

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

April 6, 2017

Chairman James Estep called the meeting to order at 9:00 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
Patricia Barry, Trustee
Susan Finn, Trustee

Cliff Ricketts, Advisory Comm
Leo Nunez, Advisory Comm (9:26)
Noel Marti, Advisory Comm

OTHERS PRESENT

Denise McNeill; Resource Center; Administrator
Bonni Jensen; Klausner, Kaufman, Jensen & Levinson; Attorney
Don Dulaney; Dulaney & Co; Actuary
Heather Dailey, Michael Naftanial, Ian Thomas, Claudia Dixon; City of Miramar
Members of the Plan

TRUSTEES ABSENT

Ulises Carmona, Trustee

PUBLIC COMMENTARY

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

MINUTES

The November, January and February minutes were presented for review. It was noted the November and January minutes had been tabled from the prior meeting.

- Susan Finn made a motion to approve the minutes for November, January and February as presented. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

DISBURSEMENTS

Denise McNeill presented the disbursement report and financial statements for review. James Estep addressed the pending billing issue with Verizon as they are now billing for both the old iPad accounts along with the new accounts. He believes the matter has finally been resolved and there is one more iPad to be purchased. Mrs. McNeill addressed the pending permissive service overpayment received from ICMA on Joseph Boyle. She explained ICMA is requiring Mr. Boyle complete and sign an incoming transfer form to accompany the payment; otherwise ICMA will not accept the funds. The member has been notified and the action is in progress.

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

ACTUARY REPORT

2016 ACTUARIAL VALUATION REPORT: Don Dulaney presented the 2016 Actuarial Valuation Report. He explained this is the second year with the new funding methods. He began by reviewing the assumptions and the five year smoothing method related to investments. He then reviewed the projected unit credit, explaining the net difference is amortized over 15 years. Mr. Dulaney explained he is measuring the increase of the liability due to the adoption of the new mortality table. He reported the actuarial gain was mostly driven by the investment experience. Mr. Dulaney responded to questions from Mr. Thomas advising that all future liability will continue

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

April 6, 2017

to be done on a 15 year amortization schedule. He explained the market investment return was 9.1%; however the actuarial value was 10.9%. Mr. Dulaney then reviewed the salary assumptions in detail explaining they tend to be higher in earlier years and while the assumption rate was 6%, the actual average ended up being 7.4% for the entire group; 3.7% for the three year average and 3.9% for the five year average. He explained the salary loss was outweighed by the actuarial investment return. Discussion followed regarding the funding. It was noted there was a period several years ago when the City did not fund the Plan; however Mrs. Jensen explained State law will no longer allow for no payment to be made by the employer. Mr. Dulaney reported the Plan is 83% funded (72% using the GASB 25 comparison). Discussion followed regarding the mortality tables and Mr. Dulaney explained the new tables have built in generational improvements and the unfunded liability increased due to the mortality table change. They addressed the differences between FRS Table One and FRS Table Two. Mr. Dulaney explained upon review, it appeared the FRS Table Two would increase the Plan's cost by another \$100,000. Mrs. Jensen explained the Plan will need to use one of the FRS tables within the next two years. Discussion followed regarding the Plan's assets and the fact that approximately \$25M is a direct member asset in the DROP and Share accounts. It was reported the total City and State contribution requirement would be \$6,436,199.

- Manuel Esparza made a motion to approve the 2016 Actuarial Valuation Report as presented. The motion received a second by Patricia Barry and was approved by the Trustees 4-0.

Discussion followed regarding the expected annual rate of return in the short-term, mid-term and long-term.

- Susan Finn made a motion to send a notice to the State confirming the 8.25% assumed rate of return for the short-term, mid-term and long-term. The motion received a second by Manuel Esparza and was approved by the Trustees 4-0.

Mrs. Jensen explained for most of the Plans she works with, the investment consultant sends the rate of return information to the State. Don Dulaney explained a few years ago they had received a letter from the State's actuary advising they felt the Plan's assumed rate was too high; however the past few years have proven it is a reasonable rate for this Plan.

ATTORNEY REPORT

SYNCHRONOSS CLASS ACTION: Bonni Jensen reported she had received a letter from BLBG regarding the Synchronoss issue explaining Synchronoss had purchased a firm and BLBG wanted to look at the records related to the purchase. She explained the Pension Board, as a shareholder, may request copies of the books and records. She further explained no law suit has been filed and this is only a pre-discovery process to determine how the value of the purchase was met and if the CEO and level of management gained at a loss to the shareholder. She explained James Estep had signed off on the authorization between meetings due to the deadline.

- Susan Finn made a motion to ratify the Shareholder 220 action. The motion received a second by Patricia Barry and was approved by the Trustees 4-0.

INTERNAL CONTROLS AND PROCEDURES: Mrs. Jensen had sent a memo regarding recommended review of the Plan's internal controls and procedures as an effort to avoid fraud. She explained Scott Baur had assisted with recommending the items to be reviewed and noted that some of the items are not applicable to the Plan. She further explained the memo can be used when discussing the process with service providers such as the administrator and custodian. Mrs. Jensen confirmed to her knowledge the Resource Centers is the only TPA who has an SSAE-16 audit report. Mrs. McNeill explained their SSAE-16 audit reviews the internal

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

April 6, 2017

controls and procedures of the administrator to ensure they are following their internal rules and doing what they say that they are doing.

DALLAS DROP CASE – EDDINGTON: *Mrs., Jensen reviewed a DROP case from Dallas that related to the liquidity of DROP accounts. She explained the Board needs to consider how to distribute the funds in the event there is a “run on the bank”. They reviewed the current rules and Mrs. Jensen recommended having a more stringent way to manage such distributions to be prepared in case of a crisis even though one is not currently pending.*

LEGAL UPDATES: *Mrs. Jensen explained a change related to Public Records passed the Senate and the Firefighter Bill regarding cancer presumption has been stalled. She reported a Bill to limit cities entering FRS's DB vs DC plans is also in the works. Mrs. Jensen advised there is no update on the Jacksonville Special Act. Once the legislative session closes, a detailed notice will be provided to the Board of the changes.*

FORM 1 FILING: *Mrs. Jensen reminded the Trustees their Form 1 filing was due by July 1st and should be filed timely. She confirmed Orlando Segarra will need to file both a Form 1 and Form 1F.*

DISABILITY APPLICATION UPDATE

Mrs. McNeill reported there has been no further action on the pending application. Lengthy discussion followed regarding the process and concern regarding the timing.

ACTUARY REPORT -CONTINUED

Don Dulaney noted that the Benefit Statement detail will be provided to the Administrator for posting into the online system.

CALCULATION OF 415 LIMITS: *Mr. Dulaney reported that he had run a few examples of a monthly benefit of \$10,000 along with a DROP account withdrawal and the totals were still shy of the \$215K limit. Lengthy discussion followed regarding the situation and whether or not the DROP accounts are considered as definitely determinable. Mr. Dulaney explained the matter gets quite complicated. Mr. Dulaney will research further to see if the variable account “floor” of 0% can be defined as definitely determinable.*

ADMINISTRATOR REPORT

BENEFIT APPROVALS: *Mrs. McNeill presented a list of permissive service purchases for benefit approval.*

- *Manuel Esparza made a motion to approve the permissive service purchases as presented. The motion received a second by Patricia Barry and was approved by the Trustees 4-0.*

Discussion followed regarding an electronic process of sending out Summary Plan Descriptions.

- *Susan Finn made a motion to approve the administrator purchase Docu-Sign software on behalf of the Plan to be used in sending out the SPD's. The motion received a second by Patricia Barry and was approved by the Trustees 4-0.*

Denise McNeill reviewed the recent action with Northern Trust to move assets as instructed from the prior meeting. She was able to track down the same service team that had been helpful previously and after several days and calls to Northern Trust, the transfer was processed for the Plan.

City of Miramar Firefighters' Retirement Plan

MINUTES OF MEETING

April 6, 2017

OTHER REPORTS

It was noted the portfolio monitoring reports and information from Molpus were included in the Trustee packets.

OLD BUSINESS

There were no other Old Business items for discussion.

NEW BUSINESS

Mr. Estep reported he had to order one more iPad for the newest Advisory Board member appointed to the City seat. He reviewed the expected cost for the item and accessories.

- *Susan Finn made a motion to approve the purchase of the additional iPad and related accessories. The motion received a second by Patricia Barry and was approved by the Trustees 4-0.*

Michael Naftaniel reported that Heather Dailey had been promoted and will be transferred out of employee relations. The Trustees and administrator thanked Ms. Dailey for her role in assisting the Board and the members of the Plan noting she will be missed.

ADJOURNMENT

The Trustees acknowledged their next meeting date was set for May 19, 2017.

- *Manny Esparza made a motion to adjourn the meeting at 11:27 AM. The motion received a second by Susan Finn and was approved by the Trustees 4-0.*

Respectfully submitted,

Manuel Esparza, Secretary