

Miramar Firefighters Pension Fund

MINUTES OF MEETING HELD

June 14, 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
Randi Morales
L. Keith Tomey

Noel Marti; Advisory Board
Susan Finn; Advisory Board (9:15)

OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel
Denise McNeill; Pension Resource Center;
Administrator
Don Dulaney; Dulaney & Company; Actuary

TRUSTEES ABSENT

Kelly Byrne; Advisory Board
Stephen Wells; Advisory Board

MINUTES

The Trustees discussed corrections to the minutes relating to Trustee attendance, a Trustee name correction and a typo error.

- Robert Rubin made a motion to approve the minutes of April 12, 2006 as amended. The motion received a second by Keith Tomey and was approved by the Trustees 5-0.

OLD BUSINESS

BUYBACK UPDATES:

Denise McNeill advised that Daniel Tate's actuarial buyback calculation was being reprocessed due to an error. Mrs. McNeill had been in contact with Mr. Tate and was working on sending an updated contract to Mr. Tate so that the final information could be sent to Payroll for processing.

CHAPTER 175 INTEREST

Don Dulaney reviewed page 6A of the 2004 Annual Report noting that the Pension Fund may recognize investment earnings once the board adopts a policy to do so. Mr. Dulaney advised that he had communicated the issue with Keith Brinkman (State of Florida) and was advised that to recognize the historical interest, the Board would need

approval from the City of Miramar. Lengthy discussion followed regarding the issue. Mr. Dulaney explained that the Police Pension Board has been recognizing the interest earned for their plan. The Trustees expressed agreement, since the funds are being held for additional firefighter benefits, then the additional interest should be recognized accordingly.

- Jay Gillette made a motion to begin recognizing the accumulated interest on the 175 funds being held for additional benefits effective 10/01/05. The motion received a second by Bob Rubin and was approved by the Trustees 5-0.
- Jay Gillette made a motion for interest to be applied to the 175 funds being held for future benefits at the plan's assumed rate of return. The motion received a second by Bob Rubin and was approved by the Trustees 5-0.

NORTHERN OVERPAYMENT:

Denise McNeill advised the Board that the member who had received the overpayment in 2005 from Northern had chosen the option to repay the pension fund in one month by having the full deduction made from his pension check therefore the entire amount had been repaid to the pension fund on June 1, 2006.

ORDINANCE CHANGE:

Bonni Jensen advised that she will continue to follow up with the City of Miramar's Legal Department regarding the Ordinance change. Apparently the City's attorney who had been addressing the matter is no longer employed with the City.

ELECTRONIC PAYROLL DATA:

Alan Park advised that a special meeting had been held on May 23, 2006 with the Finance Department regarding the pending payroll data records. In the meeting, Mr. Brennan was able to have a representative from ADP (the City's new payroll vendor) participate in the conversation. The representative had just received the request the day before the meeting and felt there may be an existing report that met most of the format being requested. Mr. Park explained that Mr. Brennan had advised the payroll vendor that he expected similar requests would soon be received from the Police Pension and General Employee Pension boards as well. Mrs. McNeill then presented the Trustees with a sample listing of the most recent data report received from Payroll noting the year to date amounts and percentages were not consistent with the base salary being reported. Lengthy discussion followed regarding the issue. Mrs. McNeill advised that further communication is being addressed with the Finance Department and she would report back to the Board at the next meeting.

DROP STATEMENTS:

Don Dulaney reviewed the Drop Statements explaining the format being provided.

INTEREST DUE FROM CITY:

Alan Park advised that the shortfall of contributions due from the City to the plan had been paid, however the related interest on the shortfall has not paid to the plan. Mrs. McNeill will follow up on the issue with the City.

NEW BUSINESS:

DROP WITHDRAWAL:

Alan Park addressed the current Drop payout process. Mrs. Jensen advised that there is currently no specific Drop withdrawal policy, however due to IRS rules, there are a few

specific parameters which must be met. Mrs. Jensen will draft a policy and send to all Trustees for review at the next meeting.

BENEFIT CONSULTANT CONFIDENTIALITY AGREEMENT:

Alan Park advised that the pension fund's attorney, administrator and actuary have all confirmed they would not be able to sign the confidentiality agreement provided by Richard Moss as presented at the April board meeting. Mr. Park advised that no further information had been received at this time relating to the issue.

REQUEST FOR TAX CONSIDERATION:

Mrs. McNeill advised that the initial request from Diane Dillon to recalculate her monthly income as presented at the April meeting has been rescinded. Mrs. Dillon has recently requested that the pension board change her payment status to "non-taxable". Mrs. McNeill recommended the pension board consider changing the status to "taxable not determined" however would not recommend reporting the amount to the IRS as "non-taxable". Mrs. Jensen suggested the administrator request for Mrs. Dillon's attorney to submit a written request to the pension fund along with any corresponding data he feels would warrant an authorized status change to "non-taxable". The Board instructed the administrator to have Mrs. Dillon's status changed to "taxable not determined" at this time.

TRUSTEES AND CONFERENCES:

Alan Park reminded the trustees that the financial disclosures are due. Mr. Park advised he will be attending the FPPTA conference at the end of June. Noel Marti advised he will be attending the IMN conference as previously approved by the board.

MEETING RESCHEDULE:

Alan Park advised of a schedule conflict for the December 2006 board meeting. After further discussion, the board agreed to change the meeting from December 20th to December 5, 2006.

UNION BENEFIT REQUEST:

The Trustees discussed a request received from the Union for the pension board to cost benefit enhancements. Lengthy discussion followed regarding the request. The Trustees instructed Jay Gillette to work with the Pension Fund's actuary and attorney in conjunction with the Union in order to process the request.

ACTUARIAL VALUATION

Don Dulaney presented the Trustees with a sample annual benefit statement for review prior to disbursement to all members. Mr. Dulaney confirmed that the quarterly Drop statements being provided to the Drop members are the most up to date statements for that class of participants, otherwise the annual benefit statements are ready for distribution to the rest of the active membership.

Susan Finn departed the meeting at 11:00.

Don Dulaney then presented the 2005 Actuarial Valuation Report reviewing the report in detail with the Trustees. Bob Rubin addressed the assumed rate of return of 8.66% for the plan. Mr. Dulaney reminded the board that it is a long term assumption rate and stated that he relies on the investment monitor to advise as to whether or not the rate is

appropriate for the plan, however Mr. Dulaney has no problem with the 8.66% rate considering the Fund's asset allocation. The Trustees advised Mr. Dulaney that reference throughout the report to the Police pension fund should be corrected as well as the references to a "medical subsidy" which should be corrected to reflect a "post retirement subsidy". Mr. Dulaney reviewed the five year smoothing technique in detail explaining that the loss from 2001 will have dropped in the next year's valuation. The Trustees inquired into the process by which the actuary began the valuation in relation to the prior actuary. Mr. Dulaney explained that he begins by reviewing the 2004 valuation, running their own numbers from that prior year. He explained that if the numbers are within 1% of the prior actuary's information, that becomes their starting point to move forward with processing the new valuation.

Mr. Dulaney noted a net cash flow increase of \$2.6 Million as well as accumulated 175 reserves for additional benefits in the amount of \$1,038,136. He noted a total amount to be utilized for additional benefits of \$1M plus the additional \$400,000 being received annually. Mrs. Jensen explained utilization of the funds for additional benefits may be decided by the Board with agreement from the membership. Although there is collective bargaining between the Union and the City, neither party may dictate direction to the Pension Fund. Mrs. Jensen confirmed that should an issue arise where the Union and City cannot come to an agreement on the additional benefits to be purchased, the Pension Fund could still institute benefit enhancements with an agreement from the majority of the membership.

- Bob Rubin made a motion to accept the 2005 Valuation with the amended changes correcting the pension fund's name and changing the reference from health and medical to the post retirement subsidy. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

ATTORNEY REPORT

Bonni Jensen advised that the attempt to change legislature allowing foreign investments for police and fire pension funds to be increased from 10% to 20% did not pass due to lack of time.

ADMINISTRATIVE REPORT

Denise McNeill notified the Trustees of a request from two retired participants to receive monthly confirmation from Northern of the direct deposit payments being made to their accounts. Mrs. McNeill advised that it is standard procedure for custodians and administrators to mail notices to all members who automatically have funds deposited into their accounts. The current account format with Northern is not set up to send such monthly notification to the retired participants. Mrs. McNeill will address the issue with Northern and request the change be appropriately implemented.

Mrs. McNeill advised the FPPTA renewal was not initiated for 2006, however is currently being taken care of. All Trustees confirmed for all FPPTA documentation to be sent to their individual home address.

Mrs. McNeill advised that she had received a request from the City's Human Resource Dept inquiring into Melanie Jacks and requesting verification if any contributions have been refunded to Ms. Jacks. The request also stated that if no refund has been issued,

the City requested an updated calculation of the amount to be refunded. Mrs. McNeill had reviewed the file information and could find no history of a refund being issued to Ms. Jacks from the Pension Fund. Mr. Park provided a brief summary of the situation. Mrs. McNeill noted the most recent refund calculation on file reflected a date of September 30, 2003. After further discussion, Mr. Dulaney calculated the additional interest and provided an updated response. The administrator will provide the updated information to the City.

Mrs. McNeill informed the Board that notice of the \$250. actuarial calculation fee had been sent to Mr. Matty, however at this time, no payment had been received.

Alan Park advised that Jeff Swanson was unable to attend the meeting however had provided the Investment Monitor Report for the quarter ending March 31, 2006 in his absence. The report reflects that the Pension Fund was up 5.8% for the quarter with a 10.5% average rate of return from inception (1985). Additionally, the plan appeared to be ranked in first place of Merrill Lynch's public pension fund listing.

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 4-0.

ADJOURNMENT

There being no further business,

- Keith Tomey made a motion to adjourn the meeting at 12:45 PM. The motion received a second by Jay Gillette and approved by the Trustees 4-0.

Respectfully submitted,

Jay Gillette, Secretary