

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

January 16, 2015

James Estep called the meeting to order at 9:05 A.M. 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 (9:11)
Susan Finn, Trustee

Leo Nunez, Advisory Comm (9:22)

OTHERS PRESENT

Denise McNeill; Resource Center, Administrator
Bonni Jensen; Perry & Jensen; Attorney
Don Dulaney; Dulaney & Co; Actuary
Steve Gordon; SI Gordon & Co; Auditor
Ian Thomas; City of Miramar; (10:12)
Members of the Plan

TRUSTEES ABSENT

Andrew Tomchik, Trustee
Jason Swaidan, Advisory Comm
Ulises Carmona, Advisory Comm

PUBLIC COMMENTARY

James Estep invited those present to address the Board with public comments. There were no comments at this time.

MINUTES

Minutes of the October 2014 meeting were presented in the Trustee packets for review. It was noted that the agenda listed the minutes as November; however it should have been October.

- Sue Finn made a motion to approve the October 2014 minutes as presented. The motion received a second by Manny Esparza and was approved by the Trustees 4-0.

DISBURSEMENTS

Denise McNeill presented the November disbursement report for approval.

- Susan Finn made a motion to approve the disbursements as presented. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

Denise McNeill presented the January disbursement listing inclusive of a hardship request for a DROP distribution and additional items from the meeting expense.

- Manuel Esparza made a motion to approve the hardship withdrawal for Edgar Rafuls. The motion received a second by Susan Finn and was approved by the Trustees 4-0.
- Susan Finn made a motion to approve the disbursements along with the additional items. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

OLD BUSINESS

PAYROLL DATA UPDATE: Steve Gordon of SI Gordon & Associates appeared before the Board to report on the payroll review completed by his firm. Mr. Gordon reminded the Trustees the original question related to whether or not the payroll being given to the pension administrator, auditor and actuary is accurate. He explained that they found the reports to be inaccurate. Mr. Gordon provided a detailed description of the process used to review the data and he then

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

January 16, 2015

reviewed the report findings in detail with the Board. Discussion followed regarding what to do with the issue and Mrs. Jensen explained the matter affects member payroll and feels the Board has a fiduciary to the members of the Plan to correct the matter. Mr. Dulaney explained if the variance is consistent each year it should have no real impact on the Plan. The Trustees expressed their concern for members who are ready to separate service since errors could impact the information being used in their final average salary. Mrs. Jensen recommended setting up a meeting with the City Manager to address the matter. Lengthy discussion followed regarding how to address the issue. The Trustees instructed Mr. Gordon to communicate the situation with the City's auditor and Mr. Estep was directed to set up a meeting with the City Manager to address the Board's concerns. It was agreed they would request that it be held as a public meeting so that multiple Trustees could attend. Ms. Finn explained she feels it is important that she be given the opportunity to attend so that she can explain her concern as an appointed City Trustee. Lengthy discussion then followed regarding possible solutions and how the Board could maintain and monitor the full payroll detail in addition to the pensionable pay currently being reported to the administrator.

Ian Thomas entered the meeting at 10:12 AM. Mrs. Jensen brought Mr. Thomas up to date on the discussion. Mr. Gordon explained he has received different reports from Finance with varying totals that do not match from one report to another and he is not able to determine which reports are accurate. Mr. Thomas agreed that the reports have not matched what Mr. Gordon was attempting to reconcile and explained they are produced from a different report than what the payroll detail is taken from.

- Susan Finn made a motion for Mr. Gordon to notify the City auditor of the issue and for the administrator to research the matter to determine who could provide a bi-weekly data review of the full payroll detail. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

Discussion then followed regarding the new rules for the financial statements and Mr. Gordon explained the changes affect the treatment of DROP and Share account balances, requiring them to be treated as part of the Plan's liability when they were previously treated as being held in an account for each member. He explained in the past, the investment earnings on the DROP were not considered a Plan asset; however now it must be reported as part of the Plan's earnings. Mr. Gordon further explained that previously they did not list the estimate of future benefits; however the GASB changes intend to make the net liability clear. Lengthy discussion followed regarding the impact of the changes. Ian Thomas inquired into the timing of the reports for all of the City plans that Mr. Gordon is auditing. Mr. Gordon explained that he just received notice from his office on the way to this meeting that the reports his office received from Finance are significantly different from the report totals that had been provided to the actuary for a couple of the other Plans and until he can verify what is going on with the variances of what is being reported, he was unable to commit to a time-frame. Mr. Thomas inquired with Mr. Dulaney on the valuation once the actuary has the financial detail needed from the auditor and Mr. Dulaney explained he could have the report completed in two to three weeks once he has authorization of which information is to be used in the report.

ATTORNEY REPORT

FICA UPDATE: Mrs. Jensen explained the City had requested quotes from tax attorneys to have the matter reviewed and two quotes were received. The City has selected Gray Robinson to review as the quote seemed to be the most cost effective. The City has inquired how much the Fire Pension Board would agree to pay toward the cost of the report.

- Susan Finn made a motion for the Pension Board to pay for the cost of the independent review from Gray Robinson not to exceed \$7,500 and for the City to copy the Board on all communication regarding the matter. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

January 16, 2015

Mr. Thomas confirmed the Pension Plan administrator would be copied on all communication accordingly.

IRS MILEAGE RATE 2015: Mrs. Jensen reported the IRS mileage reimbursement rate increased on January 1, 2015 to \$0.575 per mile. A memo with the details had been provided in the Trustee packets.

DROP POLICY: Bonni Jensen presented the revised DROP policy. She reviewed the changes with the Board explaining the interest credit has been adjusted to match the language in the Share policy as per the direction from the prior meeting.

- Manuel Esparza made a motion to approve the revised DROP policy as presented. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

Mrs. Jensen provided additional revised forms for employees who retired prior to October 1, 2012 and have the option to change between fixed and variable annually.

IRS SAFE HARBOR: Mrs. Jensen reported the IRS had issued a new Safe Harbor document that is very complicated. She recommends the Board follow the document to be compliant with the IRS even though it is more difficult to understand.

LEGAL UPDATE: Mrs. Jensen reported there are two Bills pending pension changes. SB 242 proposes all governmental pension plans use the same mortality tables used by FRS for their valuations and calculations. She explained they have three tables that are blended the change could cost the Plan money if it passes. Mrs. Jensen then reported on SB 172 which includes the same changes to 175 and 185 from the prior session. She explained it is an attempt to change how the 175 and 185 funds are used. She reported the Florida League was previously in favor; however she understands they are currently opposing the Bill. She will provide more information at the next meeting; however she expects the Bills to change throughout the legislative session.

IRS – DROP PLANS: Mrs. Jensen then reported the IRS has reversed their opinion on DROP accounts. DROP plan monthly deposits were previously considered annual deposits and they have now changed their opinion. This Plan has regular deposits and will need to measure the contributions. The employer match and employee contributions must be reduced from the rollover unused leave annual limit (which is \$53,000 for 2015). She explained the same analysis remains on the IRS letter as to how 415 limits apply.

LEE MUNDER NAME CHANGE: Bonni Jensen reported that Lee Munder is changing their name to LMCG.

PUBLIC RECORDS REQUEST: Mrs. Jensen then reported the administrator had received another records request under the Freedom of Information Act from Pitchbook.com. The administrator has responded accordingly.

Mrs. Jensen then addressed the matter of two members who had been found to have been overpaid by the City. Mr. Estep explained both have meetings set with Human Resources to discuss the details.

FPPTA PLAN INFORMATION: Bonni Jensen presented a second draft of a public information release for the Pension Plan. She reviewed the seven facts listed in the presentation. Lengthy discussion followed regarding the material and presentation.

Mrs. Jensen then addressed a public records request the administrator had received requesting a very detailed breakdown of assets in a manner that does not exist for the Plan. Mrs. McNeill

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

January 16, 2015

explained that copies of the investment consultant's quarterly reports were provided as a response along with an explanation that the requested detail is not available in the Plan records.

ATTORNEY CONFERENCE: Mrs. Jensen informed the Trustees of an upcoming conference being presented by Klausner, Kaufman, Jensen and Levinson in March 15th – 18th. The Trustees will need to register in order to attend.

ACTUARY REPORT

Mrs. McNeill explained the 2014 report from the City was off on three people from the fiscal year-end report the administrator was able to pull from the posted payroll files. The City had addressed the differences for those three people and it seemed reasonable to use the data report from the City at this time. Don Dulaney confirmed he will be able to turn around the GASB 67 information pretty quickly once he receives the financial statement from the auditor. The Board agreed for the actuary to use the data from the City and to move forward with the annual benefit statements. Mr. Dulaney explained he would like to present assumption changes to the Board prior to the valuation being done.

ADMINISTRATOR REPORT

DROP AND SHARE STATEMENT UPDATE: Denise McNeill reported the revised DROP statements have been released and the Share accounts are in process.

COMERICA AUTHORIZED SIGNATURE UPDATE: Denise McNeill presented an updated signature form to be signed by the Trustees for the custodian. The form was signed accordingly.

REBALANCE UPDATE: Mrs. McNeill reviewed the asset rebalancing completed in December as instructed by the investment consultant.

2015 MEETING SCHEDULE: The revised 2015 meeting schedule had been provided to all Trustees and no further changes were requested at this time.

NEW BUSINESS

Mrs. McNeill reported that she had received a request for death benefits from the Pension Plan from Mr. Rimi's widow. Mrs. McNeill explained she had reviewed the file and there was no indication that any further benefits are payable beyond Mr. Rimi's death. Mr. Dulaney confirmed he had also reviewed his records and agreed that no further benefit is payable to Mr. Rimi's widow. Mrs. McNeill explained she has no mailing address for Mrs. Rimi and the telephone number she had been given does not belong to Mrs. Rimi's so she will have to wait to hear back from Mrs. Rimi to share the details of the research.

ADJOURNMENT

The Trustees acknowledged their next meeting date was set for February 20, 2015. There being no further business,

- Susan Finn made a motion to adjourn the meeting at 11:55 AM. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

Respectfully submitted,


Manuel Esparza, Secretary