

# City of Miramar Firefighters' Retirement Plan

## MINUTES OF MEETING HELD

July 13, 2010

Alan Park called the meeting to order at 9:05 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  
Manuel Esparza, Secretary  
James Estep  
Susan Finn, Trustee  
  
Leo Nunez; Advisory Board  
Orlando Segarra; Advisory Board

### OTHERS PRESENT

Bonni Jensen; Perry & Jensen; Counsel  
Denise McNeill; Resource Center; Administrator  
Don Dulaney; Dulaney & Company; Actuary  
Greg McNeillie; Dahab Associates; Consultant  
Chris Armstrong  
Ian Thomas; City of Miramar (10:20)  
Members of the Plan

### TRUSTEES ABSENT

Andrew Soterakis; Trustee

### MINUTES

Minutes of the meetings held May 20, 2010 and April 6, 2010 and January 12, 2010 were presented in the Trustee packets for review.

- Manuel Esparza made a motion to approve the minutes as presented. The motion received a second by James Estep and was approved by the Trustees 4-0.

### ACTUARIAL VALUATION

Don Dulaney appeared before the Board to present the October 1, 2009 Actuarial Valuation Report. He presented the Trustees with a detailed report along with a summary for review. Mr. Dulaney reviewed the summary report with the Trustees in detail. He noted a rate of return of 1.1% (due to the smoothing method used). He explained the City's contribution increased from 30.2% to 33.5% of covered payroll. Mr. Dulaney noted a slight decrease in the 175 premium tax revenue received in comparison to the prior year. He further noted the reduction in the supplemental amount received was dramatic (almost half of the amount received the prior year). Mr. Dulaney went on to review the Plan changes that had been implemented during the year. He explained the change to the DROP maximum period for those entering DROP before 25 years of service resulted in a slight savings to the City due to the life expectancy portion in the calculation. He then reviewed the assumption changes noting that the changes to the assumptions reduced the City's cost by 0.21% of payroll. Mr. Dulaney reviewed the active member statistics and the smoothing method used for the Plan. Discussion followed regarding the funded ration of 57% which has not changed in the last three years. Mrs. Jensen asked whether the report could show the City contribution both as a percentage of UnDROPPed payroll and payroll including the members now in DROP. Mr. Dulaney provided a historical detail of the 175 premium tax contributions and the supplemental funds received from the State. He explained that \$3,973,795 was used for the cumulative Share Account allocations and the extension of the 3% COLA to those retired or terminated prior to October 1, 1999. Mr. Dulaney noted that October 1, 2008 through September 30, 2009 had 27 pay periods instead of the typical 26, which arbitrarily increased the salary cost in the report process.

- James Estep made a motion to approve the October 1, 2009 Valuation Report as presented. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

### **OLD BUSINESS**

**DROP UPDATE:** Denise McNeill reported the payroll through June will be sent to the actuary for quarterly DROP processing as soon as the last June data file is received from the City and posted. She then noted that the recent request to change beneficiary from James Gillette will require the Board approve the revised calculation.

**ADVISORY BOARD OPEN SEATS:** Alan Park reviewed the open seats on the Advisory Board. Mrs. McNeill noted that only one submission had been received, and it was from Chief Armstrong.

- James Estep made a motion to appoint Chris Armstrong as the newest Firefighter to the Advisory Board. The Motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

### **NEW BUSINESS**

**SHARE ACCOUNT ELECTION:** Denise McNeill explained that a letter would be sent to all members by the end of July, allowing them to elect their Share Account earnings option (fixed or invested with the asset of the Plan). The Trustees agreed if no election is made by the deadline, the member's Share account will default to the earnings of the Plan which could result in a loss. Mrs. Jensen will provide a revised Share Account Earnings Election form for distribution. Discussion followed regarding the forms to be used. It was noted the DROP election is irrevocable however the Share account can be changed annually during the month of August for an effective date of the following October. Lengthy discussion followed regarding the assumption rate, the DROP members whose election is irrevocable and the COLA. Mrs. Jensen advised that the state of Colorado changed their COLA by state law from 3% down to 2% claiming an actuarial necessity in order to preserve the integrity of the pension plan. She noted the State of Colorado retirees are fighting the change; however it is currently in affect.

**INTERNET DOMAIN:** Denise McNeill was instructed to follow up on the domain and make sure it is registered. Mr. Estep requested the domain link into the Miramar Fire page on the Resource Center website. The trustees discussed the cost of the domain renewal.

- Manuel Esparza made a motion to renew the domain for a term not to exceed five years and for the cost not to exceed \$60. The Motion received a second by Sue Finn and was approved by the Trustees 4-0.

**TRUSTEE ELECTION:** Alan Park advised a notice of election has been posted for his expiring seat on the Board. He informed the Trustees that he will not nominate himself for re-election. The Board discussed Mr. Park's years of service to the pension plan.

**ONLINE PENSION INFORMATION:** James Estep inquired into the actuary's ability to provide online access for the member's annual benefit statements and annual Share account statements. Mr. Dulaney advised it would need to be arranged for use through the administrator's website. Denise McNeill will research the capability and cost for the Board and will report at the next meeting.

**CONFERENCE UPDATE:** James Estep explained the FPPTA has offered to put together a team to arrange a "Town Meeting" to be presented to the City Council and

members of the Plan at no charge. The goal is to educate the local council members of the details related to the public pension plans. Mr. Estep then noted that many pension plans appeared to have shirts and business cards at the recent conference. Mr. Dodge noted the Pension board should be able to use the same provider as the Union and they should receive the same discount on shirts. Mr. Segarra will research the shirts and Mr. Estep will research the business cards.

- Sue Finn made a motion to approve for the Board to consider and review ordering business cards. The Motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

UNION REQUEST: Eric Dodge appeared before the Board to request the Pension Board authorize the actuary to do a study inclusive of a 10 and 15 year projection of what the potential pension fund cost would be to the City if the Pension Plan meets the assumption rate each year. Lengthy discussion followed regarding the request. Mr. Dulaney recommended not exceeding 20 years in the study. He then confirmed the study could be completed with detailed guidance from the Union for a maximum cost of \$3500.

- Sue Finn made a motion authorizing the actuary to provide the Union and the Pension Board with a projection of the pension cost in 5, 10 and 15 years with the Plans assumed rate of return being met; and for the cost not to exceed \$3500 [detail of the projections will be provided to the actuary by the Union]. The Motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

Ian Thomas requested the projections include the cost for the necessary staffing as well.

DROP END DATE: Peter Gurdak appeared before the Board to inquire into the situation if a member chooses not to leave the DROP at the end of their allowable time. Lengthy discussion followed regarding the matter. The Trustees noted that one benefit used to convince the City that the DROP was a good idea was that the DROP helps the City to budget which high payroll members will be leaving at predefined dates. Mrs. Jensen explained the auto provisions currently in the DROP plan if a member does not separate service on time are: no additional deposits will be made into the DROP account, no further interest will accumulate and the agreement signed by the member acknowledged that failure to leave the DROP could include other financial losses. Mr. Gurdak disputed the Board's interpretation advising that he feels it would be beneficial to the Pension Fund for him to remain as an active employee in the Plan beyond his expected date of separation. Mrs. Jensen advised the IRS allows for five years and could have significant issues with the Pension Plan if the guidelines are not followed. Mrs. Jensen further advised that some other plans have imposed significant penalties to members who refuse to separate service at the expected time. Mr. Gurdak requested the Board consider allowing him to remain employed with the Fire Department and to do an alternative modified DROP. Mrs. Jensen explained the matter is a negotiation issue between the Union and the City and cannot be changed by this Board.

### **ATTORNEY REPORT**

FORM 1 FILING: Bonni Jensen advised she is working with Mrs. Finn on her Form 1 filing.

INVESTMENT POLICY GUIDELINES: Mrs. Jensen explained the Board had approved changes to the Investment Policy at the last meeting and she was awaiting a revised document from the investment consultant.

FINANCIAL STATEMENTS: The Board had previously agreed to have the administrator provide interim financial statements for the Board at an additional cost of \$400 per

month. Denise McNeill explained the effective date of the process was to be determined by the City as to when they wished to transition the process. Mrs. McNeill advised she had received confirmation from Ian Thomas that the change was to be retroactive to October 1, 2009 in order to capture the current plan year ending September 30, 2010. Mrs. Jensen presented the Board with a revised administrative agreement inclusive of the change effective October 1, 2009.

- Manuel Esparza made a motion to engage the Resource Center to process the interim monthly financial statements for an additional cost of \$400 monthly retroactively effective October 1, 2009. The motion received a second by Sue Finn and was approved by the Trustees 4-0.

### **ADMINISTRATIVE REPORT**

**HERNDON CAPITAL:** Denise McNeill advised that Herndon Capital had requested to attend an upcoming meeting to present recent company changes to the Board and to provide a review of the current relationship. She explained that Mr. McNeillie had suggested having the investment manager present at the November meeting. The Trustees instructed the administrator to invite Herndon Capital to the November meeting.

**BENEFIT APPROVAL:** Denise McNeill presented a revised benefit approval for James Gillette inclusive of his recent beneficiary change.

- Manuel Esparza made a motion to approve the revised benefit for James Gillette. The motion received a second by James Estep and was approved by the Trustees 4-0.

**AUDIT ENGAGEMENT:** Denise McNeill presented an audit engagement received from Goldstein Schechter Koch. Mrs. Jensen advised they had added a provision for mediation and the fee had increased. The Trustees discussed the changes. The Trustees instructed the attorney to contact the audit firm insisting they remove the mediation clause and continue the same audit and annual report fee as the prior year (\$12,500 audit and \$1,000 annual report).

### **DISBURSEMENTS**

Denise McNeill presented a disbursement report for approval with the addition of manual notes to reimburse Mr. Estep for expenses.

- Sue Finn made a motion to approve the disbursements inclusive of the new reimbursement. The motion received a second by James Estep and was approved by the Trustees 4-0.

### **ADJOURNMENT**

The Trustees acknowledged the next meeting date of August 19, 2010.

There being no further business,

- Manuel Esparza made a motion to adjourn the meeting at 11:10 A.M. The motion received a second by Sue Finn and was approved by the Trustees 4-0.

Respectfully submitted,

Manuel Esparza, Secretary