

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

October 5, 2012

James Estep called the meeting to order at 9:09 AM in the Meeting Room of Fire Station 100 located at 2800 SW 184th Avenue, Miramar, FL. Those persons present were:

TRUSTEES PRESENT

James Estep, Chairman
Manuel Esparza, Secretary
Orlando Segarra; Trustee

Jason Swaidan; Advisory Comm
Leonardo Nunez; Advisory Comm
Christopher Armstrong; Advisory Comm

OTHERS PRESENT

Denise McNeill; Resource Center; Administrator
Bonni Jensen; Perry & Jensen; Counsel
Don Dulaney; Dulaney & Company; Actuary
Cindy Naraine; City of Miramar
Members of the Plan

TRUSTEES ABSENT

Andrew Soterakis; Trustee
Andrew Tomchick; Trustee

Susan Finn; Advisory Comm

ATTORNEY REPORT

LEGAL UPDATES: Bonnie Jensen reported on a letter sent to the State from the City Manager of Naples. In collective bargaining with Police, their benefits were reduced below the 185 minimums. The State provided a response stating that they believe the State has been wrong in their interpretation for the past 13 years; the March 1999 date is irrelevant; it is okay to go below the state minimum benefits and 175 and 185 funds may be used not just for additional benefits. She noted the letter does not apply to any other City until advised; however similar letters have since been issued to other Cities. Mrs. Jensen explained the Board should continue with their current interpretation until the rules are formerly changed or until they receive any direct correspondence from the State.

James Estep reported that he had received a message from Susan Finn that she is having much difficulty making the meetings at this time. Mrs. Finn had explained that; if the Board is aware of any other City resident who is interested in the Advisory Committee position, she would be willing to step down and allow for the position to be filled. Discussion followed regarding Board seats.

James Estep then inquired into requests from members wanting to stay beyond their DROP expiration date. Mrs. Jensen explained that typically a member cannot be on payroll and receiving a retirement payment. The language in the Plan would need to be amended to accommodate such an allowance. Mrs. Jensen explained she is unsure how the IRS will interpret the matter for government entities and the situation is arising frequently around the country. Lengthy discussion followed regarding the process. Mrs. Jensen noted there are multiple cascading effects and the situation creates much exposure. The Trustees noted the department currently has retired members working part time in the Fire Department in civilian positions. Mrs. Jensen explained the IRS has issued a new rule that will impact the Plan in 2013/2014 regarding retirement ages. She explained there are many implications and no simple solution. She noted the IRS is spending much time on the issue with governmental plans. The Trustees instructed Mrs. Jensen to research the part time issue as well look into the options and potential impact to the Plan. The matter will be addressed at the next meeting.

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PRE-APPROVED IPAD APPLICATIONS: Mrs. Jensen presented a revised list of pre-approved IPAD applications as amended from discussion at the last meeting.

- Orlando Segarra made a motion to approve the IPAD application list as presented. The motion received a second by Manuel Esparza and was approved by the Trustees 3-0.

ACTUARY REPORT

Don Dulaney presented the Trustees with the 2011 valuation report.

Manny Esparza departed the meeting for a call at 10:13 AM and the meeting continued as a workshop.

Mr. Dulaney reviewed the report in detail. He explained the actuarial value of assets was increased due to the methodology change. Discussion followed regarding the active member statistics.

Manny Esparza returned to the meeting at 10:20 AM.

Mr. Dulaney reported the City's contribution increased from 26.5% to 38.4%. He noted the contribution rate would have been over 40% if the methodology had not been changed. Mr. Dulaney explained that people are living longer and we will eventually have plans with more retirees than active members. He advised this scenario is expected and calculated accordingly in the valuation. It was noted the report provided a hard dollar funding amount for the City's budgeting purposes. Discussion followed regarding salaries. Mr. Dulaney explained that in 2009, the payroll should have been 6.4%; however it was reflected as 10.5% due to 27 pay periods in the Plan year instead of the typical 26 pay periods. He reviewed the actuarial gain/loss and noted the change was due mostly to the Plan's investment return. Mr. Dulaney advised that he plans to change to the entry age normal process when the change will not increase the cost to the Plan. He then reviewed the value of assets and smoothing technique in detail. Mr. Dulaney explained that he expects the next report will be similar since the 2007 investment gain will drop out of the smoothing calculation; however it is close to the 2011 gain so the change will be similar. He advised that when the 2008 loss is dropped from the smoothing method, that change will have more of a positive impact on the Plan.

- Manuel Esparza made a motion to approve the 2011 Valuation Report as presented. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

Discussion followed regarding fiscal year end payroll reports. Mrs. McNeill explained that the City will need to provide the data to the actuary since the administrator has not received the necessary payroll files needed to post since October 1, 2011. Lengthy discussion followed regarding the process. Cindy Naraine explained that the City may not be able to access the data from the prior payroll vendor any longer. Bonni Jensen recommended the Board agree to have the administrator complete the data posting process in whatever way possible even if it requires a manual process since the City is unable to provide the needed payroll reports.

- Manuel Esparza made a motion to approve if the administrator is unable to resolve the payroll file matter with the City, then the administrator is to do a special project to manually input the payroll data for the past fiscal year and for the cost of the project not to exceed \$10,000. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

NEW BUSINESS

James Estep reported that the Union would like to have a study completed related to freezing step pay. They would like to have all potential changes reviewed to ensure that saving the money now will not arbitrarily increase cost down the road. Don Dulaney explained assumptions are long term and therefore short term adjustments (such as a collective bargaining agreement) will not have a long term impact on the Plan. Discussion followed regarding step pay and salary.

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It was noted that such a freeze could result in more of a cost shifting matter than cost savings. The Trustees agreed the Union will need to

provide a detail of their request for the actuary. Discussion followed regarding the pay allowances and payroll reports.

- Manuel Esparza made a motion to approve if the administrator is unable to resolve the payroll file matter with the City, then the administrator is to do a special project to manually input the payroll data for the past fiscal year payroll and for the cost of the project not to exceed \$10,000. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.
- Manuel Esparza made a motion to approve that upon receipt of the Union's request regarding the step pay inquiry, the actuary may provide the detail by drafting a letter to the Pension Board and the Pension Board will share the letter with both the Union and the City. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

MINUTES

Minutes of the August 16, 2012 meeting were presented in the Trustee packets for review.

- Manuel Esparza made a motion to approve the August 16, 2012 minutes as presented. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

FINANCIAL STATEMENTS

The Financial Statements for the period ending August 30, 2012 were presented in the Trustee packets for review.

DISBURSEMENTS

Denise McNeill presented a disbursement report for approval with an addition of a reimbursement to Orlando Segarra.

- Manuel Esparza made a motion to approve the disbursements as amended. The motion received a second by Orlando Segarra and was approved by the Trustees 3-0.

ADJOURNMENT

The Trustees acknowledged their next meeting date, previously set for November 15, 2012. There being no further business,

- Manuel Esparza made a motion to adjourn the meeting at 11:35 P.M. The motion received a second by Orlando Segarra and was approved by the Trustees 3 -0.

Respectfully submitted,

Manuel Esparza, Secretary