

# City of Miramar Firefighters' Retirement Plan

## MINUTES OF MEETING HELD

August 26, 2008

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, Trustee  
Susan Finn, Trustee

James Estep; Advisory Board  
Steven Wells; Advisory Board  
Leo Nunez; Advisory Board

### OTHERS PRESENT

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

Ian Thomas; City of Miramar (Departed 9:37)  
Dawn George; City of Miramar (10:37)  
Other members of the Plan

### TRUSTEES ABSENT

Noel Marti, Trustee

It was reported that Sue Finn had been appointed to the Board, replacing Frank Espinosa's vacated seat. While Mrs. Finn may participate in the discussion, she would not be eligible to vote until she has been sworn in. Mrs. Finn was welcomed back onto the Board.

### MINUTES

- Bob Rubin made a motion to approve the January, April and June minutes as presented. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

### OLD BUSINESS

INVESTMENT MONITOR: Presentations will be held at the special meeting previously scheduled for Friday, August 29, 2008.

ANNUAL REPORT UPDATE: A notice was received from the State advising they had recently approved the annual report.

TRUSTEE ELECTION: Alan Park had been re-elected in the recent election and he thanked James Estep for his interest in running. The administrator had responded to an inquiry from the Union regarding the process.

DROP APPLICATIONS: Alan Park reported that the most recent DROP process had been completed timely and efficiently. Mrs. McNeill explained that the City had responded quickly to the payroll request therefore allowing the process to proceed smoothly. It was noted that a calculation was pending for Von Stein and payroll was pending for Hollman.

REFUNDS: Mrs. McNeill confirmed a refund had been issued to Trevor Gayle via rollover.

### **NEW BUSINESS**

VESTED DEFERRED MEMBERS: Alan Park reminded the Trustees of five vested-deferred members, noting that two of those members would be close to eligible retirement soon. The Administrator will pull the records and address accordingly.

COORDINATION OF BENEFITS: Alan Park addressed the coordination of benefits for employees transferring from other departments within the City of Miramar. Mrs. Jensen reviewed the ordinance related to benefits. Lengthy discussion followed regarding the matter. Mrs. Jensen advised that a participant would reach retirement eligibility by an aggregate of time accrued in both the Fire Department and the prior department. The member would only be entitled to a paid benefit from this pension plan for the time accrued in this plan and therefore the member should also receive a partial benefit from the retirement plan of the prior department for the time accumulated in that prior pension plan. Mr. Thomas advised that there are currently three members in the Fire Department with time from a prior City department. Mrs. Jensen explained that she believes the 415 plan is tied to the employer and will need to research the matter further to confirm how it relates to multiple plans within the same employer.

PORTFOLIO MONITORING: The latest report from the portfolio monitor, Mager & Goldstein, reflected no class action items for consideration.

Ian Thomas departed the meeting at 9:39 A.M.

WEBSITE INFORMATION: Mr. Park reported of a recent inquiry from a DROP member requesting their quarterly statements be made available on the Plan's website. The member had additional questions regarding the DROP process that he was able to address. Mrs. McNeill explained that currently, only plans that the administrator tracks and calculates quarterly DROP statements for is available through their website as the member is able to access their own account and DROP data. Mrs. McNeill explained the administrator currently has no such capability to post another vendor's information into a participant's private account; however she will research the matter further.

ANNUAL BENEFIT STATEMENTS: Mr. Park requested all active member statements be provided electronically (via .pdf) by the actuary for ease in distribution and storage.

### **ACTUARY REPORT**

Don Dulaney advised the State report had been approved, however the State had inquired into the interest posted on page 6A as reported by the actuary. The State has requested the interest be listed differently for future reporting. Mrs. Jensen reported the expected Premium Tax Distribution for 2007 as \$837,692.45 for the initial distribution and a supplemental amount of \$170,415.33. Mr. Dulaney advised that the total Chapter 175 reserves being held for additional benefits will be just over \$3M.

Mr. Dulaney explained that he had been asked to provide illustrations for buying up a multiplier. He explained that buying up the multiplier effectively reduces time reflecting a significant cost savings to buy-up earlier in the member's career. Mr. Dulaney presented a sample illustration assuming the current new hire salary of \$48,270 and assumed increases. The information will be presented to the Union.

## **ATTORNEY REPORT**

Bonni Jensen reported that IRS representatives presented at a legal conference held in Boston. The IRS addressed their efforts toward education, outreach and compliance for the Governmental Plans Community. They have requested all governmental plans file for IRS determination letters. In 2009 the IRS will be sending a survey requesting all plans respond. Lengthy discussion followed regarding the matter and the options available to the Plan. Mrs. Jensen explained there would be a \$1,000 IRS fee to file along with the attorney's cost to process. She expects the costs to run \$4,000 (on the lowest end) and up.

- Bob Rubin made a motion to engage Hansen, Perry & Jensen to file for an IRS determination letter on behalf of the Plan. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

Mrs. Jensen then reported of Federal and State Legal Updates related to the "Heroes Earnings Assistance and Relief Tax Act of 2008" (HEART). The survivor benefit requires the tax-qualified plan provide to the survivors of a participant who dies while on active military duty the same benefits that the participant would have received under the plan had he/she resumed participation under the plan and then terminated on account of death. It is still unclear if the law requires the Plan treat as a duty or non-duty related disability or death, however Mrs. Jensen suggested the Board be consistent for both disability and death benefits. These new provisions were made effective January 1, 2007. There are currently no participants of the Plan on active duty.

- Jay Gillette made a motion to adopt the provisions of the HEART Law, making provisions in line of duty for both disability and death benefits to survivors. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

Mrs. Jensen explained the State Law will need to be amended quickly as it currently excludes injury and death in the armed services. Mrs. Jensen reviewed the topic of differential wages, explaining that some entities were not treating differential wages as pensionable income.

Mrs. Jensen addressed the State of Florida's 60T Rules under Statute 112 relating to actuarial services. The State recently held a rules workshop related to the matter where approximately fifty pension attorneys, actuaries and Trustees attended. There is no definition of "material" in the Florida Statute and the State has recently determined the definition as 1% cost basis or anything the State requests is to be considered "material". If the State requests such material information, the information is to be provided within thirty days or most of the State funds will be held from the Plan. The rules also impose actuarial mortality tables which are having a significant cost impact on various plans and municipalities around the State. It appears the rules look to dilute the Trustee responsibilities allowing Plan sponsors (municipalities) to control the Plans. Mrs. Jensen explained that the original Scope and Purpose released referred to encouraging local governments to participate in FRS. The State has advised that the initial title was a "typo". A task force is being created to address the 60T Rules, requesting the State reconsider, especially considering the significant impact municipalities are being affected by in their 2008/2009 budget. Currently, the next meeting is scheduled for September 10<sup>th</sup>, 1 P.M. to 4 P.M. in the same hotel at the end of the FPPTA conference. Mrs. Jensen will continue to monitor the situation and will report to the Board accordingly.

Mrs. Jensen presented an Ordinance update related to the DROP. The update would allow the member to DROP after attaining age 55 without a reduction of their maximum participation period. She explained that the coordination of benefits issue still remains.

- Bob Rubin made a motion to amend the Ordinance to allow members to enter the DROP upon completion of 25 years of service in this Plan or upon reaching age 55 with the completion of ten years of service with no reduction to their full 60 month DROP time allowance. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

Mrs. Jensen will provide the amended Ordinance to the actuary and the Union.

Denise McNeill addressed the maximum allowable amount that may be paid into the DROP annually as allowed by the IRS. The amount for 2008 is \$46,000. Mrs. Jensen explained that the member may elect to roll over a lesser amount, choosing how many hours they wish to convert. Mr. Cabrera is affected by this maximum amount as he elected to roll over the maximum at the beginning of his DROP and therefore all pension contributions for the remainder of the 2008 year must cease. Mrs. McNeill will follow up with payroll to ensure Mr. Cabrera's contributions are stopped.

Mrs. Jensen reviewed the auditor's engagement for the fiscal year ending 9/30/08 audit noting substantial changes from the prior year agreement for the fee and a new arbitration provision. Mrs. McNeill explained that the changes to GAAP (Generally Accepted Accounting Procedures) have increased the administrators cost and time in relation to services to Pension Plans as well. Goldstein Schechter and Koch has also provided an agreement to do the bookkeeping services for \$3,000 annually, however Mr. Johns had advised when presenting the audit that the information received monthly from the City would suffice as the bookkeeping function. Discussion followed regarding the fee.

- Jay Gillette made a motion to accept the audit engagement for the fiscal year ending 2008 with costs not to exceed \$11,875 for the audit and annual report; and to adopt the bookkeeping services for \$3,000 annually. The motion received a second by Noel Marti and was approved by the Trustees 4-0.

Mrs. McNeill advised she had recently completed an audit RFP for another client who is similar in size and process functions. She will review that client's recent RFP for auditing services and provide the rate information to the Board at their next meeting.

### **DISBURSEMENTS**

Denise McNeill presented a disbursement report for approval.

- Bob 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.

### **ADMINISTRATIVE REPORT**

Alan Park explained the Union had requested the actuary provide a cost to add a COLA benefit to the five initial retirees, non-retroactively.

- Bob Rubin made a motion to direct the actuary to provide updated impact study and for the attorney to provide an updated Ordinance change to include the initial

five retirees in the COLA. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

Mr. Rubin had reported the URL for mfpf.org was due for renewal and should have been updated. Mrs. McNeill will address the renewal and ensure that emails are being forwarded along to each Trustee interested in using the mfpf.org email address. Additionally, the mfpf.org site should automatically forward to the Miramar Fire page on the administrator's site.

Denise McNeill presented the benefit approval for Gary Rafuls.

- Jay Gillette made a motion to approve Mr. Rafuls' DROP benefit effective March 1, 2008. The motion received a second by Bob Rubin and was approved by the Trustees 4-0.

### **ADJOURNMENT**

There being no further business,

- Jay Gillette made a motion to adjourn the meeting at 11:35 A.M. The motion received a second by Noel Marti and was approved by the Trustees 4-0.

Respectfully submitted,

Jay Gillette, Secretary