

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

January 12, 2010

Alan Park called the workshop 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
James Gillette, Secretary
Manuel Esparza, Trustee (10:45)
Susan Finn, Trustee

Leo Nunez; Advisory Board
James Estep, Advisory Board

OTHERS PRESENT

Bonni Jensen; Perry & Jensen; Counsel
Denise McNeill; Resource Center; Administrator
Don Dulaney; Dulaney & Company; Actuary
Michael Conlan
Members of the Plan

TRUSTEES ABSENT

Andrew Soterakis; Trustee

Steven Wells; Advisory Board

MINUTES

Denise McNeill presented the Board with minutes of the November meeting for approval

- Sue Finn made a motion to approve the minutes of November 19, 2009. The motion received a second by Jay Gillette and was approved by the Trustees 4-0.

OLD BUSINESS

DROP UPDATE: Denise McNeill provided a DROP update noting that Dennis Matty separated service in September and the rollover of his unused leave (scheduled to be processed at the end of his DROP) has been received into the Plan. She then noted that Mr. Kunz's DROP (effective January 1, 2010) was pending the receipt of payroll detail through December 31, 2009. Jay Gillette departed the meeting due to a fire call as he was on duty. Mrs. McNeill continued with the DROP update noting an issue that had arisen with Michael Conlan's rollover of unused leave. She explained Mr. Conlan had separated service and began receiving benefit payments effective December 1, 2009. Upon separation of service, Mr. Conlan's unused leave was to have been transferred to his DROP as he did not elect to transfer at the beginning, nor did he elect to do so when the matter was addressed with Mr. Conlan in 2007. Upon further research Mrs. McNeill found that Mr. Conlan had used his final leave to pay off a loan of his 457 account, then processed a 457 catch up contribution and the balance had been paid out directly to Mr. Conlan. Lengthy discussion followed regarding the matter. Mr. Conlan explained that he thought participation in the DROP rollover was optional. The Trustees noted that this type of an error should not have happened, especially since they had discussed the DROP requirements in detail at past meetings with Mr. Conlan present. Bonni Jensen explained that in order for the Plan to be compliant with IRS rules, all members must participate and the only option a member has is to roll the unused leave at the beginning of the DROP or at the end when they separate service. Participation is not an option. Mrs. Jensen reviewed the language in the Ordinance. Mr. Conlan disputed the language explaining that he did not feel the Ordinance clearly defined the requirements. Mrs. Jensen explained if any one member has the option not

to participate, then the entire Plan would lose the tax benefit and all members would be forced to pay taxes on their accounts. Mrs. Jensen explained the funds must be reprocessed. The City should take the funds back from Mr. Conlan and reprocess the proper transfer according to the proper rules and guidelines. It was noted the IRS maximum allowable annual contribution was \$49,000 for 2009 and the 457 contribution does not alter the DROP contribution limit related to IRS guidelines. Mrs. Jensen will research and confirm that contributions made to a 457 account do not have an impact on the DROP contribution amounts for the year. The Board instructed the administrator to address the payroll matter with the City instructing that Mr. Conlan's payout is to be reprocessed accordingly. Mr. Conlan advised that he may not have access to funds to repay the amount to City for payroll to be reprocessed. Mrs. Jensen explained that either way, the funds must be paid to the pension fund accordingly. Mrs. McNeill then reported on Mr. Lasseter's rollover of unused leave. She explained that Mr. Lasseter separated service and began receiving benefits September 1, 2009 however due to issues at the City, his rollover was not paid to the pension plan until December 30th. The Board instructed the actuary to credit Mr. Lasseter's DROP account for the rollover effective September 1, 2009 when the City's transfer should have been processed. Discussion followed regarding the process. Mrs. McNeill explained that the City receives copies of all DROP and retirement papers and notice is provided soon after the member submits their documents.

RETIREMENT APPLICATIONS AND BENEFIT APPROVALS: Mrs. McNeill presented benefit approvals for vested terminated members; Paul Sarvich (effective January 1, 2010) and Peter Agate (effective February 1, 2010).

- Manny Esparza made a motion to approve benefits for both Paul Sarvich and Peter Agate. The motion received a second by Sue Finn and was approved by the Trustees 3-0.

ORDINANCE AMENDMENT UPDATE: Bonni Jensen reported the Ordinance amendment is scheduled for the first reading to be on the City Council's agenda January 27th. She explained the City has all of the necessary impact statements. She explained recent there were recent changes to further clarify that the cost to provide the six purchase power members with the regular COLA will be paid for out of the accumulated 175 funds, the details on the initiation of the Share Accounts and further clarification on the existing DROP. Mr. Park explained that Mr. Rosenberg advised he was looking forward to making the presentation to the Council. Mr. Park advised that he will notify the Union and encourage them to attend the January 27th Council meeting. Mrs. Jensen explained that she will send copies of the pending Ordinance and the impact statements to Trish Shoemaker with the State of Florida between the first and second readings. Mr. Dulaney advised that he plans to be present at the upcoming council meeting.

AUDIT UPDATE: Denise McNeill advised that the audit is in the final stages, however the auditor would not be able to finish until all final financial information is received from the City. It was expected that the report should be completed and presented to the Board at the next meeting.

NEW BUSINESS

DROP DISTRIBUTION POLICY: Mrs. Jensen had been asked to provide the Board with copies of the distribution policy and to review the information at this meeting. When asked why such a policy was necessary, Mrs. Jensen explained there are issues related to tax withholding and rules that must be carefully followed therefore the goal of the policy is to limit the distributions to ensure withdrawals are properly distributed in accordance with IRS guidelines. Lengthy discussion followed regarding the process and requirements. Mrs. Jensen explained there are tax consequences for members electing to withdraw funds from the DROP account. She further explained for members who

separate service prior to age 50, they must wait until age 55 to receive a distribution from the DROP without a tax penalty. If a member elects monthly payments, the payment must be between the minimum and maximum allowances otherwise the payment could be subject to the 10% penalty. The Board discussed having multiple enrollment periods throughout the year. Mrs. Jensen explained that surviving spouses are allowed to create a substituted DROP account for any balance remaining upon the death of a participant, however other survivors do not have the same option and instead they have up to five years to remove the funds from the Plan. Mrs. Jensen explained that during open enrollment periods, members have the opportunity to change the distribution method, the amount being withdrawn monthly and they may elect to take partial withdrawals at that time as well. She explained that if a member is under age fifty when they separate service and they elect a monthly withdrawal, their amount must be between the minimum and maximum allowances and they cannot change the monthly amount until they reach age 59 ½. The trustees inquired into distributions for hardship cases. Mrs. Jensen recommended the Board amend the policy to include such hardship allowances. Discussion followed regarding open enrollments. It was noted that enrollments could be allowed two times per year; in August (with an effective date of October 1st) and again in February (for an effective date April 1st). The Trustees discussed making a single DROP and Share distribution policy; for the policy to be revised allowing for hardship withdrawals, for members not currently receiving a monthly withdrawal to be allowed to also take a lump sum distribution and to allow the two open enrollment periods annually.

- Sue Finn made a motion to approve the changes to the DROP and Share Distribution policy. The motion received a second by Manny Esparza and was approved by the Trustees 3-0.

SUMMARY PLAN DESCRIPTION: It was noted that the revised Summary Plan Description has been completed and will be posted electronically for all members later in the week.

IRS MILEAGE CHANGE: Alan Park reminded all Trustees of the recent notice from the attorney advising of the IRS mileage reimbursement change from \$0.55 per mile to \$0.50 per mile for travel reimbursements.

TRUSTEE TERMS: Denise McNeill informed the Board of a letter received from Trustee, James Gillette advising of his intent to resign as Trustee on the Board as he would not be able to fulfill the remaining term of his position. It was discussed that Mr. Gillette holds the fifth seat which is appointed by the other four Trustees. The administrator was instructed to post a notice of the open seat accordingly for the Board to address at their next meeting.

ATTORNEY REPORT

SCRUTINIZED INVESTMENTS: Mrs. Jensen reported that she has been in contact with Greg McNeillie of Dahab regarding the scrutinized investments. Mr. McNeillie will need to notify Northern Trust and the independent managers of the new requirements and subsequent reporting. She explained it is likely Northern Trust will not divest of any scrutinized holdings or make alternative funds available.

JOB DESCRIPTION: Mrs. Jensen advised that she had received in inquiry regarding Division Chief Cabrera as it is rumored he now has a position with the City outside of the Fire Department. The Board wanted to confirm there is no impact on the pension fund related to the new position with the City. Mrs. Jensen has requested a copy of the new job description from the City.

NON-LENDING FUND TRANSFER: Mrs. Jensen explained she was pleased to notify the Board that the funds are being transferred at Northern Trust from lending accounts to non-lending accounts. She explained it has been a lengthy and challenging process however after several attempts and (many completed forms) the process is finally underway.

ACTUARY REPORT

DROP STATEMENTS: Don Dulaney presented the Board with DROP statements for the quarter ending December 31, 2009. He noted that Mr. Conlan's statement has not been issued due to the pending rollover matter.

Mr. Dulaney then explained that a few more questions regarding the Share accounts and member's dates of hire; however those have recently been resolved.

Mr. Dulaney then noted that there were issues with the initial annual payroll data received from the City. He explained that he will utilize the most recent information received from payroll, however there still seems to be an issue and a difference between the data the City is sending to the administrator for payroll posting and what the City is reporting to the actuary as the annual payroll. Denise McNeill advised that she will review the detail of the differences and provide it back to the City for explanation.

Leo Nunez inquired into the annual benefit statements. Mr. Dulaney advised they should be available for distribution at the next meeting.

ADMINISTRATIVE REPORT

Denise McNeill inquired if the Trustees are interested in inviting any of the Fund's investment managers to present to the Board at the February meeting. The Trustees chose not to invite a manager at this time.

Denise McNeill reviewed additional information presented to the Trustees in their meeting packet, noting the upcoming 2010 trustee educational conferences. Sue Finn expressed her interest in attending a couple however she will need to confirm dates.

Mrs. McNeill then presented reports from the securities monitoring firm along with a letter regarding a class action suit. Mrs. Jensen explained that while the Plan held a few stocks involved with securities pending a class action suit, the monitor does not recommend the Board file as lead plaintiff.

DISBURSEMENTS

Denise McNeill presented a disbursement report for approval.

- Sue Finn made a motion to approve the disbursements. The motion received a second by Manuel Esparza and was approved by the Trustees 3-0.

ADJOURNMENT

There being no further business,

- Sue Finn made a motion to adjourn the meeting at 11:00 A.M. The motion received a second by Manuel Esparza and was approved by the Trustees 3-0.

Respectfully submitted,