

Miramar Firefighters Pension Fund

MINUTES OF MEETING HELD

April 10, 2007

Alan Park called the meeting to order at 9:02 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
Steven Wells; Advisory Board

ABSENT

None

OTHERS PRESENT

Bonni Jensen; Hanson, Perry & Jensen; Counsel
Denise McNeill; Pension Resource Center;
Administrator
Don Dulaney; Dulaney & Company; Actuary
Clement Johns; Koch Reiss & Co; Auditor
Luis Rodriguez
Leo Nunez
Richard Sicking
Other members of the Plan

MINUTES

- Robert Rubin made a motion to approve the minutes of February 2007. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.

ANNUAL AUDIT REPORT PRESENTATION

Mr. Johns presented the audit report of Financial Statements for the plan year ending September 30, 2006 reflecting total net assets of \$39,628,758. Mr. Johns went on to review the report in detail noting the increase in liabilities included DROP participants. He further explained that the decrease of investment income from the prior year related to the market fluctuation over the fiscal year reporting period (10/01/05-09/30/06). The draft report presented did not reflect the administrative cost breakdown the board had previously requested and pages 13 and 14 were missing from the packets. Mr. Johns will have final reports sent to the administrator inclusive of these missing items. Discussion followed regarding the actual City and State contributions to the plan. Mr. Johns explained that, upon completion of the Annual Report, the report will be forwarded to the Administrator.

- Robert Rubin made a motion to approve the Financial Statement for plan year ending September 30, 2006 as amended. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

Clement Johns departed the meeting at 9:25 AM.

ACTUARY REPORT

Lengthy discussion was heard regarding the DROP member's entry and exit dates, noting the fact that members are not allowed to participate beyond the five-year window, which begins at their first eligibility date regardless of their actual date of entry into the DROP. Mrs. Jensen advised of two specific rules relating to the DROP; 1) member cannot participate for more than five years (60 months), 2) There is a time frame for eligibility to participate. Mrs. Jensen explained that for certain members, the sixty-month time frame to elect to participate began September 1, 2004 and the language is not intended to extend allowance of participation beyond five years but is instead intended to clarify the time available of which the member may elect the benefit. She further explained that it had taken a long time to get the DROP plan approved and into place and the Board did not want to penalize anyone who had become eligible while waiting for the plan to be approved as those members could not elect the benefit until the plan was actually in place. Therefore the special provision allowed for such participants interested in entering the DROP to make a 60-month election. For all members who had already met the eligibility criteria as of September 1, 2004 when the plan became effective, their DROP eligibility clock began at that time (September 1, 2004). At that time, only two members notified the Board of their intent to enter the DROP, however it took some time for the forms and process to be initiated. The Trustees requested confirmation of whether or not the eligible members were given an option to "back-DROP" or to begin the 60-month DROP period. Mrs. Jensen will research the matter further and will advise. Discussion on the matter was tabled until the next meeting.

Don Dulaney inquired if the plan had a penalty in place for members who chose to remain beyond their DROP end date. It was discussed that no actual penalty is imposed, however the DROP plan will not accrue interest. Mrs. Jensen explained that the member may need to re-enroll into the pension plan to pay contributions however the employee would not be able to receive a benefit from their new contribution.

OLD BUSINESS

OPEN TRUSTEE SEAT (CITY APPOINTED): Mrs. Finn explained that she had contacted the City regarding her interest in the City Appointed vacancy, however had not received a response. Mr. Nunez explained that it is his understanding the City appoints all seats during the month of June and that may be why it has not been addressed at this time.

ELECTRONIC PAYROLL DATA: Denise McNeill explained that, as previously reported, the file has been mostly created, however there were recent issues of the "life to date" accumulators being reset to zero which will no longer provide an accurate file accumulator for all payroll since inception with ADP (February 2006). The Pension Resource Center is working with ADP and believes they can accommodate that error by making adjustments to the file. She further reported that the remaining issue relating to the file is attempting to get a commitment from the payroll dept to pull the report after each payroll cycle.

DROP APPLICATIONS: Denise McNeill reviewed the current status of DROP applications for Gurdak, Gillette and Huber. A revised election form will need to be processed for Jay Gillette, as his initial calculation did not include survivor options. The issue of the data reported and used in the member calculations as well as the retro pay have not been resolved, however in an effort to move forward, the administrator is

attempting to have the members sign the final benefit election forms with the understanding that the benefit can be recalculated once the data issues have been resolved. Mr. Rubin believes Robert King may be able to help address the issue for the Board as he has recently moved into the Finance Dept to do auditing. Discussion followed regarding the pending DROP member's payroll contributions to the plan, currently at 8.47% instead of the reduced amount of 4%. Mrs. Jensen advised that the actuary could be instructed to contribute the additional 4.47% into the member's DROP account. The Trustees agreed this would be the most appropriate way to address the payroll difference and instructed Mr. Dulaney accordingly. Lengthy discussion followed regarding the DROP entry process. Mrs. Jensen will provide a policy inclusive of a time frame that will be added to the Summary Plan Description requiring that all papers will be due (in their entirety) at least 60 days in advance of DROP entry.

- Keith Tomey made a motion to adopt a DROP policy requiring all forms be completed and provided to the Administrator at least 60 days in advance of the requested DROP entry date. The motion received a second by Bob Rubin and was approved by the Trustees 4-0.

RETRO PAY: Upon confirmation and review of the retro pay, the data for Gillette, Gurdak and Huber will be provided to the actuary for recalculation as needed.

UNUSED LEAVE PAY: Discussion followed regarding the unresolved issue of four existing DROP members and the option to elect the transfer of their unused leave time. Mrs. Jensen explained that she has sent inquiries to the City attorney requesting confirmation if the City will allow the existing four members to make an election at this time. Mrs. Jensen reported that she had not received a response and would continue to address the matter with the City.

NEW BUSINESS

EMAIL DOMAIN: Bob Rubin reported that he had arranged to move the plan's email domain to a new carrier. He requested the administrator confirm the Resource Centers email transfer be sent through to the new location.

TRUSTEE ELECTION: Denise McNeill reported that an election was being posted for the seat currently held by Keith Tomey scheduled to expire May 2007. Alan Park will follow up with the Fire Department for an updated list of mailing addresses.

ADVISORY BOARD SEATS: Mr. Park explained that he had contacted Mr. Wells and Mr. Byrne regarding their Advisory Board appointments. Mr. Wells explained that he wishes to remain on the Board while Mr. Byrne has tendered his resignation. Mrs. McNeill will have the Advisory Board vacancy posted.

RICHARD SICKING APPEARED TO REPRESENT BRETT BERWICK: Richard Sicking appeared before the Board with a request on behalf of Brett Berwick. Mr. Sicking explained that although Mr. Berwick retired with a duty disability relating to his ankle, that same injury has now created other issues for Mr. Berwick affecting his hip. Mr. Sicking explained that Mr. Berwick is currently receiving Social Security Disability benefits as well as a duty disability from the pension plan. Mr. Sicking explained that although unusual, the City has agreed to settle the indemnity, but not the medical care. The City's offer is to settle \$50,000 (equivalent to the COLA) of the actual \$300,000 liability resulting in a \$250,000 savings to the City. Mr. Sicking explained that law limits Mr. Berwick's total benefit from Workers Compensation, Social Security Disability and pension disability. If Mr. Berwick wins his WC case against the City, the additional WC funds will not go to Mr. Berwick, but will instead go to either the Federal Government or

to the Pension Fund to help offset the City cost. Bonni Jensen explained that if Mr. Berwick wins his case, the settlement would be paid to the Pension Fund to offset the cost. Mr. Sicking explained that both the City of Miramar and Mr. Berwick are requesting that the Board agree to waive the offset. Mrs. Jensen explained that if the Board agrees to waive such an offset, it must be done across the entire plan and not for one individual. Discussion followed regarding the Ordinance and how this offset relates to the Fund. Mrs. Jensen further explained that it is not written in the ordinance that the Fund will not offset. Lengthy discussion followed regarding the issue and whether or not it is possible to convert Mr. Berwick to a normal retirement, however Mr. Berwick did not elect the conversion as offered by the plan when he became eligible. Mr. Sicking advised that the City wishes for the Board to approve this requested process however the Board explained they have received no communication from the City regarding the matter. Mrs. Jensen explained that there is no statement in the Ordinance that the Fund will not "apply" the Ordinance as stated therefore she is concerned with not treating all members equally. Mr. Sicking explained the problem arises from the current law relating to offsetting and coordinating benefits and income. Mrs. Jensen explained if the Board agrees to waive the offset, the Fund is creating precedent and will require future review of each such case individually. If the Board continues in the existing manner, all members are to be offset across the entire plan, therefore being calculated by the actuary and reducing pension cost. Mrs. Jensen explained the options are to either grant Mr. Berwick's request in addition to changing the process of the Plan; or to deny the request resulting in no changes to the existing process of the Plan. The Board recommended Mr. Sicking request the City change the Ordinance that currently instructs for the offset to be processed. The City's next meeting is currently scheduled for mid-May. Mr. Sicking withdrew Mr. Berwick's request and will address amending the Ordinance with the City.

PENSION PROTECTION ACT: Denise McNeill advised that the City is fully insured therefore enrollment will be processed for retirees currently covered under the City's health insurance plan. She will also follow up with Northern Trust to ensure that proper deduction categories have been added in their benefit payment system allowing for the deduction. Mrs. McNeill will utilize the help of Mr. Wells to acquire the details from the City and implement the process if necessary.

ATTORNEY REPORT

Bonni Jensen reported that the Ordinance changes which have been pending since 2004 are expected to be presented to the Commission at their next meeting.

Mrs. Jensen inquired if there had been any response from the City or Union relating to the grievance filed disputing pensionable income. Specifically, the upgrade pay is not being calculated by the City as part of the pension and therefore such pay that should be pensionable as per the Union agreement, are not being processed as pension compensable by payroll.

DISBURSEMENTS

Denise McNeill presented a disbursement report for review.

- Jay Gillette 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.

Alan Park and Noel Marti confirmed that each was interested in attending the FPPTA conference in June. It was determined that no special authorization is needed to approve Mr. Park's attendance as there is a specific policy in the Plan allowing for Trustee education.

- Jay Gillette made a motion to approve for Noel Marti to attend the conference. The motion received a second by Robert Rubin and was approved by the Trustees 4-0.

Mr. Rubin inquired to into Merrill Lynch's situation with the SEC investigation. Mrs. Jensen explained that the pending issue relates to soft dollar payment arrangements that do not apply to this Fund since all assets are indexed. It appears 12-B 1 fees, which are another type of compensation that many consultants receive, were not being reported therefore the clients were not receiving full disclosure of all income the consultant may have been receiving. Mrs. Jensen advised that the Board could choose to process an RFP (Request for Proposal) for consulting services or request additional information from Merrill Lynch regarding the issue. The Board instructed the administrator to request an update from Merrill Lynch at the June meeting.

ADJOURNMENT

There being no further business,

- Bob Rubin made a motion to adjourn the meeting at 11:55 AM. The motion received a second by Keith Tomey and was approved by the Trustees 4-0.

Respectfully submitted,

Jay Gillette, Secretary