

# Miramar Firefighters Pension Fund

## MINUTES OF MEETING HELD

August 16, 2006

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

### TRUSTEES PRESENT

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

Noel Marti; Advisory Board  
Susan Finn; Advisory Board  
Kelly Byrne; Advisory Board  
Steven Wells; Advisory Board

### OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel  
Denise McNeill; Pension Resource Center;  
Administrator  
Don Dulaney; Dulaney & Company; Actuary  
Jeffrey Swanson; Merrill Lynch; Investment Monitor  
Multiple Plan Participants

### TRUSTEES ABSENT

Randi Morales; Pension Board Trustee

### MINUTES

- Robert Rubin made a motion to approve the minutes of June 14, 2006. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.

### INVESTMENT MONITOR REPORT

Jeff Swanson presented the Fund's Summary Report for the quarter ending June 30, 2006. Mr. Swanson advised that near the end of the quarter, the market reflected a flight to quality resulting in a down market for equities, however the Board's direction to diversify into real estate the prior quarter was helpful to the overall Fund as the real estate portion of the portfolio was strong. Mr. Swanson explained that although the Fund's target allocation in real estate is 10%, the fund currently has an 8.3% allocation in that asset. He advised that although he would not typically recommend rebalancing this portfolio more than annually, Mr. Swanson will continue to monitor the portfolio and should the real estate class reduce down to 7%, he would advise accordingly. Mr. Swanson reported the overall Fund was down 1.1% while the target index was down 1.3%. He further reported the real estate portfolio was up 4.6% vs. the index of 4.0% noting the strength of the real estate portfolio helped the plan rank in the top 3% of Merrill Lynch's public client universe. Ending the quarter, the asset allocation reflected 80.7% in stocks, 10.8% in bonds, 8.3% in real estate and 0.2% in cash.

Noel Marti explained he had recently attended a conference and learned of other pension funds purchasing specific parcels of real estate. Mr. Swanson advised that he would not typically recommend investing in a single property, which is why he recommended a diversified real estate portfolio such as Principal. He further explained that a diversified portfolio allows protection to the Fund from liability for specific property loss. Mr. Swanson advised that in the case of the pension plan Mr. Marti is referring to, he believes the City had gifted the building to the pension fund as the City's contribution. Mr. Swanson further explained that the pension plan in question is a very large pension plan and has diversified assets on a more broad scale that helps to insulate against any specific property loss. Mr. Swanson recommended the Board contact that plan directly for any further details of how the transfer of the property took place. Mr. Swanson departed the meeting.

### **ACTUARY REPORT**

Don Dulaney reported that as per the Board's instruction from the prior meeting, the 2005 Actuarial Valuation report had been revised and copies provided to the City and the plan administrator. Mr. Dulaney provided an updated history of Chapter 175 contributions inclusive of the interest effective 10/01/05. Mr. Dulaney advised the Trustees of accumulated excess in the amount of \$1,617,339 to be used for an one time purchase of additional benefits which, amortized over 30 years, is equal to \$140,000 annually.

Mr. Dulaney then reviewed a Revised Benefit Improvement Cost Study dated July 31, 2006 that had been completed as per the direction of the Board at the prior meeting. Lengthy description followed as Mr. Dulaney reviewed the study in detail. Alan Park inquired about the members retired prior to 1999 who are currently under the 75% Purchase Power benefit, requesting the cost of transferring those participants into the COLA benefit. Mr. Dulaney advised the cost would be approximately .2% of payroll. Discussion followed regarding the 3% COLA. Mrs. Jensen reviewed the code and advised that as per an amendment to the code in 2000, the 3% COLA is tied to the CPI only to ensure the benefit would never be less than 3%. Don Dulaney will look into the value of the 75% Purchase Power and do an analysis for the Board.

### **OLD BUSINESS**

#### **BUYBACK UPDATES:**

Denise McNeill advised that Daniel Tate's buyback has been paid in full via a lump sum payment received from Mr. Tate. The deposit will be processed with Northern accordingly.

#### **ORDINANCE CHANGE:**

Bonni Jensen advised that her office is working on setting up a meeting with the City of Miramar's Legal Department regarding the Ordinance change.

#### **ELECTRONIC PAYROLL DATA:**

Denise McNeill advised that the Pension Resource Center had further communication with the payroll department regarding the data files. The most recent file does not appear to reflect an appropriate year to date tracking or current percent and the matter is still under review. The Administrator will continue to follow up on the communication to resolve the issue.

DROP WITHDRAWAL:

Bonni Jensen provided a draft policy with guidelines currently being used by other similar pension plans. She advised a few provisions listed could be affected by the pending Legislative changes expected to be determined in today's Legislative session. Mrs. Jensen explained that the Board may select to distribute in a slightly different manner, however there are specific guidelines in IRS code that dictate certain limitations and mandates. Mr. Dulaney will provide annuity table information to Mrs. Jensen to be updated in the document.

- Bob Rubin made a motion to accept the Drop Distribution Policy with an amendment to the minimum age requirement if the Legislative change is approved in today's session. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

The meeting continued at 10:35, after a ten-minute break.

UNION BENEFIT REQUEST:

The Union benefit request was addressed by Mr. Dulaney earlier in the meeting.

BENEFIT CONSULTANT CONFIDENTIALITY AGREEMENT:

Bonni Jensen reviewed an email received from Eric Dodge requesting that the pension board trustees and all service providers sign the confidentiality agreement. Mrs. Jensen advised that, as the plan's attorney, she would not enter into the agreement. The actuary and administrator advised they would not enter into the agreement. The Sunshine Law as it relates to public records would not allow for public information to be withheld. Lengthy discussion followed regarding the confidentiality agreement and the process utilized to establish the benefit formula by Mr. Moss. The specific "formula" utilized by Mr. Moss may not need to be disclosed to the Board therefore eliminating the concern of releasing his special calculation. The Trustees expressed their concern that Mr. Moss was not willing to attend the meeting to address the confidentiality agreement. Mr. Rubin advised that it appears the recent documentation relating to this issue has not been communicated with the entire board nor the service providers in a proper manner as most are reading the information for the first time in this meeting. He then recommended that for future review, all such documentation should be provided through the administrator in an effort to be shared with the entire Board. The Trustees explained that they only need written confirmation from Mr. Moss and the City that no pension benefits will be decreased or reduced and the pension plan would only be enhanced or improved. With that confirmation, the Board would not need to review the specific calculations and therefore no calculation secrets would be released.

- Keith Tomey made a motion instructing Bonni Jensen to contact Mr. Moss or his attorney in an effort to create an acceptable agreement between Mr. Moss and the Board. The motion received a second by Bob Rubin and was approved by the Trustees 4-0.

Bonni Jensen reviewed the second part of the email received from Eric Dodge relating to the Chapter 175 funds currently being held in the plan. The Union has requested the Pension Board not make any decisions relating to the 175 funds so that the Union may utilize as part of the overall benefit enhancements being considered. The Trustees agreed that a special meeting with the Union might be necessary to address all pending issues.

**NEW BUSINESS:****VESTED – TERMED MEMBERS:**

The Board discussed members who are vested in the plan, but are not currently eligible to receive a benefit. Mrs. McNeill recommended having the member's benefit actuarially calculated at the time of the employee's departure in order to establish the benefit. The Trustees instructed the administrator to have benefits calculated for Charles Randall, a vested-terminated member.

**DROP STATEMENTS:**

Updated Drop statements have been provided by the actuary and will be distributed to the members.

**ATTORNEY REPORT**

Bonni Jensen confirmed all Trustees had received an email from her office reflecting the 175 Share Distribution from the State of Florida. Mrs. Jensen advised the premium tax database must be updated by September 3, 2006 for the next 175 calculation. She advised that many cities are not updating the database and are foregoing premium tax money that could be received from the State. The Trustees requested Mrs. Jensen send a notice to Mr. Bell notifying him of the database update deadline.

Bonni Jensen advised a recent law has passed for public entity websites to post a notice stating that any email address received by the public entity becomes public record. Denise McNeill advised that such a notice has already been updated on the administrator's website.

**ADMINISTRATIVE REPORT**

Denise McNeill notified the Trustees that Mr. Bellantoni's office had received a letter from the Division of Retirement requesting clarification on several issues related to the 2005 Annual Report. Mrs. McNeill advised that many of the items questioned have been reported in the same manner in the past and the auditor and administrator will address any questions as they arise. The State's questions have since been answered and the report approved.

Denise McNeill advised that she had received notification from members that Northern Trust did not send the direct deposit notification to retirees for August's pension payment. Upon further review with Northern, the cause of the problem was identified in their payment system and has been corrected for the September payment process.

Mrs. McNeill explained she had received notification from Merrill Lynch that Jeff Swanson would not be able to attend the Board's December meeting that had been changed from December 20<sup>th</sup> to December 5<sup>th</sup>. The Trustees determined it would be in their best interest to keep the December 5<sup>th</sup> date with the understanding that Jeff Swanson would not be available to attend.

Mrs. McNeill then advised the Trustees that inquiries had been sent to both her office and the actuary directly from participants of the plan requesting an updated benefit confirmation be provided for financial use (I. E. mortgage applications). Mrs. McNeill advised that due to actuarial costs, most pension plans would only provide a copy of the most recent annual benefit statement to the member along with an explanation of the

annual valuation. The Trustees instructed the administrator to utilize the most recent annual benefit statement for all future inquiries.

### **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,

- Bob Rubin made a motion to adjourn the meeting at 12:06 PM. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.

Respectfully submitted,

Jay Gillette, Secretary