

BOARD OF TRUSTEES OF THE CITY PENSION FUND FOR FIREFIGHTERS & POLICE OFFICERS

In the City of Pembroke Pines
Hampton Professional Center
1951 NW 150th Avenue – Suite #104
Pembroke Pines, FL 33028

REGULAR MONTHLY MEETING – JANUARY 21, 2010

The three hundred and seventy-third meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 4:05 p.m. by Chairman Steve Dougherty.

1. Roll Call –	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
	Adam Cabeza Steven Dougherty	Kevin McCluskey James Ryan	Gary Arenson Vicki Minnaugh Isadore Nachimson

It was noted that both Richard Moss (Fire) and Carl Heim (Police) were out of town and have requested excused absences. Motion by Vicki Minnaugh, second by Isadore Nachimson, to excuse the absences of Richard Moss and Carl Heim for this meeting. The motion carried unanimously.

Others Present: Larry Wilson from Gabriel, Roeder, Smith & Co.; Clement Johns from Goldstein Schechter Koch CPA's; Police Retiree Carl Schelling; Daniel Rotstein, City HR Director; Stephen H. Cypen, Esq., Attorney for the Fund; Karen H. Warner, Plan Administrator; and James Fisher, Asst. Plan Administrator.

2. **Approval of Minutes for December 17, 2009.** Chairman Dougherty presented minutes from the December 17, 2009 meeting for approval. Motion by Vicki Minnaugh, second by Gary Arenson, to approve as presented. The motion carried unanimously.
3. **Approval of Warrant #476.** Chairman Dougherty presented Warrant #476 in the amount of \$180,087.97 for approval and payment. Motion by Vicki Minnaugh, second by Isadore Nachimson, to approve as presented. The motion carried unanimously, authorizing the payment of:

Cypen & Cypen – Monthly Retainer for January, 2010	\$3,250.00
Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for February, 2010	\$407.72
Karen Warner – Mo. Allowance for January, 2010 (Med/Dental/Life)	\$375.00
LEAF – Xerox Copier Lease for January, 2010	\$194.23
Twilight Industries, LLC – Office Maintenance for January, 2010	\$152.00
Sawgrass Asset Management – Final Mgmt. Fee (Oct-Nov, 2009)	\$11,283.00
Inverness Counsel, Inc. – Mgmt. Fee for Q/E 3/31/2010	\$135,151.50
Lee Munder Capital Group – Mgmt. Fee for Q/E 12/31/2009	\$29,017.18
FP&L – Electric Bill for the period 11/24/2009 – 12/29/2009	\$145.34
U.S. Treasury – Form 940 for 2009	\$112.00

TOTAL **\$180,087.97**

4. **Request for DROP Account Distribution(s)** – The following DROP account distribution requests were presented for Board consideration:

▪ F/F John Caprio	Lump Sum ***
▪ F/F Todd Colligan	Lump Sum ***
▪ F/F John Deegan	Lump Sum ***
▪ P/O France Michaud	Monthly ***
▪ F/F Joseph Montopoli	Monthly ***
▪ P/O Thomas Sadagursky	Lump Sum ***
▪ F/F Steven Weishaar	Lump Sum ***

*** (See Attachment A)

Actuary Larry Wilson has provided the necessary letters indicating these distributions would not pose a problem with the 415 limitation at the present time, with the exception of John Deegan. Mr. Deegan's pension will be subject to reduction in December of 2010, necessitating a payment from the excess benefit plan. Motion by Vicki Minnaugh, second by Isadore Nachimson, to approve the distribution requests for John Caprio, Todd Colligan, John Deegan, France Michaud, Joseph Montopoli, Thomas Sadagursky and Steven Weishaar as presented. The motion carried unanimously.

UNFINISHED BUSINESS

None.

NEW BUSINESS

5. **Audit Results – FYE 9/30/2009.** Representing Goldstein Schechter Koch, Clement Johns reported on the firm's preliminary audit results for fiscal year ended September 30, 2009. GSK is pleased to issue a clean and unqualified opinion on the financial statements for the year. Mr. Johns reviewed the results in detail. Fund assets for the year totaled \$262,069,055. Liabilities were \$52,507,969 resulting in net assets of \$209,561,086 held in trust for pension benefits. Net increase in the value of plan assets totaled \$2,646,499. The plan's funded ratio was reported at 59.7% (as of the 10/1/2008 actuarial valuation date). Actual City contributions for the year totaled \$19,505,427. Employee contributions, including buy-back payments, totaled \$3,176,441. The relative return of the portfolio was (1.4%) and ranked in the 69th percentile.

The audit report incorporates GASB requirements as to interest rate risk, credit risk, concentration of credit risk and custodial credit risk. Discussion turned to Note 6 – Deposits and Investment Risk Disclosures (*Credit Risk, page 6*). SLM Corp. and Alcoa bonds were rated BBB- at September 30th. The Pension Office will look further into this situation.

Vicki Minnaugh moved to accept the Audit for 9/30/2009 as presented. Gary Arenson seconded the motion. The motion carried unanimously.

6. **Normal Retirement Benefit for P/O Carl Schelling.** Karen Warner introduced a matter regarding wages previously paid to Mr. Schelling. Specifically at issue is a lump sum payment from the City on 3/29/2004 in the amount of \$10,221.48. At the time of retirement, and when the Actuary calculated retirement benefits, this amount fell into one of Mr. Schelling's two highest years. After the fact, the Pension Office learned from Payroll that this sum represented a retroactive payment for ***"PAL time worked and paid at straight comp time instead of time-and-a-half" for the period 3/10/1997 – 11/15/1999.***

This matter was presented to the Board because similar situations have come up for retirees who have since also received retroactive lump sum payments for PAL time worked. During the benefit calculation process, the Actuary asked for detailed information as to the pay periods involved; and the lump sum payments were allocated to the respective pay periods for purposes of determining the highest two years of pensionable wages.

Actuary Larry Wilson has researched and confirmed that Mr. Schelling's lump sum payment was not allocated to the respective pay periods. For discussion purposes, Ms. Warner added that the Actuary was asked to calculate Mr. Schelling's retirement benefit in the same manner as the subsequent retirees. The effect of such recalculation is:

- As of 10/1/2009 (last Police increase), Mr. Schelling's pension would be over-stated by \$389.49 per month.
- As of 1/31/2010, there would be a total of \$24,975.63 in overpaid benefits to Mr. Schelling.
- As of 1/31/2010, a total DROP account *negative* adjustment of \$31,893.18 would be needed to modify Mr. Schelling's DROP account. (He was back-DROPPED a full 60 months in 2004).

City HR Director, Daniel Rotstein, stated he would have his staff research Mr. Schelling's file for any documentation relative to Mr. Schelling's lump sum payment from the City. Following discussion, the Trustees chose to table this matter pending receipt of further information from Human Resources.

7. Reports:

Actuary – Larry Wilson reported that the 10/1/2009 Actuarial Valuation is progressing well. The final piece of information needed was the audited financials. A Firefighters' COLA will be effective April 1st, those calculations will be completed upon confirmation of percentage of base pay increase from the Firefighters' collective bargaining agreement. Letters for two retirees have recently been provided to the Pension Office regarding payments from the Excess Benefit Plan (and reduced pension benefits from the pension fund) during 2010.

Attorney – F/F Kenneth Fritz filed with the District Court of Appeal seeking further review. The City will advise as to any new developments.

Of those seeking lead plaintiff status in the SunPower securities litigation, Pembroke Pines did not have the largest loss. Nancy Kaboolian, Esq. of Abbey Spanier will confirm, but it will likely be necessary to withdraw the fund's request for lead plaintiff status,

The Public Records Act (Chapter 119, FS) was amended in 2009, requiring public agencies to identify in writing the specific federal or state laws governing collection, use and release of social security numbers for each purpose for which social security numbers are collected. A new legend has been developed that should be included on any form requiring social security numbers. When asked about including the legend on IRS forms, Mr. Cypen stated he didn't believe it would be necessary because it is the government (not the **fund**) requesting the social security number.

Attorney Cypen's office has customized the IRS Safe Harbor Explanation for Eligible Rollover Distributions by omitting information that does not apply to the plan. In speaking with Bob Friedman from Holland & Knight, it appears it may be necessary to put some of the omitted language back in. However, until the next version is made available, the Pension Office will use this format for all eligible rollover distributions.

Chairman – Chairman Dougherty stated he is still waiting to receive a letter from Dahab about the possibility of increasing the fund's stock allocation. Hopefully this can be addressed at the February meeting.

Plan Administrator – Karen Warner reported that the transition of assets from Sawgrass to the Atlanta Capital portfolio was completed on December 27th. The process went very well, and Greg McNeillie will report further at the February meeting.

A reminder regarding upcoming conferences and educational opportunities:

- FPPTA Trustees' School (February 7 – 10) in Jacksonville
- NCPERS Legislative Conference (February 7 – 9) in Washington DC. Attorney Cypen added that participation in the NCPERS meetings is highly recommended because the meetings are very informative.

The fund's Annual Report for 9/30/2009 is progressing and will be ready for filing with the State prior to the March 15th deadline.

The Pension Office is in receipt of additional bills for payment and other benefit disbursements for approval. Chairman Dougherty presented Warrant #477 for addition to the agenda and approval for payment. Motion by Gary Arenson, second by Vicki Minnaugh, to add Warrant #477 to the agenda. The motion carried unanimously. Motion by Gary Arenson, second by Vicki Minnaugh, to approve the payment of Warrant #477 as presented in the amount of \$148,461.85. The motion carried unanimously, authorizing the payment of:

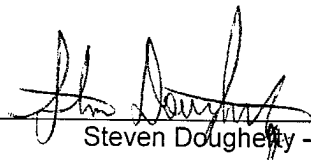
F/F Todd Colligan – Lump Sum DROP Withdrawal	***
P/O France Michaud – Monthly DROP Withdrawal Commencing 1/1/2010	***
P/O Thomas Sadagursky – Lump Sum DROP Withdrawal	***
F/F Steven Weishaar – Lump Sum DROP Withdrawal	***

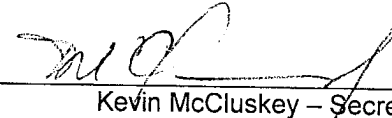
F/F John Deegan – Lump Sum DROP Withdrawal		***
F/F John Caprio – Lump Sum DROP Withdrawal		***
F/F Mark Hooper – Normal Retirement Benefit Commencing 2/1/2010		***
F/F Joseph Montopoli – Monthly DROP Withdrawal Commencing 2/1/2010		***
F/F Mark Hooper – Monthly DROP Withdrawal Commencing 2/1/2010		***
F/F Stu Pester – Monthly DROP Withdrawal Commencing 2/1/2010		***
F/F Stu Pester – Retroactive Increase in Mo. DROP Withdrawal (January 2010)		***
US Treasury – FIT Withholding (Colligan-Sadagursky-Weishaar-Deegan-Caprio)		***
Gabriel, Roeder, Smith & Co. – Prof. Services for December 2009		\$12,220.00
Goldstein Schechter Koch – Progress Billing for 9/30/2009 Audit		\$4,000.00
SunTrust Bank (Visa – Fisher)	Bd Mtg / Ofc Supplies	\$182.58
	DirecTV	90.53
	Gasoline	40.00
	Postage Machine (Qtr. Lease)	324.00
	Pest Control	35.00
	AT&T	367.30
	Bellsouth (2 months)	796.78
	Monthly Storage	104.00
		\$1,940.19
SunTrust Bank (Visa – Warner)	Xerox (maintenance)	\$21.60
	Bd Mtg / Ofc Supplies	356.15
	Postage Mach. Supplies	81.98
	ISP	24.95
		\$484.68
Fiduciary Trust Co. – Custody Fee for Q/E 12/31/2009 (Lee Munder)		\$2,737.54
Fiduciary Trust Co. – Custody Fee for Q/E 12/31/2009 (Buckhead)		\$1,346.94
*** (See Attachment A)		
TOTAL		\$148,461.85

Jim Fisher reported on research results regarding actuarial fees paid for various services performed. Pension Office staff is looking for guidance from the Board, as there is an apparent inconsistency in applying Board policy for the various calculations. There is also concern regarding the excessive amount of actuarial fees paid for calculations (not including valuation and/or special studies). Following lengthy discussion, the Trustees asked that Pension staff draft language that would be consistent and equitable for all concerned parties. This matter will come before the Trustees again for further discussion.

8. **Input from Retirees:** None.
9. **Input from Active Members:** None.
10. **Adjournment** – Chairman Dougherty announced that the next regular meeting would be held on Thursday, February 18, 2010 at 2:00 pm. Dahab Consultants will present the investment results for Q/E 12/31/2009. Managers scheduled to attend are American Realty, BlackRock and Inverness. The regular order of business will follow at 4:00 pm.

There being no further business to come before the Board, motion by Gary Arenson, second by Vicki Minnaugh, to adjourn the meeting at 5:45 pm. The motion carried unanimously.


Steven Dougherty – Chairman


Kevin McCluskey – Secretary