

Miramar Firefighters Pension Fund

MINUTES OF MEETING HELD

April 12, 2006

Alan Park called the meeting to order at 9:05 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

Noel Marti; Advisory Board (9:20)

OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel
Denise McNeill; Pension Resource Center;
Administrator
Jeffrey Swanson; Merrill Lynch; Investment Consultant
Eric Dodge
Sal Caliendo

TRUSTEES ABSENT

Randi Morales
Keith Tomey

Kelly Byrne; Advisory Board
Stephen Wells; Advisory Board
Susan Finn; Advisory Board

MINUTES

- Robert Rubin made a motion to approve the minutes of February 13, 2006 and March 13, 2006. The motion received a second by Jay Gillette and was approved by the Trustees 3-0.

OLD BUSINESS

BUYBACK UPDATES:

Denise McNeill advised that Daniel Tate's payroll information had been received from the City and had been provided to the actuary for processing.

DROP UPDATES:

Mr. Park advised he has received updated statements from the actuary. The statements are being given to the administrator to be distributed by mail to all participants.

REFUND OF CONTRIBUTIONS:

Denise McNeill advised payroll information has been received on Josh Cornblit. Payment instruction is being sent to Northern for payment to be issued. Mrs. McNeill then advised that she is still awaiting a completed refund form from Mr. Kovacs in order to process his refund.

INVESTMENT MONITOR

Jeff Swanson advised the Trustees that the Principal real estate investment has daily pricing which resulted in stronger returns for the plan at the end of March since real estate was up while bonds were going down. Mr. Swanson explained that March results will reflect positive returns for the plan while April has not been as strong with the last few days showing a reduction in all indicies. Bonni Jensen advised the Trustees of pending legislative changes that would allow Chapter 175 & 185 pension funds to increase their foreign investments from the current maximum of 10% up to 20% or 25%. Mr. Swanson believes this would be a strong benefit to pension plans since smaller international economies have shown strong results during world market fluctuations. Mr. Swanson advised that general employee pension funds are allowed up to 20% in foreign investments and therefore general employee pension plans tend to have stronger returns than police and fire pension plans.

Jeff Swanson then reviewed the existing Merrill Lynch fee structure and rate agreement initiated in 2003. Mr. Swanson explained that Principal is a separate active manager and therefore the additional cost to review and monitor the separate account would apply. Mr. Swanson then advised the Trustees that many of Merrill Lynch's clients are changing their fee structure to a basis point structure. Alan Park explained that he does not agree with an additional cost of \$6,000 to track the additional manager and does not remember that being part of the rate discussion in April 2005, nor does he agree that changing the fee structure to a basis point fee would be in the best interests of the pension plan. Mr. Swanson explained that Merrill Lynch had responded to the pension fund's RFP for investment monitor services reflecting a cost for monitoring the current portfolio (with the rate subject to change if there is a change in the portfolio). Mr. Swanson explained that if the Trustees do not remember discussing the additional fee, then Merrill Lynch will honor the rate with no increase for the additional real estate account.

- Jay Gillette made a motion to renew the Merrill Lynch agreement effective 4/1/06 for \$15,500 guaranteed for three years for the existing portfolio with an additional cost of \$6,000 for any additional portfolio managers added to the plan. The motion was seconded by Bob Rubin and approved by the Trustees 3-0.

OLD BUSINESS (continued)

NORTHERN OVERPAYMENT:

Denise McNeill informed the Trustees that upon review of the 75% Purchase Power increase for 2006, she noted a discrepancy in the payments being made to George Brown in 2005 which included the first few months of 2006. Mrs. McNeill explained that she had recently submitted the correct 2006 pay information to Northern however the 2005 overpayment to Mr. Brown resulted in an overpayment of \$674.67. She explained that the misunderstanding related to the manner in which the notice had been submitted to Northern for the 2005 Purchase Power change for this participant. The Trustees instructed the administrator to offer Mr. Brown the options to repay the amount over one, eight or twelve months.

SAFE HARBOR – NON-TAXABLE PAYMENTS:

Denise McNeill explained that upon review of Mr. Brown's file she found notification that Mr. Brown had paid into his pension account with after tax dollars which qualified him to receive a small part of his monthly payment as "non-taxable" (also known as Safe Harbor). Mrs. McNeill had inquired into this same issue last fall, but had been unable to find any historical data that would confirm if any currently active employees may qualify for any portion of their calculation to be considered Safe Harbor. Bonni Jensen explained that she and Alan Park had researched the issue extensively with the City in 2004 and early 2005 but had found no such records on file that would qualify if any other members could benefit from the Safe Harbor category. Mrs. Jensen advised that she had asked the City's attorney to provide the pension fund with historical records relating to the non-taxable issue but had not received any related documentation. Due to the minimal amount that could potentially be categorized as Safe Harbor and the extensive time which had already spent on the issue, the Board decided not to pursue further research of the matter.

NEW BUSINESS**TRUSTEE ELECTION:**

Denise McNeill informed the Trustees of the current election for Alan Park's term expiring in June. Mrs. McNeill advised that two nominations had been received (Alan Park and Noel Marti) and the election ballots were being prepared for mailing. The Board discussed the possibility of holding an electronic election in the future. Noel Marti, Advisory Board Trustee, addressed the Board and requested to withdraw his name from the election.

- Bob Rubin made a motion to declare the re-appointment of Alan Park to the pension board. The motion received a second by Jay Gillette and was approved by the Trustees 3-0.

The administrator was instructed to post a notice of the election default and re-appointment of Alan Park to the Board of Trustees effective June 2006.

BENEFIT CONSULTANT CONFIDENTIALITY AGREEMENT:

Alan Park reviewed a Benefit Consultant Confidentiality Agreement received from Mr. Moss in relation to the benefit review being pursued by the Union. Discussion followed regarding the process and flow of the information. Although the Trustees may be willing to keep the information secret, it does not appear that details of the information would pass through the Trustees and therefore such an agreement would not apply to the Trustees however may apply to the pension fund's service providers. The service providers would have access to the final product however may not be able to enter into such an agreement with the consultant for various reasons relating to their own companies. Mrs. Jensen advised that the term "trade secret" would be protected as an item from public record while some of the information would not be exempt (I.E. if the consultant provided a spreadsheet of the information, the calculation could be withheld while the data/information could not). Mr. Dodge expressed his belief that the current sample agreement would need to be amended. Mrs. Jensen also advised that the agreement, in it's current format, is entirely one-sided on behalf of the consultant and has no consideration for the Pension Board. She also noted that she does not believe the current Board of Trustees could enter into an agreement binding all future Boards, therefore she believes the agreement would need to be signed by all Trustees and service providers individually, however feels the agreement, in it's current format is too

broad and should be more specific. Mrs. Jensen explained that she would not be able to enter into such an agreement. Denise McNeill advised that the administrator may not be able to enter into such an agreement either.

Eric Dodge departed the meeting at 10:25 A.M.

RETURN OF TERMINATED EMPLOYEE:

Alan Park explained that an employee who had been terminated was recently rehired and inquired if he may purchase (via buyback) the time for the year he was not employed with the Fire Department. Mrs. Jensen advised the participant could only purchase the time back if he were employed elsewhere as a firefighter during the time not employed by the Fire Department. If not employed as a firefighter, the participant's record would reflect a "break in service".

Alan Park confirmed all Trustees had received an updated mileage expense reimbursement notification from the attorney.

Mr. Park then referred back to information provided to the Board during the actuarial RFP process relating to the interest not being recognized in the valuation on Chapter 175 funds currently being held for additional benefits. Discussion followed regarding the City's recent references made in a public meeting relating to the cost of employee benefits.

- Jay Gillette made a motion to instruct the actuary to recognize the interest earnings on the Chapter 175 funds being held for additional benefits. The motion died due to lack of a second.
- Bob Rubin made a motion instructing the attorney to follow up with the actuary requesting an opinion as to whether or not the Plan could recognize previous years of interest and the potential impact to the pension plan. The motion received a second by Jay Gillette and was approved by the Trustees 3-0.

Mrs. Jensen will address the interest issue with Mr. Dulaney.

Alan Park informed the Trustees of a request for consideration received from Diane Dillon. Mrs. Dillon had requested an actuarial equivalent to receive a higher monthly income now while the children are younger, to be reduced as the children attain an older age. Mrs. Jensen explained that the plan document has an "other" provision that any benefit may be paid if actuarial approved, however this option must be selected prior to the effective date. Mrs. Jensen advised that since that option was not known, it had not initially been offered to Mrs. Dillon as a choice. The actuary had responded to the attorney explaining that an alternative calculation could be processed with no adverse affect to the plan as long as calculated as per actuarial guidelines. Lengthy discussion followed regarding such options.

- Bob Rubin made a motion allowing Mrs. Dillon to change to an actuarial equivalent benefit providing a higher payment now, to "level off" at a lower rate at a later time, with no cost to Mrs. Dillon for the recalculation to be processed. The motion received a second by Jay Gillette and was approved by the Trustees 3-0.
- Bob Rubin made a motion to amend the plan relating to duty death benefits adding an option of a "level off" benefit. The motion received a second by Jay Gillette and was approved by the Trustees 3-0.

Mrs. Jensen will attempt to add the "level off" benefit language to the current pending ordinance change. Mrs. McNeill will follow up with Mrs. Dillon as to the specifics of her request prior to instructing the actuary to process the recalculation.

ATTORNEY REPORT

Bonni Jensen advised of pending legislative changes which would allow police and fire pension plans to increase their international investments from the current 10% maximum to 20%. Mrs. Jensen also advised of a pending change to the definition of a firefighter to include a supervisor status.

Mrs. Jensen informed the Trustees of a letter sent to the City's HR Department on April 5, 2006 along with a "no impact" confirmation letter received from the actuary relating to the proposed ordinance changes.

Denise McNeill had received notification from a member stating they had been informed their monthly subsidy payment was tax free income. Mrs. McNeill could find no such information or communication in the member's file regarding such a declaration. Mrs. Jensen advised that her firm had never issued such a statement to a member of this pension plan. Discussion followed regarding the plan's post retirement subsidy and the difference of such a benefit from a health insurance subsidy.

The Trustees then discussed distributions from the plan. Lengthy discussion followed regarding Drop withdrawals and the current plan policy. Mr. Rubin inquired as to item #6 of the "no impact" letter from the actuary which allows for a member to make annual earnings elections. The Trustees had previously discussed the earnings elections and such elections are to be made only once, at the original set up of the Drop account.

- Bob Rubin made a motion to rescind item #6 of the "no impact" letter allowing Drop participants to annually change their earnings election. The motion received a second by Jay Gillette and was approved by the Trustees 3-0.

ADMINISTRATIVE REPORT

Denise McNeill presented the annual audit report. A draft version of the document had been approved at the special meeting held March 13, 2006. Mrs. McNeill then presented an annual state report received from the plan's auditor. The Trustees signed the annual report and the administrator will submit the report to the State.

Alan Park noted that attendance to the May NCPERS conference was previously approved for Bob Rubin and Noel Marti. Mr. Park requested Board approval to attend the upcoming FPPTA conference as well as an upcoming conference by Information Management for Police & Fire Pension Plans.

- Jay Gillette made a motion to approve for Alan Park and Noel Marti to attend the FPPTA conference and the Information Management for Police & Fire Pension Plans conference. The motion received a second by Bob Rubin and was approved by the Trustees 3-0.

Mrs. McNeill advised the issue relating to electronic payroll information is still pending with the City. She then advised that, until such time that the real historical data could be used to process preliminary retirement calculations, a generic calculator was now

available to members of the pension plan through the Administrator's website. Mrs. Jensen recommended the administrator, plan attorney and Mr. Park meet with Mr. Brennan regarding the electronic data request. Mr. Park will address scheduling the meeting. Mr. Rubin expressed his interest in attending the meeting as well. Once the date has been set, the administrator will post the meeting for public notice in the event that more than one Trustee attends.

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 Jay Gillette and was approved by the Trustees 3-0.

ADJOURNMENT

There being no further business,

- Bob Rubin made a motion to adjourn the meeting at 11:45 AM. The motion received a second by Jay Gillette and approved by the Trustees 3-0.

Respectfully submitted,

Jay Gillette, Secretary