

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 – MARCH 19, 2009

The three hundred and sixty-third meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 4:00 p.m. by Chairman James Ryan.

1. Roll Call –	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
	Adam Cabeza	Carl Heim	Gary Arenson (4:10 pm)
	Steven Dougherty	Kevin McCluskey	Vicki Minnaugh
	Richard Moss	James Ryan	Isadore Nachimson

Others Present: Larry Wilson from Gabriel, Roeder, Smith & Co.; P/O Neil Vaughan, VP of Broward County PBA; P/O Al Xiques; F/F George Blanco, Joseph D’Onofrio and Kenneth Fritz; Daniel Rotstein, City HR Director; Stephen H. Cypen, Esq., Attorney for the Fund; David Farrand from Cypen & Cypen; Karen H. Warner, Plan Administrator; and James Fisher, Asst. Plan Administrator.

2. **Approval of Minutes for February 19, 2009.** Chairman Ryan presented minutes from the meeting of February 19, 2009 for approval. Vicki Minnaugh moved to approve. Carl Heim seconded the motion. The motion carried unanimously.

3. **Approval of Warrant #446.** Chairman Ryan presented Warrant #446 in the amount of \$79,501.98 for approval and payment. Vicki Minnaugh moved to approve payment of Warrant #446 as presented. Isadore Nachimson seconded the motion. The motion carried unanimously, authorizing the payment of:

Cypen & Cypen – Monthly Retainer for March, 2009	\$3,250.00
Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for April, 2009	\$407.72
Karen Warner – Mo. Allowance for March, 2009 (Med/Dental/Life)	\$375.00
LEAF – Xerox Copier Lease for February, 2009	\$194.23
Twilight Industries, LLC – Office Maintenance for March, 2009	\$152.00
Goldstein Schechter Koch – Progress billing for 9/30/2008 Audit	\$1,000.00
State Street Global Advisors – Mgmt. Fee for Q/E 12/31/2008 (US Midcap)	\$22,371.55
State Street Global Advisors – Mgmt. Fee for Q/E 12/31/2008 (International)	\$27,348.09
Dahab Associates – Consulting Fee for Q/E 12/31/2008	\$18,483.73
Richard Moss – Reimb. Expenses (FPPTA)	
Hotel	\$794.76
Mileage	364.10
Per Diem	300.00
Tolls	11.80
	\$1,470.66
Ultimate Security – Monitoring Service (3/21/2009-6/21/2009)	\$75.00
Gabriel, Roeder, Smith & Co. – Prof. Fees for January, 2009	\$4,374.00

TOTAL **\$79,501.98**

4. **Approval of DROP Benefits and Back-DROP Balances (REVISED) – Ordinance 1480 (Police).** Karen Warner explained that the City’s HR Department recently advised an error had been found in the payment of “comp time” to certain police officers. The monetary adjustments were made via payroll, and it was necessary to determine whether any DROP and/or retired members were affected. Calculations for a total of 13 members (12 active in the DROP and 1 in pay status) needed to be revised and were processed by GRS. All affected members have been contacted and have signed off on the revisions. Prior to formal Board action, it was also noted that P/O Kevin McCluskey has completed Form 8B (voting conflict) – the form will be retained as a permanent part of the Board’s minutes and P/O McCluskey will abstain from voting on the matter of his own DROP benefit.

Vicki Minnaugh moved to approve the revised calculation of DROP Benefit and Back-DROP Balance for P/O Kevin McCluskey as presented. Steve Dougherty seconded the motion. With a vote of 8 for the motion and no opposition (McCluskey abstaining), the motion carried to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit	Back-DROP Additions
P/O Kevin McCluskey	3/01/2008	2/28/2013	Joint & 75% Contingent	\$0.00

Vicki Minnaugh moved to approve the following revised calculations of DROP Benefits and Back-DROP Balances. Isadore Nachimson seconded the motion. The motion carried unanimously to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit	Back-DROP Additions
P/O Mark Bradford	10/01/2006	9/30/2011	Joint & 100% Contingent	\$0.00
P/O Lance Carman	10/01/2006	9/30/2011	Life Annuity	\$0.00
P/O James Desilva	7/01/2007	6/30/2012	Joint & 75% Contingent	\$0.00
P/O Gary Jomant	6/01/2008	5/31/2013	10 Yr. Certain & Life	\$0.00
P/O Bernhard Kraemer	6/01/2008	5/31/2013	10 Yr. Certain & Life	\$0.00
P/O Richard Lebel	3/01/2008	2/28/2013	Normal Form	\$0.00
P/O David Light	1/01/2008	12/31/2012	Joint & 75% Contingent	\$0.00
P/O John Sammarco	7/01/2008	6/30/2012	Joint & 75% Contingent	\$0.00
P/O Robert Scopa	2/01/2008	1/31/2013	Joint & 100% Contingent	\$0.00
P/O George Soubasis	3/01/2007	2/28/2012	Joint & 75% Contingent	\$0.00
P/O Terry Wujcik	10/01/2006	9/30/2011	Joint & 75% Contingent	\$0.00

5. **Request for DROP Account Distribution(s)** – Prior to formal Board action, Karen Warner stated that the Pension Office has now received GRS letters of authorization relative to one Police Officer request and one Firefighter request included on the agenda (copies were distributed). A total of 5 DROP account distribution requests were presented for Board consideration – See Attachment A for details.

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 5 DROP account distribution requests as presented. Isadore Nachimson seconded the motion. The motion carried unanimously.

UNFINISHED BUSINESS

None.

NEW BUSINESS

6. **Actuarial Valuation – 10/1/2008.** Larry Wilson distributed copies of the 10/1/2008 valuation and reviewed key elements of the results. The report reflects a total minimum required contribution of \$24,703,080 for the plan year ending September 30, 2009. This represents 74.4% of covered payroll (including DROP payroll) and 92.8% of covered payroll (excluding DROP payroll). Funding sources for this amount are anticipated to be \$2,768,077 (or 10.4%) from the members, \$2,581,143 from the State and \$19,353,860 from the City. Plan provisions and actuarial assumptions/methods are unchanged from the previous valuation. Comparisons were drawn to last year's valuation results reflected in Table II (page 6). The value of vested accrued benefits exceeds fund assets, resulting in a Vested Benefit Security Ratio of 68.0%, which is a decrease from 88.8% from the prior year valuation.

The fund experienced an actuarial loss in the amount of \$21,456,556, indicating that the net fund experience was less favorable than expected based upon the actuarial assumptions. Actual salary increases (excluding DROP payroll) averaged approximately 8.1% for the year ended 9/30/2008 – compared to the average salary increase *assumption* of 6.3%. Employee turnover was 120% of assumed. The actuarial value investment return of 4.4% was less than the assumption of 8.0%. Approximately half of the total loss is due to investments, with the remainder due to other causes (disabilities, turnover, salary growth, etc.). The plan's funded ration was reported at 59.7%.

Mr. Wilson explained there is a State mandate that *actuarial assets* cannot generally deviate outside of a range of 80% to 120% from the *market value* of assets. If fiscal year 2009 experience results are similar to 2008, then it is likely that the disparity will max out, resulting in the possibility of losing asset smoothing effects in the future.

He also noted that the Mortality Table currently utilized (1983 GAM) is obsolete. For the 10/1/2009 valuation GRS will recommend going to a more current mortality table, which will tend to increase costs by approximately 10%.

Vicki Minnaugh moved to approve the 10/1/2008 valuation dated 3/19/2009 as presented. Gary Arenson seconded the motion. The motion carried unanimously.

7. **Annual Review – James Fisher, Asst. Plan Administrator.** Agenda packets included a memorandum requesting that the Board consider making him a full-time employee by increasing hours to 32 per week, and approving paid leave (8 sick days and 8 vacation days per year). Following discussion, Steve Dougherty moved to James Fisher for 32 hours a week, 8 sick days and 8 vacation days per year effective 4/1/2009. Carl Heim seconded the motion. The motion carried unanimously.

8. **Review / Approve – Capital Call (TA Associates Realty)**
Add / Approve – Warrant #447

Agenda packets included a copy of the capital call letter from TA Associates Realty, requesting \$125,000 by March 27, 2009. Karen Warner noted that all of the \$20 million earmarked for real estate will have been funded (following this action), with the exception of one last capital call to TA Associates, again for \$125,000 which they expect to call later this year. Vicki Minnaugh moved to approve the capital call request from TA Associates Realty as presented. Gary Arenson seconded the motion. The motion carried unanimously.

Vicki Minnaugh moved to add Warrant #447 to the agenda for payment approval. Gary Arenson seconded the motion. The motion carried unanimously. Vicki Minnaugh moved to approve payment of Warrant #447 in the amount of \$125,000.00. Isadore Nachimson seconded the motion. The motion carried unanimously.

9. **Review / Approve – Firefighters' COLA (Effective 4/1/2009)**
Add / Approve – Warrant #448

Actuary Larry Wilson's office has provided Firefighter COLA calculations for review. Karen Warner stated that Warrant #448 reflects the new total benefit amounts for Firefighters as of April 1, 2009 – the actual COLA increase equals \$15,189.98 per month. Vicki Minnaugh moved to approve the 4/1/2009 Firefighter COLA calculation as prepared by GRS. Isadore Nachimson seconded the motion. The motion carried unanimously.

Vicki Minnaugh moved to add Warrant #448 to the agenda for payment approval. Isadore Nachimson seconded the motion. The motion carried unanimously. Gary Arenson moved to approve payment of Warrant #448 in the amount of \$434,072.81. Vicki Minnaugh seconded the motion. The motion carried unanimously.

10. **F/F Kenneth Fritz – Update to Asst. City Attorney Julie Klahr & Division of Retirement.**

Attorney Cypen summarized events leading up to the most recent correspondence received from Asst. City Attorney James Cherof. The Board discussed an appropriate response to Mr. Cherof's inquiries, and Attorney Cypen detailed specific points that should be included in the letter. The Pension Office will act on the Board's response promptly.

11. **Discontinue Military Buy-Back – P/O Edward Barry.**

Agenda packets included P/O Barry's request to discontinue his military buy-back. In line with prior precedent, GRS has determined that military buy-back payments to date pay in full for 1 year 11 months 22 days, modifying his normal retirement date to November 7, 2020. Vicki Minnaugh moved to approve discontinuation of the military buy-back for P/O Edward Barry. Gary Arenson seconded the motion. The motion carried unanimously.

12. **Reports:**

Actuary – Mr. Wilson had nothing additional to report on. Steve Dougherty raised questions pertaining to the GRS studies performed for the City. Actuary Wilson offered to speak with Trustee Dougherty further at his convenience.

Attorney – None.

Chairman – Chairman Ryan welcomed Kevin McCluskey as the new Police representative, who will serve through September 30, 2009.

Plan Administrator –

Karen Warner – As a matter of information, the fund’s State Annual Report for fiscal year ended 9/30/2008 was filed on Friday, March 13th.

Permission was requested to add an item to the agenda for approval: **Approval of DROP Benefit and Back-DROP Balance – Ordinance 1480 (Police)**. P/O Edmund Klingman’s “form of benefit” election was received after agenda packets were distributed (copies were circulated to the Board).

Gary Arenson moved to add **Approval of DROP Benefit and Back-DROP Balance – Ordinance 1480 (Police)** to the agenda. Vicki Minnaugh seconded the motion. The motion carried unanimously. **Gary Arenson** moved to approve the calculation of DROP Benefit and Back-DROP Balance for P/O Edmund Klingman as presented. Vicki Minnaugh seconded the motion. The motion carried unanimously to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit	Back-DROP Additions
P/O Edmund Klingman	3/01/2009	2/28/2014	Normal Form	\$0.00

The Pension Office is in receipt of additional bills for payment and other benefit disbursements for approval. Chairman Ryan presented Warrant #449 for addition to the agenda and approval for payment. Gary Arenson moved to add Warrant #449 to the agenda. Vicki Minnaugh seconded the motion. The motion carried unanimously. Gary Arenson moved to approve payment of Warrant #449 as presented in the amount of \$109,501.41. Vicki Minnaugh seconded the motion. The motion carried unanimously, authorizing payment of:

VARIOUS BENEFITS – See Attachment A for details:

Police Officer: Lump Sum DROP Withdrawal (ROLLOVER)	***
Police Officer: Lump Sum DROP Withdrawal	***
Police Officer: Lump Sum DROP Withdrawal (ROLLOVER)	***
Firefighter: Monthly DROP Withdrawal	***
P/O Gerard M. Arzillo - Retroactive benefit increase due to Comp Time adjustment	***
P/O John Birkenheuer – Mo. Retirement Benefit commencing 3/1/2009	***

SunTrust Bank (Visa – Fisher)	Hotel (FPPTA)	\$645.02	
	Bd Mtg / Ofc Supplies	308.44	
	Condolences	77.91	
	Gasoline	32.00	
	AT&T	370.75	
	Bellsouth	396.23	
	DirecTV	87.12	
	Monthly Storage	104.00	
		\$2,021.47	\$2,021.47
SunTrust Bank (Visa – Warner)	Xerox (monthly maint.)	\$20.00	
	Bd Mtg / Ofc Supplies	48.08	
	McAfee Security	39.99	
	FP&L	107.34	
	ISP	24.95	
		\$240.36	\$240.36
Florida U.C. Fund – Unemployment Tax to accompany Quarterly Tax Report UCT-6 (for Q/E 3/31/2009)			\$16.80

Gabriel, Roeder, Smith & Co. – Prof. Fees for February, 2009	\$14742.00
U.S. Treasury – FIT Withholding (DROP Withdrawals)	\$874.08

TOTAL **\$109,501.41**

Jim Fisher – The process of obtaining 2009 Annual Affidavits is complete, and all retirees have responded. As for the disability affidavits, there was no indication that any new workers comp settlements have been reached or that any new Social Security disability benefits have been awarded.

13. **Input from Retirees:** F/F Kenneth Fritz asked that he be provided with a copy of the letter received from A.C.A. Cherof as well as the Board's response.
14. **Input from Active Members:** None.
15. **Adjournment** – Chairman Ryan announced that the next regular meeting would be held on Thursday, April 16, 2009 at 4:00 pm. There being no further business before the Board, Vicki Minnaugh moved to adjourn the meeting at 5:25 pm. Isadore Nachimson seconded the motion. The motion carried unanimously.

James Ryan – Chairman

Carl Heim – Secretary