

# City of Miramar Firefighters' Retirement Plan

## MINUTES OF MEETING HELD

October 28, 2008

Alan Park called the meeting to order at 9:02 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  
Noel Marti, Trustee

James Estep; Advisory Board  
Leo Nunez; Advisory Board

### OTHERS PRESENT

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

Stewart Kelly  
Other members of the Plan

### TRUSTEES ABSENT

Steven Wells; Advisory Board

### MINUTES

- Bob Rubin made a motion to approve the August 26, 2008 minutes as presented. The motion received a second by Sue Finn and was approved by the Trustees 5-0.

### INVESTMENT MONITOR

Rich Dahab presented a summary report for the period ending September 30, 2008. He explained that there had been a delay in receiving the needed information from Northern Trust; however a full report would be presented in December through September 30, 2008. Mr. Dahab explained the current economic circumstances with the following explanation: Prior to the 90's there were hundreds of investment banks and the risk of a few going out of business did not pose a significant threat to the economy. During the 90's the number of separate banks began to reduce, with larger banks purchasing many of the smaller entities. After 911, interest rates were kept low to keep the economy growing. The decay in urban areas resulted in people not owning their own homes therefore Freddie and Fannie were created to help people own those homes. Hedge funds had been heavily leveraged and banks began wanting their money, forcing hedge funds to liquidate. Approximately \$12 Trillion of equity value was liquidated globally. Mr. Dahab explained there were approximately 10,000 hedge funds at the beginning of 2008 and he expects less than half of those funds to survive through the end of 2009. He reported that equities are at their lowest cost ever resulting in a great time to purchase equities. Overall Mr. Dahab feels that corporate America is not doing that badly and expects most of the market to rebound by the end of the year. Mr. Dahab reported a loss for the quarter ending 9/30/08 in the amount of -8.1%, beating the index of -8.5%. For the fiscal year to date, the Plan was down -14.8%. Discussion followed regarding Principal's Real Estate queue requirements for exiting the portfolio. Mr. Dahab explained that it is only an issue if the Board is looking to sell out of the investment entirely. It appears the portfolio's income has been affected which may relate to

defaulted lease space. Mr. Dahab explained while the changes will impact the portfolio's cash flow, he does not expect a major loss in the portfolio. He further explained that, while overbuilding is part of the problem, it is not near the extent of the overbuilding crisis from the 80's. Mr. Dahab explained that real estate is up 5.5% for existing homes and up 2.7% for new housing nationally therefore the housing market is beginning to turn around. He further noted the problem with the Florida real estate market relates to the fact that Florida has the highest real estate taxes (except for New York and Rhode Island) and the insurance costs are extremely high. Mr. Dahab recommended having managers attend a Board meeting annually and he recommended inviting both managers to present an update to the Board early 2009. Discussion followed regarding the Plan's asset allocation. Mr. Dahab advised that stocks will begin to rebound and with a 10% bond allocation, he does not see a need for a significant asset reallocation at this time. Rich Dahab departed the meeting at 9:43 A.M.

### **OLD BUSINESS**

WEBSITE: Alan Park and Denise McNeill confirmed that all forms and information have been updated on the site.

DROP: Alan Park reported that the 9/30/08 DROP statements had been completed promptly and have been distributed. Mr. Hollman's calculation has been provided to the administrator at the meeting and will be addressed accordingly with the member. Mrs. McNeill advised that Mr. VonStein was not being reported in the payroll file received from the City. It was determined that the ADP payroll report was created to only include those with pension deductions instead of reporting all pension plan members. She explained that Maureen Gocoul is working on the issue with ADP to correct the reporting. Mrs. McNeill reported receipt of a new DROP application from Gary Harrington effective 12/01/08. Information will be forwarded to the actuary in December when Mr. Harrington's detailed payroll through November is received.

### **NEW BUSINESS**

SPECIAL DROP REQUEST: Alan Park presented a request from Stewart Kelly regarding his DROP entry. Mr. Kelly had initially applied for a September 1, 2008 DROP entry; however upon review by the administrator, it was determined that his DROP eligibility clock had begun February 1, 2008 due to the City's coordination of benefits and Mr. Kelly's employment time with the City prior to his transfer into the Fire Department. Mr. Park explained that all annual benefit statements as well as all known communication had referenced 9/1/08 as Mr. Kelly's eligible retirement date therefore he was not aware his actual eligibility date should have been February 1, 2008. Mr. Kelly has assured the administrator that he would have entered the DROP February 1, 2008 had he been aware of his eligibility. Lengthy discussion followed regarding the matter and the fact that the Board was unsure how the General Plan will process a benefit for the Plan members who have transferred to the Fire Dept from the General Plan. Mrs. Jensen reviewed the language in the Ordinance relating to the coordination of benefits. It would appear that Mr. Kelly's service and multiplier are fixed, however the salary appears to be the salary at the time of separation of employment.

- Bob Rubin made a motion to approve Stewart Kelly's DROP effective February 1, 2008. The motion received a second by Noel Marti and was approved by the Trustees 5-0.

Mr. Kelly had revised his election and will roll over his unused leave at the end of his DROP. The administrator will notify the City of Mr. Kelly's DROP entry date effective February 1, 2008.

The Board instructed the attorney to send a notice to the City to confirm Stewart Kelly's benefit as well as the other two members who have transferred from the General Plan to the Fire Pension Plan; John Brian and Clifford Ricketts.

**2009 MEETING SCHEDULE:** The 2009 meeting schedule was presented to the Board. The administrator will invite the investment managers of the active portfolios to upcoming Board meetings. Mrs. McNeill suggested that each manager be invited alternately on a pre-determined schedule in the future.

**PORTFOLIO MONITORING:** Bonni Jensen advised that the portfolio monitor, Jayne Goldstein, had left Mager & Goldstein and is now affiliated with Shepherd Finkelman Miller & Shah LLP. The firm of Mager & Goldstein were no longer providing portfolio monitoring services.

- Bob Rubin made a motion to sever the agreement with Mager & Goldstein and to initiate a new agreement with Shepherd Finkelman Miller & Shah LLP. The motion received a second by Noel Marti and was approved by the Trustees 5-0.

**UNION UPDATE:** Leo Nunez advised that a recent meeting was held with the Union and the City. Negotiations are expected to begin in January. Mr. Nunez explained that the City may not be receptive to benefit enhancements. He then inquired (of the attorney); if Share accounts are created with the excess 175 funds currently accumulated, and if the market and environment were to change in the next few years; could the employees choose to use the funds held in the Share accounts to purchase a particular benefit? Could they terminate the Share Plan to use the funds held in the Share accounts? Mrs. Jensen explained that such an arrangement could be made depending upon how the Share Plan is initially set up and how the funds are determined for allocation. She then advised that all members entitled to 10-year vesting would be vested for a Share benefit. Discussion followed regarding the possibility of using Share funds to purchase an increased multiplier. Mrs. Jensen explained that it can be arranged; however it is not an option she prefers.

### **DISBURSEMENTS**

Denise McNeill presented a disbursement report for approval.

- Noel Marti made a motion to approve the disbursements as presented. The motion received a second by Sue Finn and was approved by the Trustees 5-0.

### **ACTUARY REPORT**

Don Dulaney reported on the September 2008 CPI-U (Consumer Price Index) used to determine the Post Retirement Subsidy (PRS) for 2009. The increase will be 5.94% changing the rate from \$201.36 for 2008 to \$213.32 for 2009. (Calculated as 4.94% CPI-U + 1% per Ordinance)

Mr. Dulaney reviewed the 75% Purchase Power calculation. He reported that Mr. Brown would receive an increase of 4.94% and while Mr. Felton and Mr. Sullivan are close to having the factor begin, they will not receive an increase for 2009.

Discussion followed regarding the CPI-U rate and what type of inflation items are considered in the index.

Alan Park advised that the City had sent a request asking that the General, Police and Fire Pension Board actuaries provide a five year projection of cost going forward. Mr. Dulaney explained that he has additional questions for the City as to what assumptions are to be used related to payroll, new employees, etc.

- Bob Rubin made a motion instructing the actuary to work with the City to provide the necessary information and the Pension Board will pay for the cost. The motion received a second by Noel Marti and was approved by the Trustees 5-0.

Mr. Park inquired into the status of the COLA cost for the six vested-terminated participants and the 75% purchase power members. Mr. Dulaney advised that he will address the inquiry and will report to the Board at the next meeting.

### **ATTORNEY REPORT**

Bonni Jensen presented a revised Ordinance amendment related to prior Board instruction. Discussion followed regarding the COLA and the 75% Purchase Power. It was understood that members with the 75% Purchase Power benefit would be eligible for the 3% COLA if the Purchase Power benefit was not applicable. The member would be eligible to receive one or the other, not both. Mrs. Jensen will update the document and submit to the City accordingly.

Mrs. Jensen advised that a qualified public depositor form should be completed for all Plans with funds held in a public depository. Mrs. Jensen advised that arguably, the \$250,000 FDIC limit is per participant. The administrator will follow up with Northern on the funds held in either a cash account or receipts and disbursement account.

Mrs. Jensen inquired if a response had been received from Northern Trust regarding the updated Resolution. She explained that she has inquired as to whether or not Northern accepted the updated resolution or if they are operating under the 2006 instruction, however she has not received confirmation. Discussion followed regarding the recent service and communication issues with Northern. Alan Park will follow up with Brad Mayer regarding the Resolution.

Mrs. Jensen updated the Trustees on the recent workshop held regarding the 60T Actuarial Rules. She explained that there is still much concern regarding the matter. Mrs. Jensen reported that Sarabeth Snuggs, head of the Division of Retirement, spoke at the end of the meeting and advised that the State is not rushing to put the rules into place and to her knowledge, there is no intended drive to push municipalities into FRS. It was noted that, at the workshop, Mr. Slavin had advised he felt if Plans were using reasonable assumptions, then the changes would result in no additional cost to the Plan. Mr. Dulaney explained that actuaries are concerned with Mr. Slavin's assumption changes as such a concept would have dramatically "overstated" a Plan's assets at the end of the 90's when only a few years later the same Plan would have been dramatically under-funded due to the changes in the market. Mrs. Jensen explained that the industry feels there are a few Plans who may not be doing things properly and therefore the State should address those few Plans, not dictate changes that will cause significant monetary affects across the entire State. It was also noted that FRS would be exempt from the 60T Rules. Local governments are also concerned, not only due to the potential cost increase. Such changes appear that an outside source (State) is telling the municipality

what benefits they can offer to attract employees. Mrs. Jensen will continue to monitor the situation.

### **ADMINISTRATIVE REPORT**

**WEBSITE INFORMATION:** Mrs. McNeill reported that she had researched the request of posting the actuaries' quarterly DROP reports onto the administrator's website. Mrs. McNeill explained that although it appears to be a basic request, the administrator's system can only be accessed by participants with DROP accounts that have processed data in actual accounts within their administrative system. After further research, it was determined that a separate website access can be programmed for those members. The actuary would need to provide the documentation in a .pdf format for posting. The cost of the programming and any future program updates would be passed through to the Plan and it was expected to cost approximately \$1,500 to set up the initial programming.

- Bob Rubin made a motion for the administrator to setup access to the quarterly DROP statements through the website currently used for the Plan administration and for the set up cost not to exceed \$2,000. The motion received a second by Noel Marti and was approved by the Trustees 5-0.

### **ADJOURNMENT**

There being no further business,

- Bob Rubin made a motion to adjourn the meeting at 11:25 A.M. The motion received a second by Noel Marti and was approved by the Trustees 5-0.

Respectfully submitted,

Jay Gillette, Secretary