

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

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

## REGULAR MONTHLY MEETING – MARCH 15, 2012

The four hundred and first meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 4:08 p.m. by Chairman Adam Cabeza.

- |   |   |  |
|---|---|--|
| <b>1. Roll Call – <u>Fire Members</u></b><br><br><div style="text-align: center;">Adam Cabeza<br/>Steve Dougherty</div> | <b><u>Police Members</u></b><br><br><div style="text-align: center;">Carl Heim<br/>James Ryan<br/>Al Xiques (4:20 pm)</div> | <b><u>City Members</u></b><br><br><div style="text-align: center;">Gary Arenson (4:10 pm)<br/>Vicki Minnaugh<br/>Isadore Nachimson</div> |
|---|---|--|

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

**Others Present:** Larry Wilson from Gabriel Roeder Smith & Co.; Alison Bieler from Cypen & Cypen; Karen H. Warner, Plan Administrator; and James Fisher, Assistant Plan Administrator.

- 2. Approval of Minutes for February 16, 2012.** Chairman Cabeza presented minutes from the February 16, 2012 meeting for approval. Motion by Vicki Minnaugh, second by James Ryan, to approve as presented. The motion carried unanimously.
- 3. Approval of Warrant #538.** Chairman Cabeza presented Warrant #538 in the amount of \$52,193.34 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 March, 2012	\$3,250.00
Hampton Professional Center Condo No. 2 – Mo. Maintenance (Suite #104) for April, 2012	\$407.72
Twilight Industries LLC – Office Maintenance for March, 2012	\$152.00
State Street Mid Cap Index Fund Management Fee Q/E 12/31/2011	\$1,382.69
State Street All International All SL Fund Management Fee Q/E 12/31/2011	\$42,509.05
Herndon Capital Management Fee Q/E 12/31/2011	\$4,352.22
FP&L – Electric Service 1-27-2012 to 2-27-2012 (already Paid)	\$139.66

**TOTAL**      **\$52,193.34**

- 4. Approval of DROP Benefit(s).** Since agenda packets were mailed out, the Pension Office has received the form-of-benefit election from P/O Carl Heim. Trustee Heim has completed Form 8B (Voting Conflict) which will become a permanent part of these minutes. Karen Warner asked that the Board consider adding this election to the agenda if meeting with their approval. Motion by Vicki Minnaugh, second by Isadore Nachimson, to add the election of P/O Carl Heim to the agenda for approval. The motion carried unanimously.

Motion by Vicki Minnaugh, second by Gary Arenson, to approve the calculation of DROP Benefit(s) as presented. On a vote of 7 for the motion with 1 abstention (Heim), the motion carried to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit
P/O Carl Heim	3/01/2012	2/28/2017	Joint & 75% Contingent
F/F Cynthia Pirofalo-Nelson	2/01/2012	1/31/2017	Normal Form

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

- F/F Charles Cozzati \*\*\*

\*\*\* (See Attachment A)

Motion by Vicki Minnaugh, second by Gary Arenson, to approve the DROP Loan for Charles Cozzati as presented. The motion carried unanimously.

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

- |                           |            |                        |            |
|---------------------------|------------|------------------------|------------|
| ▪ F/F Matthew Nickison    | (Lump Sum) | ▪ P/O James Dilenge    | (Lump Sum) |
| ▪ F/F Rodney Spreitzer    | (Lump Sum) | ▪ P/O Leonard Noonan   | (Lump Sum) |
| ▪ F/F Lawrence Williamson | (Monthly)  | ▪ P/O Tamara Spaulding | (Lump Sum) |

\*\*\* (See Attachment A)

The 415 screening tool results were provided to Actuary Larry Wilson; and, when appropriate, his office has provided the necessary letters indicating these distributions would not pose a problem with the 415 limitation at the present time. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the distribution requests for Matthew Nickison, Rodney Spreitzer, Lawrence Williamson, James Dilenge, Leonard Noonan and Tamara Spaulding as presented. The motion carried unanimously.

#### **UNFINISHED BUSINESS**

7. **Search for Assistant Plan Administrator – Update and Recommendation.** Chairman Cabeza reported that he, Jim Fisher and Karen Warner interviewed all three applicants on February 22<sup>nd</sup> as directed by the Board. He was impressed by their qualifications and experience and felt any one of the applicants would do a great job. The interview panel agreed with the recommendation to offer the position to Rachel Maldonado. The position is thirty-two hours (four days) per week commencing May 1, 2012 and is eligible for all benefits as approved by the Board of Trustees on 7/21/2011 and 8/18/2011. Proposed salary step plans for both Jim Fisher and Rachel Maldonado were also included in agenda packets for consideration.

Motion by Gary Arenson, second by Vicki Minnaugh, to hire Rachel Maldonado at the recommended initial salary effective May 1, 2012. Lengthy discussion followed regarding whether the Board wished to have employment agreements in place for the positions of Plan Administrator and Assistant Plan Administrator. The motion was amended as follows:

Motion by Gary Arenson, second by Vicki Minnaugh, to hire Rachel Maldonado at the recommended initial salary effective May 1, 2012; and authorizing the Chairman and Board Attorney's office to prepare an employment agreement (including the recommended salary step plan) as directed by the Board. The motion carried unanimously.

Following further discussion, motion by Gary Arenson, second by Steve Dougherty, authorizing the Chairman and Board Attorney's office to prepare an employment agreement for James Fisher (including the recommended salary step plan) as directed by the Board. The motion carried unanimously.

8. **Continuing Discussion of Experience Study.** Chairman Cabeza had previously requested continuation of this item, as there were not enough votes at the February meeting to pass or fail, due to attendance. Steve Dougherty reiterated the opportunity to take advantage of savings as demonstrated by the Experience Study. The scenarios illustrated in the Study are based on actual plan experience and gives this Board the ability to reduce the City's cost. Savings of 1.9% of the City's cost would be achieved by updating the salary increase assumption and termination assumption. Chairman Cabeza also summarized the Experience Study results for Trustee Nachimson, who has been ill.

Motion by Steve Dougherty, second by Al Xiques, to approve modifying the Salary Increase and Rate of Withdrawal assumptions per the GRS Experience Study dated February 16, 2012. Roll call vote:

	<u>For the motion</u>	<u>Against the motion</u>
Gary Arenson	X	
Adam Cabeza	X	
Steve Dougherty	X	
Carl Heim	X	
Vicki Minnaugh	X	
Isadore Nachimson	X	
James Ryan		X
Al Xiques	X	

The motion carried.

### **NEW BUSINESS**

9. **Results of 10/1/2011 Actuarial Valuation.** Actuary Larry Wilson distributed copies of the 10/1/2011 Valuation and reviewed key elements of their findings. He noted that this valuation determines the City's contribution for the fiscal year 9/30/2013. Mr. Wilson reported the following summary results:

Total Minimum Required Contribution:	\$28,051,610
Percentage of Covered Payroll (including DROP):	78.3%
<b>Percentage of Covered Payroll (excluding DROP):</b>	<b>102.8%</b>
Expected Member Contributions:	\$2,837,906
Anticipated State Chapter Funds:	\$2,269,110
Minimum Required City Contribution:	<u>\$22,944,594</u>
	<u>\$28,051,610</u>

**Mr. Wilson reiterated that the State requires City contributions to be determined as a percentage of pay** (rather than as a determined dollar amount). As such, the City contribution dollar amount shown above for the year ending 9/30/2013 is subject to change, if covered payroll for that year fluctuates from the projected payroll used to complete this valuation.

Fund provisions affecting the valuation remain unchanged from the prior year. The Board has adopted the following updated actuarial assumptions based upon the results of an Experience Study (covering the period 10/1/2006 – 9/30/2011):

- Assumed withdrawal rates and salary increase rates have been updated

The remaining actuarial assumptions are unchanged from the 10/1/2010 Actuarial Valuation Report dated 2/17/2011.

The effect of Fund experience reveals the following:

- The number of active participants increased by approximately 2%.
- Covered payroll (including DROP) decreased by approximately 2%.
- Covered payroll (excluding DROP) decreased by approximately 1%.
- Total fund membership increased by approximately 4%.
- The total normal cost decreased, both as a dollar amount and as a percentage of payroll.
- The unfunded actuarial accrued liability increased, both as a dollar amount and as a percentage of both payroll numbers.
- The net City minimum funding requirement increased, both as a dollar amount and as a percentage of payroll.
- The value of vested accrued benefits exceeds Fund assets, resulting in a Vested Benefit Security Ratio of 52.8%, which is a decrease from the prior Valuation (was 57.0%). (Note: the VBSR decreased to 52.9% prior to the update in assumed withdrawal and salary increase rates).

Mr. Wilson reviewed the process of determining actuarial gains (losses) for the plan year and summarized the amortization of Unfunded Actuarial Accrued Liability. He also addressed the factors involved in determining the actuarial value of plan assets.

Motion by Vicki Minnaugh, second by James Ryan, to approve the 10/1/2011 Actuarial Valuation dated March 15, 2012 as presented. The motion carried unanimously.

**10. Review / Approve – Firefighters’ COLA Effective 4/1/2012**  
**Review / Approve – Warrant #539**

Actuary Larry Wilson's office has provided Firefighter COLA calculations for review. Motion by James Ryan, second by Steve Dougherty, to approve the 4/1/2012 Firefighter COLA calculation as presented. The motion carried unanimously.

Motion by Vicki Minnaugh, second by James Ryan, to approve the payment of Warrant #539 in the amount of \$655,327.22. The motion carried unanimously, authorizing the payment of:

Crusoe, Debbie	***
DeSantis, Beverly	***
DeSantis, Deborah	***
Durkin, Michael	***
Messina, Nancy	***
Tritsch, Gena A.	***
Bishop, Darren	***
Larrain, Rodrigo G.	***
Nickerson, Joseph J.	***
Parsons, Mark	***
Ross, Stuart	***
Terry, Harlan D.	***
Thompson, George P.	***
White, John	***
Barnes, Morris	***
Bauman, Robert	***
Caprio, John	***
Cardenas, Gabriel	***
Christi, Gino P.	***
Colligan, Todd	***
Cozzati, Charles	***
Curtis, Anthony	***
Cuthbert, David	***
Dawson, William K.	***
Deegan, John	***
Dent, Thomas M.	***
DeStefano, Joseph A.	***
Donzella, David	***
Ericson, Michelle	***
Ericson, Neal P.	***
Fritz, Kenneth R	***
Frobel, James M.	***
Fuchs, James	***
Gilmartin, Olaf	***
Golditch, Lee	***
Gonzalez, Roger	***
Green, Michael A.	***
Greene, Pete M	***
Haksel, Cornelius	***
Halpert, Samuel D.	***
Hart, Jr., J. Marvin	***
Hohl, Michael	***

Hooper, Mark A.	***
Hussar, George M	***
Kelly, Thomas A.	***
Kern, Robert A	***
Kornprobst, Hal	***
Kowalak, Michael	***
Kraft, Douglas P	***
Lanzi, Daniel J.	***
Link, Edwin F	***
Lorenzo, Jose	***
Macak, Michael	***
Masiello, Jack P.	***
Mayhew, Bradford M.	***
Mehaffey, Billy	***
Mikell, Douglas	***
Montopoli, Joseph	***
Moral, Jeffrey Q	***
Moss, Richard	***
Napolitano, Anthony	***
Nelson, Richard T.	***
Nelson, Todd	***
Nettina, Louis M.	***
Nickison, Matthew T	***
Ortagus, Jr., Leslie	***
Owens, Wrenale D.	***
Paletz, Troy	***
Pariseau, Norman L.	***
Patterson, Van	***
Pester, Stuart	***
Picarello, John A.	***
Pirofalo-Nelson, Cynthia	***
Plucinski, Craig H.	***
Poirier, Robert M	***
Pompos, Gregory	***
Raines, David	***
Rosenthal, Philip L.	***
Ryan, Robert L.	***
Rynning, Donald	***
Sanchez, Jimmy	***
Saxon, David R	***
Scott, Jerry	***
Shahboz, Laurence P	***
Smith, Donald C.	***
Spreitzer, Rodney J.	***
Summy, Stephen	***
Taraborelli, Douglas	***
Tola, Maurice	***
Torres, Ricardo J.	***
Troccoli, Joseph	***
Ultimo, Joseph	***
Verrusio, Robert	***
Vesely, Robert	***
Villarreal, Ariel	***
Weaver, Robert	***
Weishaar, Steven P.	***
Williamson, Lawrence	***
Winchel, Allen	***
Young, Robert	***

\*\*\* (See Attachment A)

TOTAL

\$655,327.22

11. **Review / Approve – Revised Budget (9/30/2012) and Proposed Budget (9/30/2013).** With the Fund's audit now complete, presented for Board consideration was a revised budget for the Y/E 9/30/2012 which has been adjusted to be more in line with 9/30/2011 results. Following discussion, motion by Vicki Minnaugh, second by Isadore Nachimson, to approve the 2012 revised budget as presented. The motion carried unanimously.

Also presented for Board consideration was a proposed budget for the Y/E 9/30/2013. Following discussion, motion by Vicki Minnaugh, second by Isadore Nachimson, to approve the 2013 proposed budget as presented. The motion carried unanimously.

12. **Reports:**

**Actuary** – Actuary Larry Wilson reported that his office recently analyzed a reduction in benefits paid following the death of F/F David Messina. Based upon information in their records and received from the Plan's prior actuary, Mr. Messina was already receiving benefits under the Joint and 100% contingent optional form of benefit prior to his death; therefore, he believes the survivor benefit should have continued unreduced to his beneficiary.

A review of information in the member's Pension Office file indicates Mr. Messina elected the normal form of benefit and he was subsequently included in a group of members who were given the opportunity to opt for a survivor benefit without a termination date. 4/1/2012 COLA's (see agenda item 10) were determined based upon the beneficiary's unreduced benefit. Corrective payment of the retroactive lump-sum amount has been included on Warrant #540 for Board approval later in this meeting. Motion by Steve Dougherty, second by James Ryan, to correct the survivor benefit payable to Nancy Messina based upon GRS analysis noted above. The motion carried unanimously.

**Attorney** – Alison Bieler reported that a letter has been received from ConvergeEx regarding the transition of assets to the Wells Capital portfolio. She believes there could be a better rate reduction and requests Board approval to negotiate a new commission recapture rate. Motion by Vicki Minnaugh, second by Steve Dougherty, authorizing Cypen & Cypen to negotiate a new commission recapture rate with ConvergeEx. The motion carried unanimously.

Ms. Bieler also summarized the matter of Fiduciary Trust's custodial accounting for State of Israel bonds. It is not necessary for Fiduciary Trust to continue maintaining a custody account for the SOI bonds which are now being custodied by ComputerShare. Jim Fisher reported he is receipt of all documentation to facilitate this change. Signature guarantees will be required.

**Chairman** – Chairman Cabeza inquired as to the status of "Are You Alive" affidavits? Jim Fisher responded that the only member who failed to return an affidavit is F/F Anthony Zitnick. His benefit has been suspended effective April 1, 2012 until the form is received.

Chairman Cabeza thanked Pension Office staff for their assistance and input during the interview process for an Assistant Plan Administrator.

Chairman Cabeza posed the following questions for clarification:

- What is the procedure if a member wishes to withdraw all or part of his DROP account? The member should send a detailed written request to the Pension Office. The "415 screener" or GRS staff will be utilized to determine the effect of the 415 limitations.
- How does a member get information regarding a 72(t) calculation? The member should send a written request to the Pension Office. GRS will be asked to perform the calculation, which will generate six different benefit amounts; if the member chooses to proceed, he will be required to select one of the six results in order to take advantage of IRC 72(t) provisions.

**Plan Administrator** – The Pension Office is in receipt of additional bills for payment and other disbursements for approval. Chairman Cabeza presented Warrant #540 for addition to the agenda and approval for payment. Motion by Vicki Minnaugh, second by James Ryan, to add Warrant #540 to the agenda. The motion carried unanimously. Motion by Vicki Minnaugh, second by Isadore Nachimson, to approve the payment of Warrant #540 as presented in the amount of \$138,065.57. The motion carried unanimously, authorizing the payment of:

<b>Plan Benefits:</b>			
P/O Kathryn Grace - Normal Retirement Benefit Commencing 4/1/2012			***
F/F Cynthia Pirofalo-Nelson – Normal Retirement Benefit Commencing 3/1/2012			***
F/F Matthew Nickison - Normal Retirement Benefit Commencing 4/1/2012			***
F/F Robert Poirier – Normal Retirement Benefit Commencing 4/1/2012			***
F/F Lawrence Williamson- Normal Retirement Benefit Commencing 4/1/2012			***
<b>DROP Withdrawals:</b>			
P/O James Dilenge - Lump Sum DROP Withdrawal			***
F/F Matthew Nickison – Lump Sum DROP Withdrawal			***
P/O Leonard Noonan – Lump Sum Drop Withdrawal			***
F/F Lawrence Williamson – Monthly DROP Withdrawal Commencing 4/1/2012			***
U.S.Treasury – FIT Withholding (Dilenge, Nickison, Noonan)			***
<b>DROP Loans:</b>			
F/F Charles Cozzati- DROP Loan Less Documentary Stamp			***
<b>Documentary Stamp for DROP Loans:</b>			
Florida Department of Revenue – Documentary Stamp (Cozzati)			***
<b>Various:</b>			
SunTrust Bank (Business Visa – Fisher)	Cbeyond (Phones/Internet)	\$436.46	
	Storage Unit	104.00	
	Pest Control	35.00	
	Xerox (mo Maint)	25.41	
	Direct TV 2 months	200.29	
		\$801.16	\$801.16
SunTrust Bank (Business Visa – Warner)	Bd Mtg / Ofc Supplies	\$358.35	
	ISP 2 months	51.80	
		\$410.15	\$410.15
P/O Ryan Aguilera – Refund of Contributions (Terminated 2/16/2012)			***
U.S. Treasury- FIT Withholding (Aguilera)			***
Richard Ziff P.A.- Loans for March			\$175.00
Gabriel Roeder Smith & Company – Professional Fees (February 2012)			\$16,894.00
Nancy Messina – Retro Benefit to Beneficiary ( Dec, Jan, Feb, Mar 2012))			***
Cole, Scott & Kissane (Policy Deductible Ref: Fritz Litigation)			\$10,000.00
James Fisher Semi-Monthly payroll eff 2/6/2012 (reflects increase to 40 hrs)			
gross \$3618.07 ICMA (250) FIT (252.09) SS (151.96) MEDI (52.46)			\$2,911.56
US Treasury-ER Tax Deposit each pay period For James Fisher			\$733.29
US Treasury-ER Tax Deposit (Retro for Feb 2012) For James Fisher			\$594.96

\*\*\* (See Attachment A)

**TOTAL**

**\$138,065.57**

Correspondence from Lee Munder was distributed regarding a change in the team managing the SMID cap growth portion of the MID cap portfolio. Greg McNeillie will be contacted to inquire whether he has concerns about the change.

The 9/30/2011 Annual Report has been reviewed, signed by Chairman Cabeza and Secretary Xiques, and filed with the State.

Jim Fisher reported that a retiree has requested that we stop sending his pension payments. The retiree will be directed to put this detailed request in writing to the Board, including why he chooses to make this request and whether it should be viewed as temporary or permanent.

NCPERS will hold their annual conference in New York City May 5<sup>th</sup> – 10<sup>th</sup>. If anyone is interested in attending, we have the form to designate voting delegates. Adam Cabeza and Al Xiques both expressed interest in this meeting. Motion by Vicki Minnaugh, second by Steve Dougherty, to designate Adam Cabeza and Al Xiques as voting delegates at this conference. The motion carried unanimously.

13. **Input from Retirees:** None.
14. **Input from Active Members:** None.
15. **Input from Trustees:** Trustee Nachimson thanked everyone for their well wishes during his recent recuperation period.
16. **Adjournment** – Chairman Cabeza announced that the next regular meeting would be held on **Thursday, April 19, 2012** at 4 p.m. There being no further business to come before the Board, motion by Vicki Minnaugh, second by Steve Dougherty, to adjourn the meeting at 6:05 p.m. The motion carried unanimously.

---

Adam Cabeza – Chairman

---

Al Xiques – Secretary