

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 20, 2011

The three hundred and ninety-sixth 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 James Ryan.

1.	<u>Roll Call –</u>	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
		Adam Cabeza Frank Musumeci	Carl Heim James Ryan Al Xiques	Gary Arenson Isadore Nachimson

Steve Dougherty and Vicki Minnaugh were unable to attend and each has requested an excused absence. Motion by Carl Heim, second by Frank Musumeci, to excuse Steve Dougherty and Vicki Minnaugh for this meeting. The motion carried unanimously.

Others Present: Larry Wilson and Jennifer Borregard from Gabriel, Roeder, Smith & Co.; F/F Sammy Brown; P/O Capt. Dan Rakofsky; Stephen H. Cypen, Esq., Attorney for the Fund; Alison Bieler from Cypen & Cypen; Karen Warner, Plan Administrator; and James Fisher, Asst. Plan Administrator.

2. Election of Officers.

<u>Chairman</u>	Carl Heim nominated Adam Cabeza. <u>Motion by Gary Arenson, second by Frank Musumeci, to close nominations. The motion carried unanimously.</u> By acclamation, Adam Cabeza will serve as Chairman for the current fiscal year.
<u>Vice Chairman</u>	Gary Arenson nominated Carl Heim. <u>Motion by James Ryan, second by Gary Arenson, to close nominations. The motion carried unanimously.</u> By acclamation, Carl Heim will serve as Vice Chairman for the current fiscal year.
<u>Secretary</u>	Carl Heim nominated Al Xiques. <u>Motion by Gary Arenson, second by James Ryan, to close nominations. The motion carried unanimously.</u> By acclamation, Al Xiques will serve as Secretary for the current fiscal year.

The meeting was turned over to newly-elected Chairman Adam Cabeza.

3. **Approval of Minutes for September 15, 2011.** Chairman Cabeza presented minutes from the September 15, 2011 meeting for approval. Motion by Gary Arenson, second by James Ryan, to approve as presented. The motion carried unanimously.
4. **Approval of Warrant #527.** Chairman Cabeza presented Warrant #527 in the amount of \$235,223.89 for approval and payment. Motion by Isadore Nachimson, second by Carl Heim, to approve as presented. The motion carried unanimously, authorizing the payment of:

Cypen & Cypen – Monthly Retainer for October , 2011	\$3,250.00
Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for November, 2011	\$407.72
LEAF – Xerox Copier Lease for October, 2011	\$194.23
Twilight Industries, LLC – Office Maintenance for October, 2011	\$152.00
Al Xiques Reimbursement FPPTA 10/2/2011-10/05/2011	\$364.24
FP&L – Service Dates 8/29/2011-9/28/2011	\$238.89
Buckhead Capital Management Mgmt. Fee Q/E 9/30/2011	\$18,171.34
Inverness Counsel Mgmt. Fee Q/E 12/31/2011	\$158,699.22

Goldstein Schechter Koch progress billing 9/30/2011	\$700.00
Richard L. Ziff, P.A. – DROP Loan Processing Fees (October)	\$1,925.00
International Foundation Membership Renewal for 2012 Year	\$855.00
Gabriel Roeder Smith & Company Professional Services for September 2011	\$8,184.00
NCBERS Membership Fee for 1/1/2012-12/31/2012	\$225.00
Lee Munder Capital Group Mgmt. Fee Q/E 9/30/2011	\$41,857.25
TOTAL	\$235,223.89

5. **Ratification of Warrant #528.** Chairman Cabeza presented Warrant #528 for ratification. It was noted that this warrant represents maturity and reinvestment with State of Israel Bonds approved at the September 15, 2011 meeting. Motion by Gary Arenson, second by Isadore Nachimson, to ratify as presented. The motion carried unanimously, ratifying the payment of:

State of Israel Bonds. (per attached wiring instructions) for:

State of Israel Bonds, 3-Year Floating Rate LIBOR Bond,
Maturing 10/1/2014

Pursuant to Board of Trustees Action Taken 9/15/2011 \$500,000.00

State of Israel Bonds. (per attached wiring instructions) for:

State of Israel Bonds, 3-Year Jubilee Bond,
Maturing 10/1/2014

Pursuant to Board of Trustees Action Taken 9/15/2011 \$500,000.00

Less: Maturity Proceeds of Bond 10/1/2011 Serial #000002167LF3 - \$662,500.00

NET AMOUNT DUE **\$337,500.00**

6. **Approval of DROP Loan(s)** – The following DROP Loan applications were presented for Board consideration:

▪ P/O Bryan Davis	***	▪ F/F Robert Bauman	***
▪ P/O Michael Johnson	***	▪ F/F James Fuchs	***
▪ P/O Nelson Martinez	***	▪ F/F Robert Griffin	***
▪ P/O Valerie Toth	***	▪ F/F Bradley Masters	***
▪ P/O Joseph Yetto	***	▪ F/F Jimmy Sanchez	***
		▪ F/F Michael Sica	***
*** (See Attachment A)		▪ F/F Stephen Sumby	***

Motion by Gary Arenson, second by James Ryan, to approve the DROP Loans for Bryan Davis, Michael Johnson, Nelson Martinez, Valerie Toth, Joseph Yetto, Robert Bauman, James Fuchs, Robert Griffin, Bradley Masters, Jimmy Sanchez, Michael Sica and Stephen Sumby as presented. The motion carried unanimously.

7. **Request for DROP Account Distribution(s)** – An additional DROP distribution request has been received from P/O James Dilenge. Jim Fisher asked that the Board consider adding this request to the agenda, if meeting with their approval. Copies of the member's request and Actuary's letter were distributed. Motion by Carl Heim, second by Gary Arenson, to add the distribution request from P/O James Dilenge to the agenda for approval. The motion carried unanimously.

The following DROP account distribution requests were then presented for Board consideration:

▪ P/O Paul Andres	Lump Sum	***
▪ P/O James Dilenge	Lump Sum	***
▪ P/O Terry Wujcik	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. Motion by Carl Heim, second by Gary Arenson, to approve the distribution requests for Paul Andres, James Dilenge and Terry Wujcik as presented. The motion carried unanimously.

UNFINISHED BUSINESS

8. **Review / Approve Summary Plan Description (SPD).** Discussion continued on the updated SPD drafts prepared by GRS. Larry Wilson noted that the DROP loan language was now included for Firefighters, and one Firefighter COLA provision was deleted because it did not apply to anyone. Following Trustee comments, motion by Gary Arenson, second by James Ryan, to approve the Summary Plan Description booklets as presented. The motion carried unanimously. All plan members (active and retired) will receive copies of both the Fire and Police provisions. Also discussed was the best method for format and distribution.

NEW BUSINESS

9. **Review / Approve – DROP Loan Interest Rate for Q/E 12/31/2011.** Agenda packets included information that the Wall Street Journal prime rate at the beginning of the current quarter remained at 3.25%. It was noted that the DROP Loan Rules provide for 1% interest to be added to the WSJ rate. Motion by Gary Arenson, second by Carl Heim, to approve a 4.25% DROP Loan interest rate for loans approved by the Board during October, November and December of 2011. The motion carried unanimously.
10. **Review / Discuss – Contracts for Actuary, Attorney, Consultant and Custodian.** Chairman Cabeza requested this item to be on the agenda for discussion. While the money managers are constantly under review, he felt it would be prudent for the Board to consider intermittently reviewing the agreements for the other entities providing professional services to the Plan. An ad hoc committee was formed (Al Xiques, Steve Dougherty, and Gary Arenson – Chair) to review these agreements for any potential problem areas. The committee will report back to the Board with their recommendations.
11. **Review / Discuss – ERIP (Early Retirement Incentive) and Ordinance #2011-19.** Copies of material downloaded from the City Clerk's website were distributed to all Trustees prior to the meeting. It was reported that Ordinance 2011-19 passed on first reading before the Commission 10/19/2011. Actuary Larry Wilson explained that the ordinance provides voluntary incentives to members who choose to retire early. He stated GRS is unable to determine the final cost impact until it is known who has accepted the incentive. When the retirement window has closed, the cost determination can be completed; and if there is a cost, GRS does not believe it will be a significant amount.

Discussion followed regarding the Actuarial Impact study provided to the City Commission, as it does not appear to coincide with provisions included in the ordinance. GRS performed a number of studies for the City under different scenarios over the past few months. The Pension Office will confirm with the City Clerk as to any possible substitute ordinance provided to the City Commission. The City will also be asked to authorize GRS to prepare a study to coincide with the ordinance, enabling the Pension Office to file with the State Division of Retirement prior to second reading on November 16th.

12. **I.T. / Security Office Proposal.** Trustee Arenson has been looking into information regarding office equipment and backup procedures. He has met with the IT support specialist under contract with the Pension Office, to discuss various ways to accomplish a more secure and efficient environment. A proposal dated October 4th from Computers R Us details equipment needs and the scope of services involved. Following discussion, motion by Gary Arenson, second by Al Xiques, to approve the expenditure of \$8,508 as per the Computers R Us proposal dated 10/4/2011 to upgrade Pension Office systems. The motion carried unanimously.
13. **Review / Approve – Funding Authorization to SSgA.** New accounts have been set up with Fiduciary Trust for Lee Munder Midcap and Stewart Capital. Pursuant to Board action on 6/23/2011, the Pension Office seeks Board authorization to execute the documents needed to transfer funds from SSgA Index Fund to Lee Munder Midcap (\$15 million) and Stewart (\$5 million). Motion by Gary Arenson, second by Frank Musumeci, authorizing the execution of documents noted. The motion carried unanimously.

14. **Reports:**

Actuary – Actuary Larry Wilson introduced Jennifer Borregard, also an Actuary with GRS. Ms. Borregard reported that fiscal year employee and payroll information was provided upon their arrival at this meeting, enabling GRS to proceed with the 10/1/2011 Actuarial Valuation and annual benefit statements.

Mr. Wilson reported that the total Chapter funds received from the State were less than anticipated, resulting in a shortfall of \$68,399 that must be contributed by the City for the fiscal year ended 9/30/2011. He will forward a letter to be used for notifying the City.

GRS has finished developing the “415 screening tool” previously authorized by the Board. The tool should help to reduce actuarial fees by eliminating most of the need for letters any time a member requests a DROP withdrawal.

As a result of recent legislation, the State is requiring that the Actuarial Valuation include a disclosure based upon the FRS investment return assumption of 7-3/4%. There will be a charge of \$750 for this additional exhibit.

Attorney – Alison Bieler reported on the following items:

- Cypen & Cypen memo dated October 11th was emailed to all Trustees prior to the meeting. The Florida Commission on Ethics recently issued an opinion regarding the proper reporting of intangible personal property on Form 1 (or Form 1F – final return). Ms. Bieler reviewed the various types of property in question: IRA's; 401(k) accounts; the FRS Investment Plan; the Florida Prepaid College Plan; the State of Florida Deferred Compensation Plan; and DROP accounts. She encouraged everyone to read the memo to determine whether it is necessary to file an amended form.
- All issues have been resolved as it pertains to the Herndon Capital management agreement, and the contracts have been sent for signature.
- The DROP rules being worked on have not yet been finalized, pending further comments from the Trustees.
- At a future meeting, their office will report on an Ethics ordinance recently passed by the Broward County Commission. Ms. Bieler stated that very little appears to apply to municipal pension boards.

Attorney Steve Cypen mentioned HB 365, which is the Florida League of City's attempt to readdress the provisions of Chapters 175 and 185. Updates will be provided as they become available.

Mr. Cypen also reported that he was contacted by defense counsel in the Fritz litigation. The case against the Plan has been dismissed; however, for some reason, they did not dismiss the City's case.

Chairman – Directed to Attorney Cypen, Chairman Cabeza questioned whether the City could prevent a Trustee from attending a Board meeting while on duty. Mr. Cypen responded that it is ultimately the City Manager's prerogative. If a Trustee is unable to attend due to their work schedule, they may wish to consider attending by telephone conference, so long as physical quorum requirements are met. He also explained “mandatory education” as addressed in FS 112.661.

Plan Administrator –The Pension Office is in receipt of additional bills for payment and other disbursements for approval. Chairman Cabeza presented Warrant #529 for addition to the agenda and approval for payment. Motion by Gary Arenson, second by Isadore Nachimson, to add Warrant #529 to the agenda. The motion carried unanimously. Motion by Gary Arenson, second by James Ryan, to approve the payment of Warrant #529 as presented in the amount of \$565,579.32. The motion carried unanimously, authorizing the payment of:

Plan Benefits:

P/O Paul Andres – Normal Retirement Benefit Commencing 11/1/2011	***
F/F Pete Greene – Normal Retirement Benefit Commencing 11/1/2011	***
F/F David Saxon – Normal Retirement Benefit Commencing 11/1/2011	***

DROP Withdrawals:

P/O Paul Andres– Lump Sum DROP Withdrawal	***
P/O James Dilenge- Lump Sum DROP Withdrawal	***
P/O Terry Wujcik – Lump Sum DROP Withdrawal	***
U.S.Treasury – FIT Withholding (Andres, Dilenge, Wujcik)	***

DROP Loans:			
P/O Bryan Davis – DROP Loan			***
P/O Michael Johnson – DROP Loan			***
P/O Nelson Martinez – DROP Loan			***
P/O Valerie Toth– DROP Loan			***
P/O Joseph Yetto– DROP Loan			***
F/F Robert Bauman – DROP Loan			***
F/F James Fuchs – DROP Loan			***
F/F Robert Griffin – DROP Loan			***
F/F Bradley Masters– DROP Loan			***
F/F Jimmy Sanchez– DROP Loan			***
F/F Michael Sica– DROP Loan			***
F/F Stephen Sumby– DROP Loan			***
Documentary Stamp for DROP Loans:			
Florida Department of Revenue – Documentary Stamp (Davis)			***
Florida Department of Revenue – Documentary Stamp (Johnson)			***
Florida Department of Revenue – Documentary Stamp (Martinez)			***
Florida Department of Revenue – Documentary Stamp (Toth)			***
Florida Department of Revenue – Documentary Stamp (Yetto)			***
Florida Department of Revenue – Documentary Stamp (Bauman)			***
Florida Department of Revenue – Documentary Stamp (Fuchs)			***
Florida Department of Revenue – Documentary Stamp (Griffin)			***
Florida Department of Revenue – Documentary Stamp (Masters)			***
Florida Department of Revenue – Documentary Stamp (Sanchez)			***
Florida Department of Revenue – Documentary Stamp (Sica)			***
Florida Department of Revenue – Documentary Stamp (Sumby)			***
Various:			
SunTrust Bank (Visa – Fisher)	Bd Mtg / Ofc Supplies	\$122.28	
	Gasoline	45.22	
	Cbeyond (phones & internet)	434.85	
	DirecTV	98.45	
	Pest Control	35.00	
	Monthly Storage	104.00	
	Conf. Exp. (FPPTA-Dougherty, Xiques)	900.00	
	Pitney Bowes Qtr Lease Postage Mach.	324.00	
		<u>\$2,063.80</u>	\$2,063.80
SunTrust Bank (Visa – Warner)	Xerox	\$243.27	
	Bd Mtg / Ofc Supplies	149.32	
	ISP	25.90	
	USPS	13.25	
		<u>\$431.74</u>	\$431.74
Richard Ziff – Loans for Month of October (Masters)			\$175.00
Fiduciary Trust Co. – Custody Fee Q/E 9/30/2011 (Lee Munder)			\$2,864.79
Fiduciary Trust Co. – Custody Fee Q/E 9/30/2011 (Buckhead)			\$1,349.73
U.S.A.A. Federal Savings FBO P/O Amy Johnson – Rollover/Refund of Contributions (Term. 9/14/2011) – Contributions \$30,782.73 Interest \$2,838.78 Fed W/H \$0.00			***
*** (See Attachment A)	TOTAL		\$565,579.32

As part of the annual update to Fiduciary Trust, a letter was circulated for signature by all Trustees for the current fiscal year.

15. **Input from Retirees:** None.
16. **Input from Active Members:** None.
17. **Input from Trustees:** None.

18. **Adjournment** – Chairman Cabeza announced that the next regular meeting would be held on **Thursday, November 17, 2011** as follows:

2:00 p.m. Dahab Associates
AmSouth/Regions Bank
TA Realty Associates
Inverness Counsel

4:00 p.m. Regular order of business

There being no further business to come before the Board, motion by Gary Arenson, second by James Ryan, to adjourn the meeting at 5:30 p.m. The motion carried unanimously.

Adam Cabeza – Chairman

Al Xiques – Secretary