

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING HELD

January 10, 2013

James Estep called the meeting to order at 9:02 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
Andrew Tomchick; Trustee

Leonardo Nunez; Advisory Comm
Christopher Armstrong; Advisory Comm
Susan Finn; Advisory Comm

TRUSTEES ABSENT

Andrew Soterakis; Trustee
Jason Swaidan; Advisory Comm

OTHERS PRESENT

Denise McNeill; Resource Center; Administrator
Bonni Jensen; Perry & Jensen; Counsel
Don Dulaney; Dulaney & Company; Actuary
Cindy Naraine; City of Miramar (9:35 AM)
Rebecca Katz; Motley Rice
Members of the Plan

MINUTES

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

- Manuel Esparza made a motion to approve the November 16, 2012 minutes as presented. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

DISBURSEMENTS

Denise McNeill presented a disbursement report for approval with an addition of a reimbursement to Orlando Segarra and the December invoice for Dulaney & Co.

- Manuel Esparza made a motion to approve the disbursements as amended. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

MOTLEY RICE

Rebecca Katz of Motley Rice appeared before the Board to present securities monitoring services. She introduced herself and reviewed their firm history. She explained this would be a long time relationship with very few actions expected. Ms. Katz reviewed the presentation in detail. She reviewed a particular case where the presiding judge advised that plans should have at least two such monitoring firms reviewing their assets. She reviewed Motley Rice's process noting they would review the Plan daily, monitor the market daily and would complete any claim forms if necessary. She explained the types of litigation are securities fraud, derivative actions, corporate takeover actions and individual actions. Mrs. Jensen explained the Plan has 85% in indexed funds, timber and real estate therefore the monitoring service would be on a very small portion of the Plan's portfolio. Ms. Katz acknowledged that the assets to monitor would be limited. Ms. Katz departed the meeting at 9:53 AM. Mrs. Jensen reviewed the process explaining that administratively the process is minimal until a case or action proceedings are applied. Lengthy discussion followed regarding the process. It was noted the filings are currently done by Comerica and she recommended leaving the process with Comerica as she does not currently have any outside firms handling the client filing. Mrs. Jensen recommended the Board

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have rules and procedures in place in the event there is a need for such action. She explained the most beneficial part to the Plan would be for Motley Rice to ensure that Comerica has filed.

- Manuel Esparza made a motion to contract with Motley Rice as a second portfolio monitor. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

ATTORNEY REPORT

IRS MILEAGE: Bonni Jensen reported the IRS Mileage increased January 1, 2013 to \$0.565 per mile.

ADMINISTRATIVE AGREEMENT: Mrs. Jensen presented the revised administrative agreement inclusive of the latest changes made to the administrator's role in addition to the recently approved fee increase.

- Manuel Esparza made a motion to execute the Administrative Services Addendum accordingly. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

ORDINANCE AMENDMENT: Bonni Jensen presented an ordinance amendment for review. There was a prior pending change to clarify the language regarding disability compensation and a section had been added related to in-service distributions. Discussion followed regarding the disability language. Discussion then followed regarding in-service distributions. She explained that although many cities do this across the state of Florida, she feels members should not be hired back as any type of municipality employee. She advised that truly independent contractors are not city employees. Mrs. Jensen explained the IRS is the entity that determines as to whether or not a person is an employee or independent contractor; however the City is responsible for validating their independent contractors are just that, independent contractors, and that they meet all of the necessary criteria. Lengthy discussion followed regarding the matter and it was noted that the Board may consider creating a special policy to deal with the Board's process related to the matter. Don Dulaney addressed the disability language noting the language revision could be a cost item. Mr. Dulaney will review a couple of the disability calculations on file. Mrs. Jensen recommended having the Union do a waiver on the Ordinance change if the Board approves. Mrs. Jensen will remove the disability language until the actuary has time to research further.

- Manuel Esparza made a motion to approve the Ordinance amendment to 15-94 with the noted changes. The motion received a second by Andrew Tomchik and was approved by the Trustees 4-0.

Chris Armstrong explained that he believes the City is scheduled to ratify the change at their January council meeting. Mrs. Jensen explained the Union will need to ratify the language first before the Board can change the ordinance.

Mrs. Jensen reported the IRS is sending notices to many retirees under age 50 advising they owe additional 10% early penalties. Denise McNeill confirmed her office has received several calls from various pension plans regarding the matter. Discussion followed regarding the Board's responsibility.

DROP: Mrs. Jensen then explained she had received a call from the City attorney and a couple of City staff members regarding a variable rate of return on the DROP. She explained that she had attended a summer conference and the IRS representative had advised that a completely variable DROP rate may not be considered a defined benefit.

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SUMMARY PLAN DESCRIPTION: Mrs. Jensen will amend the SPD to include the revised Post Retirement Subsidy rate. A revised document will be provided for distribution.

ACTUARY REPORT

Don Dulaney reported that Yiu Lai was no longer with Dulaney & Company. He explained a new employee has started with the firm and while she may be new to the firm, she is not new to the industry. Mr. Dulaney then reported that he has responded to questions from the auditor and confirmed the Plan is back to reporting by percentage of payroll.

OLD BUSINESS

Orlando Segarra will follow up on the order placed for pension board shirts.

ADMINISTRATOR REPORT

PAYROLL DATA: Denise McNeill explained the payroll matter was still pending and the administrator is awaiting individual payroll files for 10/01/11 through July 2012 as well as the fiscal year end detail for the auditor and actuary.

FINANCIAL STATEMENTS: Mrs. McNeill reviewed the financial statements in the Trustee packets.

NEW BUSINESS

Denise McNeill reported the scrutinized holdings report had been received from Dahab and had been included in the Trustee packets for review.

Bonni Jensen advised there is a new pension bill being proposed. She explained on first glance, it does not appear to be too bad although a little confusing. She noted that it is quite different from the Naples letters and much improved. She will keep the Board posted on the Bill as it progresses and she reminded the Trustees that such Bills often undergo several changes before the final vote. Don Dulaney advised he had reviewed the letter and explained that he feels it memorializes the City's contribution as of September 30, 2012 recognizing the floor amount as the minimum contribution rate. From the actuary's point of view, the change will help to strengthen pension plans and pay down unfunded liability making the pension plans more viable in the future.

ADJOURNMENT

The Trustees acknowledged their next meeting date set for February 21, 2013. There being no further business,

- Manuel Esparza made a motion to adjourn the meeting at 11:15 A.M. The motion received a second by Andrew Tomchik and was approved by the Trustees 4 -0.

Respectfully submitted,



Manuel Esparza, Secretary