

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

January 15, 2016

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
Patricia Barry, Trustee

Leo Nunez, Advisory Comm
Jason Swaidan, Advisory Comm

OTHERS PRESENT

Denise McNeill; Resource Center; Administrator
Bonni Jensen; Klausner, Kaufman, Jensen &
Levinson; Attorney (9:22 AM)
Don Dulaney; Dulaney & Co; Actuary
Jeanne MacAdams & Sam Hines; City of
Miramar
Members of the Plan

TRUSTEES ABSENT

Susan Finn, Trustee

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 November 9, 2015 meeting were presented in the Trustee packets for review.

- Manny Esparza made a motion to approve the November 9, 2015 minutes as presented. The motion received a second by Orlando Segarra and was approved by the Trustees 4-0.

DISBURSEMENTS

Denise McNeill presented the disbursement report and financial statements for review. Additional disbursements were added related to meeting expenses for Mr. Segarra and Mr. Estep. Mrs. McNeill addressed the payments made to Gray Robinson for the tax service and charges billed to the Plan for services through December, which exceeded the Board's last approval. Discussion followed regarding the Gray Robinson billing.

- Manny Esparza made a motion to approve the November 2015 disbursements as amended. The motion received a second by Susan Finn and was approved by the Trustees 4-0.

ACTUARY REPORT

Denise McNeill addressed the City's report request explaining they had wanted the audit and valuation presented at the January meeting; however all parties were not able to pull the process together to have it completed by this meeting. Don Dulaney explained the process noting he needs the financials to finalize the valuation and the financials are expected to be presented to the Board at the February meeting. Mr. Dulaney then explained the process of acquiring the information needed to complete the GASB report; which was needed from the investment consultant. Mr. Dulaney provided the Board with an update of his recent communication with the State actuary regarding the Plan's funding method. He reminded the Board of the historical discussions he has had with the Board regarding the matter and all had acknowledged the need

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to change the funding method; however they were attempting to wait until such time that the change would result in less of a financial impact on the Plan. Mr. Dulaney explained the Entry Age Normal (EAN) process would be a good funding method to use and is easier to explain and track while the Aggregate Entry Age Normal (AEAN) is much more complex. He then reviewed both processes in detail with the Trustees. He explained the current situation is that the State actuary has been approving the annual reports all along and is now stating that the AEAN is deemed not allowed and has been so since 2003. Mr. Dulaney presented cost information which reflected a full change to the EAN would increase the City's cost from 42% of payroll to almost 70%. Mr. Dulaney presented a Cost Study related to alternate funding methods and he reviewed each option in detail with the Trustees. Discussion followed regarding payroll assumptions and Bonni Jensen explained for several plans that have looked back to the past ten years, instead of the normal increases assumed; many found there had actually been a reduction (I.E. assumed annual increase of 3.5% while the actual for the past ten years has been a reduction of 1%). She explained this was an issue no one had anticipated. Mr. Dulaney addressed another option of using a level percentage of payroll. He explained the State also cautioned whatever the unfunded liability is now; they must set up to pay it off in fifteen years. Mr. Dulaney explained the Board will need to set a methodology and stick with it. The Trustees instructed Mr. Dulaney to communicate with the State actuary regarding Alternate one and two with a level payroll assumption and projected unit credit method. Discussion followed regarding the mortality table. It was noted the blue collar adjustment has ended up being less of an impact on plans than initially expected.

ATTORNEY REPORT

ACCUMULATED LEAVE PAYOUT: James Estep expressed his concern that he has not received a response from the City, the City continues to limit the rollover of unused time to the 415 limits and they are not zeroing out the unused leave accounts. He reviewed his attempts to communicate to address the matter with the City. He then reported of another member who has been paid directly (I.E. cash) in a recent transaction. Mrs. Jensen explained she is concerned that the Board's policy was effective October 1, 2015 and the City has not been processing in coordination with the Board's intent. Mr. Hines committed to have a response to Mr. Estep by the close of business the following Tuesday on the matter. Mr. Estep will email Mr. Hines the detail of the recent cash out. The Trustees addressed putting the City on notice of the intended direction of the policy. Discussion followed regarding negotiation issues between the City and Union. It was noted the Board had intended to rely upon the Plan's new policy; however they may need to submit Ordinance changes which would need the City's and Union's agreement or waiver of parties.

Orlando Segarra departed the meeting at 10:25 AM.

GRAY ROBINSON BILLING: Bonni Jensen addressed the Gray Robinson billing and the status of the tax matter. She explained she had inquired into the invoices and Mr. Burke advised he will have additional invoices for December and January charges. The Trustees discussed the issue as the City has gone way beyond the allowable service of what the Board had agreed to pay for. Mrs. Jensen agreed the project appears to have morphed beyond the Board's initial understanding. Mr. Estep expressed his concern that neither he nor Mrs. Jensen has been included in any of the ongoing communication; yet the Board is expected to pay the bills. The Trustees explained to Mr. Hines that the City had agreed months ago to keep the Board in the loop with communication; however that commitment to communicate only lasted a couple of weeks. Mr. Hines explained he would like to help with the communication issues and requested the Board copy himself and Jeanne MacAdams on all pension matters with the City and they will see what they can do to help. Lengthy discussion followed regarding the pending payroll issues and the group of members identified in the payroll audit. Mr. Estep explained the Payroll Data Update item has been on the meeting agenda for years. Mr. Hines explained he remembered the

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February 2015 meeting between the City and the Board and if issues still have not been addressed, he will be personally accountable for working through those issues. He offered to broker a meeting with the City to resolve the payroll matters.

INSURANCE PREMIUM TAX (IPT) DATABASE: Mrs. Jensen explained the IPT Database is important for specifying properties as the City uses it to collect the community services tax and to collect the property tax premium monies from residences and newly developed buildings. She explained that currently, no one is listed as the main contact with the State and she recommended the contact be updated to reflect the person responsible within the City to actually key the data updates. Mr. Estep explained he was told in 2015 the City updates the database every six months; however they are not sure the updates are being done. Mr. Hines explained either Finance, Economic Development or GIS are responsible. He will look into it and ensure the person handling is listed with the State and he will confirm the updates are being keyed accordingly.

2016 IRS MILEAGE RATE: Mrs. Jensen reported the new mileage rate set by the IRS is set at 54 cents per mile as of January 1, 2016.

LEGAL UPDATES: Ms. Jensen reported the Legislative body is in session and there are possible presumption adjustments pending. She will report in more detail as the session progresses.

ADMINISTRATOR REPORT

NEILSON CONVERSION UPDATE: Mrs. McNeill explained Mr. Neilson reported via telephone that he will not be taking the conversion; however he still has time to elect the change in writing so the final determination is pending. She explained that the member was surprised the benefit transition would be such a reduction to his monthly income; however he had not taken into consideration the impact of the COLA he has been receiving for the past several years.

GORDON AUDITOR ANNOUNCEMENT: An announcement received from Steve Gordon had been emailed to all Trustees and included in the Trustee packets for review. Kabat, Schertzer, De La Torre Taraboulos & Co announced they had merged with another tax accounting, consulting and audit services firm.

HANCOCK UPDATE: Hancock had sent a request for an extension to the Board. Discussion followed regarding their commitment to Hancock. The Board tabled the matter to address with the investment consultant prior to deciding action.

OLD BUSINESS

PAYROLL UPDATE: Discussion followed regarding the auditor's payroll review. Mr. Estep explained the Board had agreed to accept what the City was able to provide; however the issues remain a concern. Lengthy discussion followed regarding the payroll file the auditor is reviewing. Mr. Hines explained he has never experienced such issues with payroll and he will take the lead to communicate with the Board on the situation.

DISABILITY APPLICATION UPDATE: Mrs. McNeill explained the disability application received from Barbara Calderbank was still incomplete and the member has been unresponsive to the pending items requested. Discussion followed regarding the matter and how it should be addressed. It was noted the member's interrogatories and the HR file from the City were still missing.

- Manny Esparza made a motion instructing the administrator to draft a letter to the member requiring the interrogatories be provided within 30 days and if no response is

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received, a hearing will be scheduled. The motion received a second by Patricia Barry and was approved by the Trustees 3-0.

NEW BUSINESS

Mrs. McNeill reported the Share Account allocation file was ready for review by the Chairman. Discussion then followed regarding the DROP accounts. She explained since the tax attorney advised it was no longer necessary to track the rollover of unused leave funds separately, the administrator will merge the DROP accounts together for each DROP member effective October 1, 2015. Discussion followed regarding the tracking and the Trustees agreed it should make the process easier for the member and the administrator to only deal with one account versus multiple accounts and since the separate tracking was no longer necessary, the accounts should be combined accordingly.

Mrs. McNeill addressed the 90-day notice of resignation received from Trustee, Orlando Segarra. Notices will be posted regarding the upcoming open seat. Discussion followed regarding the fifth seat and Mrs. Jensen explained to Mr. Hines the open seat does not have to be a firefighter and Board is interested to know if the City would like to have anyone considered for the seat.

ADJOURNMENT

The Trustees acknowledged their next meeting date was set for February 18, 2016. The meeting was adjourned at 11:30 A.M.

Respectfully submitted,


Manuel Esparza, Secretary