

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 – JUNE 19, 2008

The three hundred and fifty-fourth 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 Anthony Napolitano.

1.	<u>Roll Call</u> –	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
		Steve Dougherty	John Birkenheuer	Gary Arenson
		Richard Moss	James Ryan	Vicki Minnaugh
		Anthony Napolitano		Isadore Nachimson

Carl Heim has requested an excused absence, due to being out of town participating in the Police Olympics. Vicki Minnaugh moved to excuse Carl Heim from this meeting. James Ryan seconded the motion and the motion carried unanimously.

Others Present: Larry Wilson from Gabriel, Roeder, Smith & Co.; Jerome Hurtak, Esq.; Joseph C. Frechette, Jr., Esq.; Disability Retiree F/F John T. White; Retired F/F David Donzella; Daniel Rotstein, City HR Director; Rene Gonzalez, City Finance Director; F/F Frank Musumeci; Stephen H. Cypen, Esq., Attorney for the Fund; Karen H. Warner, Plan Administrator; and James Fisher, Asst. Plan Administrator.

2. Approval of Minutes for May 15, 2008. Chairman Napolitano presented minutes from the meeting of May 15, 2008 for approval. Gary Arenson moved to approve. Isadore Nachimson seconded the motion. The motion carried unanimously.

3. Approval of Warrant #422. Chairman Napolitano presented Warrant #422 in the amount of \$61,387.97 for approval and payment. Vicki Minnaugh moved to approve payment of Warrant #422 as presented. Isadore Nachimson seconded the motion. The motion carried unanimously, authorizing the payment of:

Cypen & Cypen – Monthly Retainer for June, 2008	\$3,250.00
Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for July, 2008	\$407.72
Karen Warner – Mo. Allowance for June, 2008 (Med/Dental/Life)	\$375.00
LEAF – Xerox Copier Lease for June, 2008	\$194.23
Twilight Industries, LLC – Office Maintenance for June, 2008	\$152.00
Cornel J. Lupu, MD – Disability IME (P/O Kimberly Birkenheuer)	\$1,400.00
State Street Global Advisors – Mgmt. Fee for Q/E 3/31/2008 (Int'l. Balanced)	\$47,020.43
F/F Craig Plucinski – Mo. Retirement Benefit commencing 7/1/2008	***
Joan L. Wall – Fund Bookkeeping (Jan-May) 35.5 hr @ \$39.40/hr	\$1,398.70
Iron Mountain – Records Storage for June, 2008	\$105.00
Ultimate Security – Monitoring 3 months	\$75.00

*** (See Attachment A)

TOTAL

\$61,387.97

4. Approval of DROP Benefit and Back-DROP Balance – Ordinance 1480 (Police). Vicki Minnaugh moved to approve the calculation of DROP Benefit and Back-DROP Balance as presented. James Ryan seconded the motion. The motion carried unanimously to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit	Back-DROP Additions
P/O Gary Jomant	6/01/2008	5/31/2013	10 Years Certain & Life	\$ 0.00

5. **Request for DROP Account Distributions – F/F Charles Cozzati, P/O Leslie Haywood, P/O Mark Lewis and P/O Joseph Yetto.** The following DROP account distribution requests were presented for Board action:

- F/F Charles Cozzati Lump Sum ***
- P/O Leslie Haywood Lump Sum ***
- P/O Mark Lewis Lump Sum ***
- P/O Joseph Yetto Monthly Payment ***

*** (See Attachment A)

Actuary Larry Wilson has provided the necessary letters indicating that these distributions would not pose a problem with the 415 limitation at the present time. Vicki Minnaugh moved to approve the distribution requests for Charles Cozzati, Leslie Haywood, Mark Lewis and Joseph Yetto as presented. Gary Arenson seconded the motion. The motion carried unanimously.

UNFINISHED BUSINESS

6. **Outstanding Invoices from Gabriel, Roeder, Smith & Co.** Actuary Larry Wilson stated he wished to address fees that had been previously billed but were not yet paid, pending further explanation. He stated that GRS enjoys its relationship with the board and is confident that a mutual compromise can be reached in this matter. They are willing to waive the fee increases for the following billed items:

Jan. 2008	\$ 100.00	DROP calculation (Light)
Feb. 2008	\$ 400.00	DROP distributions (Curtis-McLoughlin-Buchholz-Dutton)
	\$ 400.00	DROP calculations (Scopa, Robinson, Villarreal-2)
	\$ 300.00	Buy-back calculations (Venema, Helms, Dearman)
Mar. 2008	\$ 300.00	DROP distributions (Weishaar-Yetto-Haywood-Sanchez)
	\$ 600.00	DROP calculations (Dearman-Cunningham-McCluskey-Lebel (2)-Sorangelo)
	\$ 100.00	Buy-back calculation (Smith)
	<u>\$2,200.00</u>	

Mr. Wilson explained the process involving valuation revisions, noting that he felt the \$2,220 and \$2,865 billed charges are warranted. He and staff logged a total of 46.25 hours during March and April for all aspects of the revisions. GRS requests the board's consideration that these fees not be negotiated.

The 72(t) calculations are more complicated and time-consuming than a regular benefit calculation, thus the higher charge. They request the board's consideration that these fees not be negotiated. However, Mr. Wilson noted that future 72(t) calculations will be billed at the then-current benefit calculation rate.

Following discussion, Gary Arenson moved to approve the payment of \$6,639.00 in outstanding fees to GRS as discussed above. Vicki Minnaugh seconded the motion. The motion carried unanimously.

NEW BUSINESS

7. **Disability Offset (Workers Compensation) – F/F John T. White.** F/F White was present for this discussion, and was represented by Jerome Hurtak, Esq. and Joseph Frechette, Jr., Esq. Mr. Hurtak explained that the numbers (taken from pp. 6-7 in the Settlement Agreement) used to calculate the possible offset represented nothing more than an arbitrary allocation between medical benefits and workers compensation disability benefits. He stated that these amounts were chosen by the workers compensation servicing agent in order to reduce their exposure and to protect them against any future claims. Mr. Hurtak added that the numbers are not based on any factual information. He claims that the basis of the entire settlement is for future medical benefits.

Attorney Cypen stated that the board has a fiduciary responsibility to apply the Ordinance provisions in effect, including a benefit offset if applicable. The Pension Office was asked to complete a backward calculation to reallocate compensation and medical benefits that would generate a "zero" offset. Attorney Cypen added that a letter from the City – or a City representative coming before the Board – asserting that the information in the settlement agreement was incorrect would be helpful in resolving this matter. Isadore Nachimson moved to table this matter pending the receipt of evidence that the City agrees with the above claims. James Ryan seconded the motion. The motion carried unanimously.

8. **Request for Actuarial Work – F/F Joseph Montopoli.** Jim Fisher summarized the scope of work being requested by F/F Montopoli. The trustees discussed the proper handling of requests such as this, and concluded that, because Pension Fund has contracted with GRS, we are ultimately responsible for the payment of actuarial fees. All requested work will be coordinated through the Pension Office to Actuary Wilson. GRS will provide an estimate of their fees. Before any work is done, the Pension Office will contact the member to obtain (1) his or her authorization for GRS to proceed, and (2) his or her commitment to pay resulting GRS fees to the Pension Office when billed. The Pension Office will receive a copy of all work products for the member's file.
9. **Renewal of Fiduciary Insurance Effective 7/18/2008.** The plan's fiduciary coverage through Travelers will expire on July 18, 2008. The agent advises that the 2009 renewal premium will be \$14,910 – representing an increase of approximately 2.6% over the current year's premium. Attorney Cypen recommended that the Pension Office look into increasing this coverage to \$2 million or \$3 million with a higher deductible. Following discussion, Vicki Minnaugh moved to accept the renewal quote and proceed with binding this continuing coverage, and authorized the Pension Office to look into increasing the coverage as noted above. Gary Arenson seconded the motion. The motion carried unanimously.
10. **Review / Approve – Financial Reports for Q/E 12/31/2007 and Q/E 3/31/2008.** Karen Warner stated that the receipt of 3/31/2008 financials had been unexpectedly delayed and were not available for distribution at this time. Vicki Minnaugh moved to table approval of Financial Reports for Q/E 3/31/2008. Gary Arenson seconded the motion. The motion carried unanimously.

Gary Arenson moved to accept the financial reports as presented for the quarter ended 12/31/2007. Vicki Minnaugh seconded the motion. The motion carried unanimously.

11. **Reports:**

Actuary – Agenda packets included a GRS letter dated May 21, 2008 regarding IRC Section 415 limits. The letter has since been modified – copies of their revised letter dated June 17, 2008 were distributed for discussion. Larry Wilson explained that the subject matter of this letter pertains to valuation of the COLA provision for purposes of IRC Section 415 limits. GRS believes a reasonable interpretation of final regulations would allow future COLA's to be excluded from the calculation of the current year maximum benefit limitations, as long as the Fund provides that the total annual benefit payable to a member in a given limitation year would never be greater than the member's initial benefit increased by the cumulative 415(b) cost-of-living increases since the benefit commencement date. He added that the letter has been reviewed by Attorney Cypen. Attorney Cypen stated that he has no problem with the letter and methodology, and he prefers that GRS draft the required ordinance language to ensure it is appropriate from an actuarial standpoint. When asked about the cost impact to the plan for making this change, Actuary Wilson stated there may not be any cost.

Larry Wilson also distributed copies of the revised Actuarial Valuation for 10/1/2007. Following a brief discussion regarding the extent and effect of modifications, Gary Arenson moved to approve and accept the 10/1/2007 Actuarial Valuation as presented. Isadore Nachimson seconded the motion. The motion carried unanimously.

Attorney – Agenda packets included a copy of Attorney Cypen's letter dated June 6, 2008. He explained that the IRS intends to direct more of its resources toward governmental plan education, compliance and enforcement. They will be sending a survey questionnaire to a small sample of governmental plans in an initial effort to obtain information about the status of governmental plans. Responding to the survey will not necessarily guarantee an IRS examination; however, if issues are identified, the taxpayer will be required to take appropriate action to achieve compliance. Most governmental plans are required to update their plan documents by January 31, 2009. He encourages the board to pay particular attention to plan document requirements necessary to maintain the tax-qualified status of the plan. Attorney Cypen has partnered with Bob Friedman of Holland & Knight to conduct a compliance review and prepare and submit an application for a determination letter. They have negotiated a rate of \$250.00 per hour for this work. Fees should be limited to \$25,000; however, if it appears that the hourly fees will exceed \$25,000, Mr. Friedman will notify in advance to discuss. Isadore Nachimson moved to retain Holland & Knight for the compliance review and determination letter process, at a rate of \$250 per hour, with charges not to exceed \$25,000. Vicki Minnaugh seconded the motion. The motion carried unanimously.

Attorney Cypen will provide Bob Friedman with a marked-up copy of ordinance revisions currently underway by Asst. City Attorney Julie Klahr as soon as they are available. He added that it would be beneficial for Actuary Larry Wilson to be involved in Julie Klahr's ordinance language review process, to offer insight from an actuarial standpoint; therefore, some amount of additional actuarial charges will likely be incurred as the project progresses.

Chairman – Chairman Napolitano advised that Asst. City Attorney Julie Klahr continues her work on ordinance language revisions.

With regard to the issue of single members allegedly being treated unfairly, Finance Director Rene Gonzalez stated Ms. Klahr indicated to him that she was working with Attorney Cypen to resolve the matter. Lengthy discussion followed regarding the level of frustration on the part of certain board members that this matter continues to be unresolved. No response has been received from the City Administration as it relates to the possibility of State chapter funds **not** being released. Hopefully there will be progress or resolution to report at the July 17th meeting.

Plan Administrator – The Pension Office is in receipt of additional bills for payment and other benefit disbursements for approval. Chairman Napolitano presented Warrant #423 for addition to the agenda and approval for payment. Vicki Minnaugh moved to add Warrant #423 to the agenda. Gary Arenson seconded the motion. The motion carried unanimously.

Gary Arenson moved to approve payment of Warrant #423 presented in the amount of \$177,964.89. Vicki Minnaugh seconded the motion. The motion carried unanimously, authorizing payment of the following:

F/F Charles Cozzati – DROP Withdrawal (Lump Sum)			***
P/O Mark Lewis – DROP Withdrawal (Lump Sum)			***
P/O Leslie Haywood – DROP Withdrawal (Lump Sum)			***
P/O Joseph Yetto – DROP Withdrawal (Monthly, effective 6/1/2008)			***
P/O Viola Judon – Refund of Contributions (Term. 6/13/2008)			***
P/O Gayle Simon – Refund of Contributions (Term. 6/16/2008)			***
P/O Jeannie Hopkins – Refund of Contributions (Term. 6/05/2008)			***
US Treasury – Fed. Withholding (Cozzati, Lewis, Haywood, Judon, Simon, Hopkins)		\$31,656.24	
SunTrust Visa (Fisher)	Mo. Pest Control	\$35.00	
	Bd Mtg / Off Supplies	176.07	
	Gas	51.02	
	AT&T	354.21	
	Bellsouth	400.17	
	Storage Unit	110.24	
	DirecTV	47.51	
		\$1,174.22	\$1,174.22
SunTrust Visa (Warner)	ISP (2 mo.)	\$49.90	
	Conf. Registration (FPPTA)	500.00	
	Bd Mtg / Off Supplies	151.85	
	Airport Parking (Div. of Retirement)	45.00	
	Gas (Div. of Retirement)	8.48	
	Rental Car (Div. of Retirement)	68.67	
	Hotel (Div. of Retirement)	200.00	
	FP&L	219.84	
		\$1,243.74	\$1,243.74
Computers R Us – Annual Renewal (Computer Support)			\$299.00
The Plastridge Agency – Renewal of Fiduciary Insurance	7/18/2008 – 7/18/2009		\$14,909.69
Purchase Power – Postage Meter Refill			\$400.00

*** (See Attachment A)

TOTAL

\$177,964.89

The FPPTA annual conference will be held in Orlando June 29th – July 2nd. Travel arrangements should have already been completed. RSVP's for dinners are the responsibility of each member attending and should be directed to the respective host(s).

Financial Disclosure Forms must be filed by June 30, 2008. Each trustee was urged to file the form in a timely manner, in order to avoid possible penalty assessments by the Commission on Ethics.

12. **Input from Retirees:** F/F David Donzella asked Actuary Larry Wilson about the status of his 415 letter for 2008, indicating maximum permitted DROP withdrawals, and how much longer before the letter is provided to him? All members will soon have the opportunity to opt for the fixed 8% rate or fund's rate of return. Actuary Wilson stated they can complete the 415 letter under the old methodology, and he feels that is really the only option at this point since the ordinance revisions are still in progress. Attorney Cypen agreed that the old methodology, using current existing provisions, should be used.

F/F Donzella also had questions regarding 415 issues in the event of his death. Actuary Wilson explained that his DROP benefit would be paid (to the extent possible), his monthly benefit would be reduced as necessary, and the excess benefit plan would kick in.

13. **Input from Active Members:** None.

14. **Adjournment** – Chairman Napolitano announced the next meeting would be held on Thursday, July 17, 2008 as follows:

July 17, 2008 at **2:00 P.M.** – Quantitative L/C Value Manager Presentations

July 17, 2008 at **4:00 P.M.** – Regular Monthly Meeting

There being no further business before the Board, Vicki Minnaugh moved to adjourn the meeting at 6:35 p.m. Steve Dougherty seconded the motion. The motion carried unanimously.

Anthony Napolitano – Chairman

John Birkenheuer – Secretary