

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

In the City of Pembroke Pines
Fountains Executive Centre
9000 Sheridan Street - Suite #148
Pembroke Pines, FL 33024

REGULAR MONTHLY MEETING – AUGUST 16, 2007

The three hundred and forty-fourth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 2:05 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	Vicki Minnaugh
		Richard Moss	Carl Heim	Isadore Nachimson
		Anthony Napolitano	James Ryan	

Gary Arenson was out of town and unable to attend. Vicki Minnaugh moved to excuse the absence of Gary Arenson. Carl Heim seconded the motion. The motion carried unanimously.

Others Present: Larry Wilson from Gabriel, Roeder, Smith & Co.; Greg McNeillie from Dahab & Associates, Inc.; Jay Butterfield and Richelle Hayes from American Realty Advisors; Tom Goodrum and Andrew Piekarski from BlackRock, Inc.; Robert Maddock from Inverness Counsel; Rene Gonzalez, City Finance Director; Julie Klahr, Asst. City Attorney; P/O Neil Vaughan, VP of Broward County PBA; F/F Kenneth Fritz; Stephen H. Cypen, Esq., Attorney for the Fund; Karen H. Warner, Plan Administrator; and James Fisher, Asst. Plan Administrator.

2. **Dahab Associates – Performance Report for Q/E 6/30/2007.** Greg McNeillie reported that the fund's total gross return was 5.0% for the quarter with a portfolio value of \$266,647,226. At quarter end, investment of the total portfolio was 54.7% in domestic equities, 28.3% in fixed income (including State of Israel Bonds), 9.6% in international equities, 4.2% in real estate and 3.1% in cash and equivalents. Over the trailing year the total portfolio returned 15.9%, which was 0.8% greater than the benchmark's 15.1% performance. A cash balance higher than normal (earmarked for new real estate investments) continues to be maintained by Inverness. The following gross returns, detailed by manager, were reported:

	Quarter Ended 6/30/2007					Trailing 12 Months
	Equities	Equity Benchmark	Fixed Income	Fixed Income Benchmark	Total Portfolio	
Atlanta Capital	3.8%	4.4%	---	---	3.7%	14.6%
Buckhead	6.0%	4.9%	---	---	5.8%	20.3%
Independence	7.5%	6.9%	---	---	7.4%	16.4%
Inverness	9.7%	6.3%	-0.4%	-0.3%	3.4%	12.8%
Sawgrass	9.5%	4.4%	---	---	9.3%	10.2%
SSgA Midcap	6.8%	5.8%	---	---	6.8%	20.3%
SSgA Int'l. Equity	8.5%	8.4%	---	---	8.5%	29.4%

<u>Real Estate</u>	Quarter Ended 6/30/2007	
	Total Portfolio	Trailing 12 Months
American Realty Advisors	4.1%	12.9%
BlackRock Granite	4.7%	N/A *

* 13.0% for 9 mos. 9/2006-6/2007

In the equity market, the second quarter of 2007 was very strong, with all market components turning in very respectable figures. Large cap stocks outperformed small cap stocks, and growth outperformed value. The best performing sector of the overall market was Energy, followed closely by Computer Technology. The worst sector was Finance due to the pressure of rising interest rates. Emerging markets bettered the developed markets (represented by the EAFE Index). The best performing emerging market for the quarter and the trailing year was Peru. The quarter was a volatile one for fixed income markets. Rates rose dramatically for April and May. A sharp reversal in June was precipitated by a flight to quality from the concerns of sub-prime defaults and continued upward movements of mortgage rates. The asset allocation to all sectors was in compliance with the plan's Investment Policy and Guidelines.

3. **American Realty Advisors – Investment / Market Report.** Jay Butterfield and Richelle Hayes represented the firm for this meeting. Mr. Butterfield offered a summary of the organization and the American Stable Value Fund in which the plan is invested. This manager was hired to provide low-risk exposure to the real estate market. Characteristics of the ASVF include stable, predictable income; highly liquid assets that are easily sold; and a diversified rent roll. Mr. Butterfield also reviewed the investment philosophy/process and current portfolio highlights. The Pembroke Pines account is fully invested as of July 2, 2007 (\$5 million). Recent investments include Kendall Mall in Miami. Total return for the quarter ended 6/30/2007 was reported to be 4.10%, and 9.02% for the calendar year to date.

Their outlook is for continued steady growth, although it may be lower than levels recently experienced. The firm is bullish on Office and Industrial, neutral to positive on Multi-Family, and neutral to negative on Retail.

4. **BlackRock, Inc. – Investment / Market Report.** Tom Goodrum and Andrew Piekarski represented their firm this date. Mr. Goodrum offered an overview of the company and reviewed their investment discipline. Mr. Piekarski provided an overview of the BlackRock Granite Property Fund in which the plan is invested. He also summarized various properties held in the Fund, including Westfork Plaza on Pines Blvd. The Pembroke Pines account is fully invested as of October 2, 2006 (\$5 million).

5. **Inverness Counsel – Investment / Market Report.** A snapshot of the portfolio reflects a total value of \$129,696,576 with an asset allocation of 39.1% to equities, 56.4% to fixed income and 4.5% in cash and cash equivalents as of 6/30/2007. A larger-than-normal cash position continues to be maintained to accommodate capital calls for additional real estate investments. Robert Maddock addressed the board regarding the market in general and noted recent concerns about a market correction. For the calendar year through August 10th, Mr. Maddock reported the equity portfolio returned 14.36% vs. the S&P at 3.5%. He added that the total portfolio has returned 6.5% for the calendar year to date.

6. **Approval of Minutes for July 19, 2007.** Chairman Napolitano presented minutes from the meeting of July 19, 2007 for approval. Vicki Minnaugh moved to approve. Isadore Nachimson seconded the motion. The motion carried unanimously.

7. **Approval of Warrant #394.** Chairman Napolitano presented Warrant #394 in the amount of \$66,011.68 for approval and payment. Vicki Minnaugh moved to approve payment of Warrant #394 as presented. Isadore Nachimson seconded the motion. The motion carried unanimously, authorizing payment of:

Cypen & Cypen – Monthly Retainer for August, 2007		\$3,250.00
Crexent, LLC – August, 2007	Office Rent	\$1,134.00
	Telephone Equip.	185.00
	Long Distance	<u>1.49</u>
		\$1,320.49
		\$1,320.49

Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for September, 2007	\$407.72
Karen Warner – Mo. Allow. for August, 2007 (Med/Dental/Life)	\$375.00
Atlanta Capital Management – Mgmt. Fee for Q/E 6/30/2007	\$23,976.00
Xerox Corporation – Copier Lease (August)	\$200.07
Buckhead Capital Management – Mgmt. Fee for Q/E 6/30/2007	\$29,409.52
Iron Mountain – Storage Fee (August)	\$105.00
FWCJUA, INC. – Mandatory Deposit Endorsement (Worker's Comp Policy #5987B421)	\$240.00
GFOA – Annual Renewal (Pension & Benefits Newsletter)	\$60.00
Joan L. Wall – Bookkeeping Services 11/10/2006 through 8/8/2007 (54.5 hr @ %35 / hr)	\$1,907.50
F/F William Dawson – Disburse remaining balance in DROP account, \$525.53 less FIT \$105.11	\$420.42
P/O Mark Lewis – Mo. Retirement Benefit commencing 9/1/2007	\$4,234.85
US Treasury – FIT Withholding (Dawson)	\$105.11
TOTAL	\$66,011.68

8. **Approval of DROP Benefits and Back-DROP Balances – Ordinance 1443 (Fire).** It was noted F/F Robert Newfield has asked that approval of his DROP benefit be removed from this agenda. Vicki Minnaugh moved to remove approval of F/F Newfield's benefit from this agenda. Isadore Nachimson seconded the motion. The motion carried unanimously.

Vicki Minnaugh moved to approve the calculation of DROP Benefits and Back-DROP Balances as presented (excluding F/F Newfield). Isadore Nachimson seconded the motion. The motion carried unanimously to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit	Back-DROP Additions
F/F Laurie Barnes-Zargo	7/01/2007	6/30/2012	Joint & 100% Contingent	\$0.00
F/F Reynol Perez	7/01/2007	6/30/2012	Joint & 50% Contingent	\$0.00

9. **Approval of DROP Benefits and Back-DROP Balances – Ordinance 1480 (Police).** James Ryan moved to approve the calculation of DROP Benefits and Back-DROP Balances 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 Ronald Wells	7/01/2007	6/30/2012	Normal Form	\$0.00

10. **Request for DROP Account Distributions – F/F John Deegan, P/O Mark Lewis, F/F Doug Mikell and P/O Tom Sadaqursky.** DROP account distribution requests have been received from F/F John Deegan (\$49,400 lump sum), P/O Mark Lewis (\$1,000 per month), F/F Doug Mikell (\$35,000 lump sum) and P/O Thomas Sadaqursky (\$20,000 lump sum). 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 John Deegan, Mark Lewis, Doug Mikell and Tom Sadaqursky. Steve Dougherty seconded the motion. The motion carried unanimously.

UNFINISHED BUSINESS

11. **Benefit Calculation – F/F Tom Kelly.** This matter is continued from the July 19th meeting. F/F Kelly summarized events leading up to his realization that the option selected at the time of DROP entry was not worded according to his understanding of how the option would work. He explained that his wife would need to receive the full amount of his benefit in the event of his death, but he did not intend for an immediate payment to his minor son. A lengthy discussion and review of documents followed. It was concluded that the Beneficiary Designation Form dated 12/6/2005, which was signed by F/F Kelly, was inconsistent with his misunderstanding of how the option worked. Attorney Cypen recommended that no formal action be taken, as there is no authority to do so under Florida Statutes. F/F Kelly has the right to modify his Beneficiary Designation Form to coincide with the option chosen, and is authorized to do so administratively.

NEW BUSINESS

12. **Review / Approve – Financial Reports for Q/E 3/31/2007.** Vicki Minnaugh moved to accept the financial reports as presented for the quarter ended 3/31/2007. Isadore Nachimson seconded the motion. The motion carried unanimously.
13. **Request from Joan L. Wall (Hourly Rate Increase).** Agenda packets included correspondence from Mrs. Wall requesting consideration for an hourly rate increase. Following discussion, Vicki Minnaugh moved to increase Mrs. Wall's hourly rate to \$39.40. Isadore Nachimson seconded the motion. The motion carried unanimously.
14. **Review / Approve – Form of Benefit Acknowledgment.** Presented for board consideration, it was proposed that this (or a similar) form be attached to each benefit calculation and completed by the member. It is hoped that this new procedure will eliminate the possibility of a member questioning his selected form of benefit and the manner in which it is intended to operate. Following discussion and minor revisions, Vicki Minnaugh moved to approve use of the Form of Benefit Acknowledgment. Isadore Nachimson seconded the motion. The motion carried unanimously.

Also discussed was the use of audio and video recording when a member's benefit options are explained in detail. The Pension Office will look into related costs and report back at the September 20th meeting.

15. **Capital Call – TA Associates Realty.** Karen Warner advised that the fund has received a second capital call request from TA Associates. Scheduled to be funded on August 27th, this will bring the fund's investment thus far to \$2.5 million of the \$5 million earmarked for this manager. Vicki Minnaugh moved to authorize the \$1,250,000 capital call as presented. Isadore Nachimson seconded the motion. The motion carried unanimously.
16. **Review / Approve – Draft of Summary Plan Description.** Presented for board consideration was a draft of the updated SPD prepared by Gabriel, Roeder, Smith & Co. GRS has incorporated all ordinance changes based upon the most recent contract negotiations. To allow additional time, each trustee was asked to carefully review the draft over the course of the next month, at which time discussion will continue at the September 20th meeting.
17. **Construction Report – New Office.** Chairman Napolitano updated the Trustees on the current status of construction. He and staff met with the architect and contractor. Drawings should be completed shortly, and permits will be obtained to start the build-out. The contractor has provided a "draw schedule" for funding the project. Attorney Cypen stated that all payments should be made jointly to the contractor and sub-contractors for the fund's protection. He recommends that the fund utilize the services of a third party for such payments, noting that Richard Ziff (Signature Title Company) did a superb job with the closing. Vicki Minnaugh will

contact Mr. Ziff to determine if they would be willing to serve as agent for this process. Isadore Nachimson moved to authorize the expenditure of up to \$50,000 at the present time for construction draws, and to utilize Signature Title Company (or similar entity) for construction disbursements, with their fee not to exceed \$750. James Ryan seconded the motion. The motion carried unanimously.

18. Reports:

Actuary – None.

Attorney – A written opinion from Holland & Knight regarding the application of IRC 415 has been received and copies were distributed for discussion. Attorney Cypen stated that this is a very complex issue, and he is still considering the information provided. He has sent the opinion to another Actuary for further input, adding that it appears the Actuary may not be in complete agreement with the opinion. Due to the complicated nature of this matter, Attorney Cypen advised he could invite Attorney Friedman (author of the opinion) to a board meeting for further explanation and discussion.

Plan Administrator – The Pension Office is in receipt of additional bills for payment and other benefit disbursements for approval. Chairman Napolitano presented Warrants #395, #396 and #397 for addition to the agenda and approval for payment. Vicki Minnaugh moved to add Warrants #395, #396 and #397 to the agenda. Isadore Nachimson seconded the motion. The motion carried unanimously.

Vicki Minnaugh moved to approve payment of Warrant #395 in the amount of \$166,142.33. Isadore Nachimson seconded the motion. The motion carried unanimously, authorizing payment of:

P/O Mark Lewis – Recurring Monthly DROP Withdrawal Effective 9/1/2007			\$1,000.00
F/F Doug Mikell – DROP Withdrawal (Lump Sum) \$35,000 less FIT \$7,000			\$28,000.00
F/F John Deegan – DROP Withdrawal (Lump Sum) \$49,400 less FIT \$9,880			\$39,520.00
P/O Tom Sadagursky – DROP Withdrawal (Lump Sum) \$20,000 less FIT \$4,000			\$16,000.00
Dahab Associates– Consulting Fee for Q/E 6/30/2007			\$20,832.36
U.S. Treasury – FIT Withholding (Mikell, Deegan, Sadagursky)			\$20,880.00
Holland & Knight LLP – Prof. Services (415 Letter)			\$6,000.00
SunTrust Bank (Visa, Fisher)	Office Supplies	\$35.71	
	Gas/Mileage	95.17	
	Domain Names/Website	27.45	
		\$158.33	\$158.33
SunTrust Bank (Visa, Warner)	Postage Machine	\$29.99	
	ISP	24.95	
	Public Storage	71.00	
	FP&L (deposit)	343.05	
	Signage	115.00	
	Bd. Mtg/Equip/Off. Supplies	375.44	
		\$959.43	\$959.43
Fiduciary Trust Co. – Custody Fee for Q/E 7/2007 (Inverness)			\$12,768.47
Fiduciary Trust Co. – Custody Fee for Q/E 7/2007 (Atlanta)			\$1,320.74
Gabriel, Roeder, Smith & Co. – Prof. Services (July, 2007)			\$16,055.00
Old Dominion Insurance Co. – Additional Umbrella Coverage (new office)			\$1,648.00

Karen Warner – Reimburse payment to Architect (8/15/2007)	\$500.00
Graham A. Geraldts – Prof. Services Rendered (Architect)	\$500.00
TOTAL	\$166,142.33

Vicki Minnaugh moved to approve payment of Warrant #396 in the amount of \$1,250,000. Carl Heim seconded the motion. The motion carried unanimously, authorizing payment of:

Bank of America, N.A. (per attached wiring instructions) for:

Real Estate Investment – TA Associates Realty

Realty Associates Fund VIII Corporation Account No. 4602278139	\$1,250,000.00
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TOTAL	\$1,250,000.00
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Vicki Minnaugh moved to approve payment of Warrant #397 in the amount of \$50,000.00. Isadore Nachimson seconded the motion. The motion carried unanimously, authorizing payment of:

Bank Atlantic (per attached wiring instructions) for:

Deposit to Escrow Account – for Construction Draws from
time to time, based upon
separate written notice.

\$50,000.00

Signature Title Services, Inc. Escrow Account
Account No. 0059664316

TOTAL	\$50,000.00
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James Fisher reported on the status of Trustee elections for two Firefighter positions and two Police positions, with all terms commencing on October 1, 2007.

- **Firefighters** – Because Richard Moss and Anthony Napolitano were the only members to file self-nomination forms, an election will not be required. **Richard Moss** and **Anthony Napolitano** will serve as trustees for the term October 1, 2007 – 9/30/2009.
- **Police** – John Birkenheuer and Carl Heim were the only members to file self-nomination forms. As a result, an election is not required. **John Birkenheuer** and **Carl Heim** will serve as trustees for the term October 1, 2007 – 9/30/2009.

James Fisher announced the 2006 premium tax amounts that should be received in the near future:

Fire	(Chapter 175)	\$1,083,581.86
Police	(Chapter 185)	1,018,795.81
TOTAL		\$2,102,377.67

Karen Warner reported that Plastridge Insurance quoted a premium of \$1,650 for a \$4 million liability umbrella. This, in addition to the liability coverage already in place, will keep the premium below the level previously approved by the board.

Karen Warner asked for clarification on maximum DROP participation. An active Firefighter (hired past age 30) was concerned that he would be unable to complete the full five years in DROP because he will be past age 50 on his normal retirement date. It was confirmed that all members, regardless of age at their normal retirement date, will be entitled to complete the maximum five years of DROP participation. *Ord. 1480, Sec. 34.52(C)(3).*

James Fisher reported that work on constructing the website continues. It is hoped that it should be up and running during the month of September.

Karen Warner reported that the copier lease will expire on November 4th. We have looked into upgrading to a newer and faster model, monthly payment will be \$242. Discussion followed regarding moving the equipment to the new office location.

19. **Input from Retirees:** F/F Kenneth Fritz requested information from Actuary Larry Wilson. He is interested in receiving formula data pertaining to the Joint & 87% Contingent option as per the benefit calculation. Larry Wilson was directed to make the basis of his calculation available to F/F Fritz.
20. **Input from Active Members:** None.
21. **Adjournment** – Chairman Napolitano announced the next regular meeting would be held on Thursday, September 20, 2007 at 4:00 p.m. There being no further business before the Board, Vicki Minnaugh moved to adjourn the meeting at 6:05 p.m. James Ryan seconded the motion. The motion carried unanimously.

Anthony Napolitano – Chairman

Richard Moss – Secretary