

Miramar Firefighters Pension Fund

MINUTES OF MEETING HELD

February 6, 2007

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
L. Keith Tomey

Susan Finn; Advisory Board
Noel Marti; Advisory Board

TRUSTEES ABSENT

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
Dan Johnson; Merrill Lynch, Investment
Consultant
Luis Rodriguez
James Estep
Sal Caliendo
Leo Nunez

MINUTES

Mr. Park advised Mr. Rubin had not been present at the end of the previous meeting and therefore did not make the motion to adjourn.

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

INVESTMENT MONITOR REPORT

Dan Johnson of Merrill Lynch introduced himself to the Trustees and presented the Fund's Summary Report for the quarter ending December 31, 2006 noting a strong quarterly return of 7.1% ranking the plan in the top 1% in Merrill Lynch's universe of public clients. Mr. Johnson advised the overall growth of 10.5% since inception of the plan was due to the equity strategy and although there was a difficult time in the down market, the Board's focus to hold fast to their strategy and selecting the indexed funds has yielded strong returns for the fund. He noted the overall performance of 15.2% gain for one-year view and 9.4% gain for five years further reflects the strength of the allocation. Mr. Johnson reviewed the asset allocation 81.1% equities, 11% fixed income, 7.7% real estate and .3% cash. Mr. Johnson recommended adding a blended equity portfolio comparison to reflect the equity target in a more accurate comparison to the plan's existing portfolio. Mr. Johnson went on to review the real estate investment,

noting that the Fund's return for the last quarter were below the index. He explained that after speaking with the real estate fund manager, he does not believe there is cause for concern at this time and Principal has performed well for the plan's overall asset allocation. The Trustees instructed Mr. Johnson to add the blended comparison to the plan for future reporting.

Alan Park inquired into the Merrill Lynch fees presented in the report. Merrill Lynch had previously agreed to an annual fee of \$15,500 with no additional fee for the Principal asset addition. The addition of any new manager would have a cost of \$6,000. The fees charged included an amount for Principal management. Mr. Johnson will look into the fee agreement and will have the billing adjusted accordingly. Mr. Johnson will further inquire into the fees processed through the custodial account and will report to the administrator.

OLD BUSINESS

OPEN TRUSTEE SEAT (CITY APPOINTED):

Mr. Park advised that he had received no response from the City regarding the appointment of the open trustee seat. Mrs. Finn explained that she had contacted the City expressing her interest but had not received a response.

ELECTRONIC PAYROLL DATA: Denise McNeill explained she had previously reported that the structure of the payroll report had been completed in October, however the process of automatically receiving the files after each payroll process is not being followed through and therefore no additional payroll files have been received since inception of the programming process in October. Lengthy discussion followed regarding the data issue. Bob Rubin will attempt to inquire with the City.

DROP APPLICATIONS: Denise McNeill advised Cochran's Drop enrollment had been sent to the City and three remain pending for Gurdak, Gillette and Huber. Mrs. McNeill will follow up with the pending members for further processing. The pending Drop members have expressed concern with inaccuracy of reported payroll that is being used in their benefit calculations. Lengthy discussion followed regarding the pending payroll issues relating to retro pay. Mrs. Jensen explained that the retro pay, once determined, could then be recalculated for the Drop members who are still actively employed with the City. Alan Park confirmed that the Post Retirement Subsidy is included in the monthly Drop account when a member enters the Drop and a member does not have to wait for separation of employment to receive that payment (credit) into their Drop account.

2007 MEETING SCHEDULE:

The 2007 had been set and provided to all Trustees at the December meeting. The administrator will have the schedule posted on the website.

NEW BUSINESS

Bob Rubin advised the email domain will be moved to a different carrier at renewal in an effort to reduce cost to the plan. He will work on processing the change.

TRUSTEE ELECTION/APPOINTMENT:

The Board reviewed the resumes received regarding interest in the fifth trustee seat open for renewal. Lengthy discussion followed regarding the process and the applicants. The Trustees discussed the use of the advisory board as an interim seat for members who are interested in becoming a Trustee on the Pension Board. Mr. Rubin felt it would be in the best interest of the Board to reappoint Jay Gillette due to his

involvement in all aspects of the plan. Keith Tomey advised that if the Board is considering replacing Jay Gillette, then Noel Marti would be the appropriate choice for replacement. He further stated that he did not feel it was necessary to replace Jay Gillette at this time as Mr. Gillette has been actively involved in the plan. Alan Park agreed that Noel Marti was certainly qualified and had played an active role on the advisory board. Mr. Park further explained that he believed Jay Gillette had done an excellent job for the board as a Trustee and since Mr. Gillette wished to continue on the Board, then Mr. Park felt it would be in the best interest of the plan to reappoint Jay Gillette at this time. Leo Nunez expressed his concern with the reappointment of Jay Gillette advising that the Union is still upset with Mr. Gillette over the Richard Moss, consultant issue and the Union has decided that Jay Gillette should be replaced with Noel Marti who could provide a good balance to the Board. Mr. Park explained that he believes Jay Gillette has done well for the pension plan. Since Mr. Gillette has no desire to step down, Mr. Park believes there is no reason to make a change at this time. Mr. Park further advised that he does not take direction from the Union and his concern is for the overall plan.

- Robert Rubin made a motion to reappoint Jay Gillette as the fifth Trustee on the Board. After lengthy discussion, the motion received a second by Keith Tomey and was approved by the Trustees 3-0. Mr. Gillette abstained from voting.

Mr. Estep and Mr. Rodriguez explained that they understand the Board is using the Advisory Board as a steppingstone for placement on the Pension Board and inquired into the current advisory board member attendance. Mr. Park will contact both Mr. Wells and Mr. Byrne requesting confirmation of their intention relating to the advisory board. Should the advisory board member not wish to continue that position, the Board will address filling any available seat.

NEW BUSINESS -Continued

CONFERENCES: Alan Park advised of upcoming conferences. Leo Nunez inquired if the VEBA board could utilize the pension plan's membership to obtain a discount for conference attendance. The Trustees advised that they did not see a problem with that arrangement as long as it would be clear the VEBA board members are not attending on behalf of the pension plan.

JEFF SWANSON: Alan Park referred to a letter from Jeff Swanson in the Trustee packets requesting the board allow him to attend a meeting and present plan monitoring services from Southeastern Advisory Services, Inc. Lengthy discussion followed regarding the process and the Fund's current investment monitor. The Trustees advised there does not seem to be an issue with their current monitor and if Mr. Swanson's company were to be considered, it should be processed under a full RFP (request for proposal) process, which did not seem necessary at this time. Mr. Park will contact Mr. Swanson and advise that his new company contact information will be retained for future RFP processes.

SMALL CAP INVESTMENT:

Alan Park requested Dan Johnson's opinion of small cap investments. Mr. Johnson advised that further diversification would not hurt the plan, however the plan is doing well in the current asset allocation and there is no urgency for such an investment. Alan Park described a lengthy conversation held with Tom Capabianco of Independence Investments regarding his company's small cap investment strategy. Mr. Johnson recommended he provide a review of multiple small cap managers for the Trustee's review at the June meeting. He will include information on Northern Trust's product in the process.

ACTUARY REPORT

Don Dulaney reviewed the 75% Purchase Power calculations for 2007 in detail explaining that Mr. Brown qualified for the benefit, however Mr. Felton and Mr. Sullivan, although close, did not qualify. He further explained that since Mr. Brown received the initial benefit, he would continue to do so annually. The Administrator confirmed the 2007 increase had been updated with Northern Trust and Mr. Brown is receiving the new benefit.

Mr. Dulaney advised that he had completed preliminary calculation information for vested – terminated employee Charles Randall. Denise McNeill advised that while Mr. Randall had previously requested a refund, he phoned instructing that a hold be placed on the check until further notice as he is hoping his employment will be reinstated. Bonni Jensen has revised a release form for the plan to be signed by any vested – terminated member requesting a refund of their contributions. Mr. Dulaney will complete the calculation for Mr. Randall's benefit.

Mr. Dulaney provided updated Drop statements through December 31, 2006 to be sent to all Drop members. Discussion followed regarding the Drop entry and end date for each member as it relates to the Ordinance. The Administrator will research each file and advise the Board.

Mr. Dulaney then presented annual benefit statements for all members. Discussion followed regarding the payroll contribution variances noting the December 06 final amounts on the retro contributions related directly to the amount still owed by each employee to the plan.

ATTORNEY REPORT

Bonni Jensen provided an expense reimbursement update received from the IRS increasing mileage reimbursement to \$0.485 per mile.

Mrs. Jensen then presented and IRS Release related to the Pension Protection Act (PPA). She explained that although the retired public safety officer may utilize the tax deduction for the first \$3,000 of health insurance premiums paid through their pension, the benefit does not follow to the spouse in the event of the retiree's death. Additionally, the recent IRS Release advised that self-funded health plans are not considered eligible. The administrator will inquire with the City to determine if the health plan is self-funded or fully insured.

Mrs. Jensen advised that she is awaiting response from the City regarding the Board's Ordinance change request. Lengthy discussion followed regarding the definition of salary issues relating to pension. Two pay codes for upgraded positions are not being included in pension. The city has advised that the rescue pay is being corrected, however the remaining upgrades are being disputed and will need to be handled through the bargaining unit. Alan Park explained that he had met with the City in December and had been informed the correction would be processed however Mrs. Jensen advised recent communication from the City advised the upgrades would not be processed. The bargaining unit has filed a grievance to address the issue. Mrs. Jensen explained that such payroll issues are not an uncommon problem in pension plans.

Mrs. Jensen presented the Trustees with a form to be used along with all Drop applications for unused leave and sick time to be rolled into the Drop plan. Members must elect to have their funds rolled over into the Drop at either the initial entry into the Drop plan or upon termination of employment from the department. By taking no action

to roll their time into the Drop at the beginning, members will, in a sense, be electing to transfer time at the end.

ADMINISTRATIVE REPORT

Denise McNeill presented amended minutes for August 16, 2006 and October 18, 2006 explaining that the original approved minutes had listed all present trustees accurately, but had not properly listed the absent members.

- Robert Rubin made a motion to approve the amended minutes for August 16, 2006 and October 18, 2006 as amended. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.

Mrs. McNeill reported receiving a request for monthly Drop withdrawals from Mr. Wells. Mrs. Jensen will provide a Drop withdrawal form to be used by the plan for all such distributions.

Mrs. McNeill advised that there had been recent communication issues with Northern causing a delay with invoice payments. Mrs. McNeill will determine if a conference call between the plan's attorney, administrator and Northern Trust will be necessary.

Mrs. McNeill inquired into the Drop process and whether or not a penalty is applied for members remaining beyond their Drop End date. Lengthy discussion followed regarding the Drop rules relating to penalties that may be imposed by the board. Mrs. Jensen will research the matter further.

A Benefit Approval was then presented to the Board for Jeffrey Cochran's Drop entry.

- Robert Rubin made a motion to approve Mr. Cochran's Benefit Approval. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

Mrs. McNeill advised that the refund of contributions for Melanie Jacks was being processed. The payment will be mailed by the administrator via certified receipt, along with a letter explaining the refund.

Mrs. McNeill advised that all COLA and Post Retirement Subsidy increases have been processed with Northern Trust.

Discussion followed regarding pending legislative changes relating to foreign investments and trustee terms. The State currently allows a 10% maximum foreign investment for Police and Fire pension plans, but is considering raising the maximum allowance to 20%. Trustee terms may be increased from two years to four years. Alan Park recommended revising the Ordinance to incorporate both changes as allowed by the State.

- Robert Rubin made a motion to amend the Ordinance to mirror the State's maximum allowance on foreign investment and to mirror the state's allowance for Trustee terms. The motion received a second by Keith Tomey and was approved by the Trustees 3-0. Mr. Gillette abstained from voting.

DISBURSEMENTS

Denise McNeill presented a disbursement report for review, adding two new receipts to the list.

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

Alan Park and Noel Marti confirmed each were interested in attending the FPPTA conference in June.

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 Keith Tomey and was approved by the Trustees 4-0.

Respectfully submitted,

Jay Gillette, Secretary