustees 3-0.

ADJOURNMENT

There being no further business,

- Jay Gillette 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 3-0.

Respectfully submitted,


Jay Gillette, Secretary