

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 – OCTOBER 16, 2008

The three hundred and fifty-eighth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 3:55 p.m. by Vice Chairman James Ryan.

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

John Birkenheuer requested an excused absence, because he is attending an out-of-town conference. Vicki Minnaugh moved to excuse the absence of John Birkenheuer. Gary Arenson seconded the motion. The motion carried unanimously.

Others Present: Larry Wilson from Gabriel, Roeder, Smith & Co.; 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. Election of Officers.

Chairman Richard Moss nominated James Ryan. Vicki Minnaugh moved to close nominations. Isadore Nachimson seconded the motion and the motion carried unanimously. By acclamation, James Ryan will serve as Chairman for the current fiscal year.

Vice Chairman Steve Dougherty nominated Richard Moss. Vicki Minnaugh moved to close nominations. Gary Arenson seconded the motion and the motion carried unanimously. By acclamation, Richard Moss will serve as Vice Chairman for the current fiscal year.

Secretary Carl Heim nominated John Birkenheuer. Gary Arenson moved to close nominations. Vicki Minnaugh seconded the motion and the motion carried unanimously. By acclamation, John Birkenheuer will serve as Secretary for the current fiscal year.

3. Approval of Minutes for September 18 2008. Chairman Ryan presented minutes from the meeting of September 18, 2008 for approval. Vicki Minnaugh moved to approve. Isadore Nachimson seconded the motion. The motion carried unanimously.

4. Approval of Warrant #434. Chairman Ryan presented Warrant #434 in the amount of \$95,346.70 for approval and payment. Vicki Minnaugh moved to approve payment of Warrant #434 as presented. Gary Arenson seconded the motion. The motion carried unanimously, authorizing the payment of:

Cypen & Cypen – Monthly Retainer for October, 2008	\$3,250.00
Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for November, 2008	\$407.72
Karen Warner – Mo. Allowance for October, 2008 (Med/Dental/Life)	\$375.00
LEAF – Xerox Copier Lease for October, 2008	\$194.23
Twilight Industries, LLC – Office Maintenance for October, 2008	\$152.00
State Street Global Advisors – Mgmt. Fee for Q/E 6/30/2008 (Int'l. Balanced)	\$52,104.62
Holland & Knight LLP – Progress Billing (Letter of Determination)	\$250.00
Government Finance Officers Association – Renewal through 9/2009	\$60.00
International Foundation of Employee Benefit Plans – 2009 Membership Renewal	\$765.00

Buckhead Capital Management – Mgmt. Fee for Q/E 9/30/2008	\$25,806.13
Gabriel, Roeder, Smith & Co. – Prof. Services for 9/2008	\$11,982.00

TOTAL **\$95,346.70**

5. **Ratification of Warrant #435.** Chairman Ryan presented Warrant #435 in the amount of \$10,500,000.00 for ratification. It was noted that this warrant was circulated for signatures subsequent to the September 18th meeting, due to its time-sensitive nature. Vicki Minnaugh moved to approve ratification of Warrant #435 as presented. Isadore Nachimson seconded the motion. The motion carried unanimously, ratifying the payment of:

Federal Reserve Bank of Boston / Mellon (per attached wiring instructions) for:

Funding of New Investment Portfolio – EATON VANCE MANAGEMENT (Large Cap Value)	\$10,500,000.00
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TOTAL **\$10,500,000.00**

6. **Ratification of Warrant #436.** Chairman Ryan presented Warrant #436 in the amount of \$662,500.00 for ratification. It was noted that this warrant was circulated for signatures subsequent to the September 18th meeting, due to its time-sensitive nature. Vicki Minnaugh moved to approve ratification of Warrant #436 as presented. Gary Arenson seconded the motion. The motion carried unanimously, ratifying the payment of:

Bank of New York (per attached wiring instructions) for:

State of Israel Bond – 3 Year Floating Rate LIBOR Bond @ 1.725% (Maturity 10/1/2011)	\$662,500.00
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TOTAL **\$662,500.00**

7. **Request for DROP Account Distribution – P/O Carl Schelling.** The following DROP account distribution request was presented for Board consideration:

- P/O Carl Schelling Monthly ***

*** (See Attachment A)

Actuary Larry Wilson has provided the necessary letter indicating that this distribution would not pose a problem with the 415 limitation at the present time. Vicki Minnaugh moved to approve the distribution request for Carl Schelling as presented. Isadore Nachimson seconded the motion. The motion carried unanimously.

UNFINISHED BUSINESS

8. **Continuing Discussion: Disability Offset (Workers Compensation) – P/O Anthony Arcuri.**

Recent e-mail correspondence from Andrea Wolfson, Esq. was provided to the Trustees for continued discussion. This matter is presented because concern has been expressed about the open-ended status of P/O Arcuri's pending worker's compensation offset. The Trustees discussed their fiduciary responsibility to implement the plan's offset provision, while permitting P/O Arcuri and his legal counsel as much time as they feel is necessary to continue pursuing this matter with the City. As the situation currently stands with the offset not being enforced, there is no incentive for P/O Arcuri or his legal counsel to resolve the situation quickly. Attorney Cypen noted that if new evidence is brought forward demonstrating that the offset should be modified or the decision to offset should be reversed, the Board can readdress the situation. Vicki Minnaugh moved to notify P/O Arcuri and Ms. Wolfson that a decision regarding the immediate enforcement of the offset will be made at the November 20, 2008 meeting; and in the event they are not present at that meeting, the Board's decision will be made without prejudice pending Ms. Wolfson's return with additional information previously discussed (City response and a calculation of the value of the indemnity payment at the time of settlement). Gary Arenson seconded the motion. The motion carried unanimously.

Trustee Arenson stated he would like to be provided with a letter from Attorney Coican's office regarding their position on Ms. Wolfson's argument that a 5% COLA was built into the settlement amount, and whether or not this line of reasoning is appropriate. HR Director Rotstein agreed to facilitate receipt of the letter and will also provide a copy of the Administrative Judge's decision from the recent hearing.

9. **New Correspondence Received from Patricia Shoemaker (Division of Retirement).** Copies of correspondence from Assistant City Attorney Julie Klahr to Patricia Shoemaker were distributed for discussion. Attorney Cypen stated the Division of Retirement has released chapter funds for the 9/30/2007 fiscal year. He added it is the State's position that no future funds will be released until the ordinance language issues are resolved as they pertain to the F/F Fritz allegation. Attorney Cypen concluded that there is nothing more for the Board of Trustees to do at this point, as the City has now taken its stand in the matter. The Pension Office was asked to provide a copy of Ms. Klahr's letter to F/F Fritz.
10. **Status Update: Disability Offset (Social Security) – F/F Darren Bishop.** As to the ongoing issue regarding F/F Bishop's pending Social Security offset, Attorney Cypen has hired Fred Nesbitt, a well known authority on Social Security matters. Mr. Nesbitt was asked to research Mr. Zientz' claims and allegations, but to no avail. Attorney Cypen suggested Mr. Nesbitt be asked to report to the Board at the December 18th meeting as long as his schedule permits. F/F Bishop and his legal counsel should be advised of the Board's intention to make a final decision at the December 18th meeting.

NEW BUSINESS

11. **Administrative Fee for DROP Accounts.** It was noted that this item was included on the agenda due to a misunderstanding following the September 18th discussion; therefore, the item is not applicable.
12. **Specimen Trustee Signatures – Letter to Fiduciary Trust.** As part of the Plan's annual procedures, a letter was circulated providing the Custodian with specimen signatures of all trustees for the new year. Vicki Minnaugh moved to approve the annual Trustees' Signature letter for Fiduciary Trust Co. as presented. Gary Arenson seconded the motion. The motion carried unanimously.
13. **Review/Approve – Investment Policy (Updated).** Karen Warner noted that the Investment Policy had been updated only to list current year trustees, to include the new manager (Eaton Vance Management) and to reflect the change of address. Vicki Minnaugh moved to approve the updated investment policy as presented. Gary Arenson seconded the motion. The motion carried unanimously. Attorney Cypen indicated this document should be filed with the City, Plan's Actuary, and with the Division of Retirement.
14. **Review/Approve – Service Agreement for Xerox Copier (effective 11/9/2008).** Karen Warner noted that the end of the first year of this lease is fast approaching. The Pension Office will now be responsible for service calls and consumable supplies when necessary. Xerox has proposed an ongoing maintenance agreement at the rate of \$20 per month, plus \$.0139 per copy. The agreement has been reviewed by Attorney Cypen. Following discussion, Vicki Minnaugh moved to approve the Service Agreement for Xerox Copier as presented. Gary Arenson seconded the motion. The motion carried unanimously. Chairman Ryan is authorized to execute the agreement.
15. **Reports:**
Actuary – Actuary Larry Wilson explained the mechanics of the "asset smoothing" process utilized by this fund, noting that this method was inherited from the prior actuarial firm. The *actuarial* value of assets cannot be less than 80% or more than 120% of the actual market value of assets. GRS early projections indicate it is possible to lose some of the smoothing effect if the gross asset value were to decrease by more than approximately 17-1/2%.

Actuary Wilson disclosed that GRS is currently negotiating with the State to assist with bringing the backlog of Actuarial Valuation Reports up to date. This is a one-time project that must be completed by June 30, 2009. The project would require the involvement of six senior actuaries, six junior actuaries and support staff. Attorney Cypen recommended that GRS notify the Board in writing when, and if, the negotiations are finalized.

Attorney – Attorney Cypen addressed the status of ordinance language revisions and acknowledged that Assistant City Attorney Julie Klahr indicates the City has directed her not to proceed at the present time, pending other outstanding issues. HR Director Rotstein stated he will be meeting with Ms. Klahr soon to move forward. Attorney Cypen stressed the importance of coordinating with Attorney Bob Friedman (Holland & Knight), who is presently working on the IRS qualification.

The Division of Retirement’s Rules Development Workshop continues Tuesday, October 21st in Orlando.

IRS Notice 2008-98 – The IRS and Treasury intend to extend the date by which a governmental plan must comply with final regulations on distributions from a public plan upon attainment of normal retirement age. Under the extension, the 2007 final regulations will be effective for a governmental plan for plan years beginning on or after January 1, 2011.

IRC Section 411(a)(8) provides that the term “normal retirement age” means the earlier of (a) the time a plan participant attains normal retirement age under the plan, or (b) the later of age 65 or the fifth anniversary of the time a plan participant commenced plan participation. The 2007 final regulations provide that a normal retirement of age 50 or later (in the case of qualified public safety employees) is deemed to satisfy this requirement.

The final regulations amended the Income Tax Regulations to provide an exception to the rule that pension benefits be paid only after retirement, by permitting a pension plan to commence payment of retirement benefits to a participant after (s)he has attained normal retirement age, even if the participant has not yet had a severance from employment.

Chairman – Chairman Ryan expressed his thanks to the board for placing their confidence in him, to serve in this capacity.

Plan Administrator – The Pension Office is in receipt of additional bills for payment and other benefit disbursements for approval. Chairman Ryan presented Warrant #437 for addition to the agenda and approval for payment. Vicki Minnaugh moved to add Warrant #437 to the agenda. Isadore Nachimson seconded the motion. The motion carried unanimously.

Vicki Minnaugh moved to approve payment of Warrant #437 presented in the amount of \$210,330.76. Gary Arenson seconded the motion. The motion carried unanimously, authorizing payment of:

F/F John Picarello – Mo. Retirement Benefit Commencing 10/1/2008		***
P/O Casey Smith – Refund of Contributions (Terminated 9/23/2008)		***
U.S. Treasury – FIT Withholding (Smith)		\$2,013.42
P/O Carl Schelling – Monthly DROP Withdrawal, effective 11/1/2008		***
Inverness Counsel, Inc. – Mgmt. Fee for Q/E 12/31/2008		\$129,271.92
Independence Investments LLC – Mgmt. Fee for Q/E 9/30/2008		\$28,198.65
Fiduciary Trust Co. – Custody Fee for Q/E 9/30/2008 (Buckhead)		\$1,250.00
Fiduciary Trust Co. – Custody Fee for Q/E 9/30/2008 (Independence)		\$1,801.52
Fiduciary Trust Co. – Custody Fee for Q/E 9/30/2008 (Sawgrass)		\$902.78
Sawgrass Asset Management – Mgmt. Fee for Q/E 9/30/2008		\$22,572.00
SunTrust Bank (Visa – Fisher)	AT&T	\$370.75
	Bd Mtg / Off Supplies / Equip.	215.91
	Gas	63.46
	Shutter Installation Svc.	325.00
	Bellsouth	398.76
	Storage Unit	104.00
		\$1,477.88
SunTrust Bank (Visa – Warner)	Postage Meter (quarterly lease)	\$138.00
	NCPERS Reg. (Birkenheuer)	550.00
	Bd Mtg / Off Supplies / Equip.	124.73
	FP&L	214.76
		\$1,027.49
Goldstein Schechter Koch – Progress billing for Audit		\$500.00

*** See Attachment A

TOTAL

\$210,330.76

Copies of miscellaneous correspondence received in the week prior to the meeting were distributed. State Street Global Advisors has notified the Pension Office of their intent to close the International Growth Opportunities Fund, in which this fund is invested as part of the All International Equity Fund. Mr. McNeillie's email comments were also distributed, and the Trustees were urged to read about this matter before the next meeting.

James Fisher reported on a number of inquiries from retirees relative to the market impact on the pension fund, and their continued receipt of benefit payments. Attorney Cypen suggested sending a letter similar to that of FRS recently mentioned in his newsletter.

16. **Input from Retirees:** None.

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

18. **Adjournment** – Chairman Ryan announced the next regular meeting would be held on Thursday, November 20, 2008 at 2:00 pm, at which time the board will hear investment reports from Dahab Associates, American Realty Advisors and BlackRock Realty. These reports will be followed by the regular order of business, scheduled to begin at 4:00 p.m. There being no further business before the Board, Vicki Minnaugh moved to adjourn the meeting at 4:55 pm. Steve Dougherty seconded the motion. The motion carried unanimously.

James Ryan – Chairman

John Birkenheuer – Secretary