

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 17, 2013

The four hundred and twentieth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 2:08 p.m. by Vice Chairman Steve Dougherty.

1.	<u>Roll Call –</u>	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
		Adam Cabeza Steve Dougherty Frank Musumeci	Kevin Venema	Gary Arenson Jack McCluskey Vicki Minnaugh

Others Present: Alison Bieler, Attorney for the Fund; Glenn Mealer, City Employee (Videographer); Sammy Brown, PPines Firefighter; Al Diliello, PPines Firefighter; Moises Hernandez, PPines Firefighter; Robert Johnson, PPines Firefighter; D. Scott Whitworth, PPines Firefighter; James Fisher, Plan Administrator and Rachel Maldonado, Assistant Plan Administrator.

Both Mr. Heim and Mr. Xiques asked to be excused from this meeting. Motion by Gary Arenson, second by Vicki Minnaugh, to excuse Carl Heim and Al Xiques from the meeting. Motion carried unanimously.

2. Election of Officers –

Chairman: Adam Cabeza nominated Steve Dougherty. Motion by Adam Cabeza, second by Vicki Minnaugh to close nominations. The motion carried unanimously. By acclamation, Steve Dougherty will serve as Chairman for the current fiscal year.

Vice-Chairman: Frank Musumeci nominated Kevin Venema. Motion by Frank Musumeci, second by Gary Arenson to close nominations. The motion carried unanimously. By acclamation, Kevin Venema will serve as Vice-Chairman for the current fiscal year.

Secretary: Gary Arenson nominated Frank Musumeci. Motion by Gary Arenson, second by Kevin Venema to close nominations. The motion carried unanimously. By acclamation, Frank Musumeci will serve as Secretary for the current fiscal year.

The meeting continues under the newly-elected Chairman, Steve Dougherty.

3. **Approval of Minutes for September 19, 2013** – Chairman Dougherty presented minutes from the September 19, 2013 meeting for approval. Motion by Gary Arenson, second by Vicki Minnaugh, to approve the minutes. The motion carried unanimously.
4. **Approval of Warrant #579** – Chairman Dougherty presented Warrant #579 in the amount of \$198,086.87 for approval and payment. Motion by Vicki Minnaugh, second by Gary Arenson, to approve as presented. The motion carried unanimously.

Cypen & Cypen – Monthly Retainer for October 2013	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Nov 2013)	\$407.72
Twilight Industries, LLC – (Maintenance – October 2013)	\$152.00
FP&L - From 8/28/13 to 9/27/13 *(Already Paid)*	\$249.51
Dr. Stone – Disability Exam 10/1/13	\$500.00
Inverness Equity Fees 10/1/13 – 12/31/13	\$127,213.98
Inverness Fixed Income Fees 10/1/13 – 12/31/13	\$64,468.66

International Foundation of Employee Benefit Plans CY 2014 Annual Membership Fees	\$915.00
Pro Shred – Invoice #100011417 Sept. 2013	\$55.00
Holland & Knight – Professional Svces through 9/15/13	\$875.00
TOTAL	\$198,086.87

5. **Approval of DROP Benefit** – The following DROP benefits were presented for approval.

- P/O Barbara Laughead, Joint & 100% Contingent, effective 9/1/13
- P/O Steven Wetterer, Joint & 100% Contingent, effective 10/1/13

Motion by Vicki Minnaugh, second by Jack McCluskey, to approve the DROP benefits as presented for Ms. Laughead and Mr. Wetterer respectively. The motion carried unanimously.

6. **Approval of DROP Account Distribution(s)** – The following DROP Distributions were presented for Board consideration:

- P/O Humberto Chirino (Monthly) ***
- F/F Deborah DeSantis (Lump Sum) ***
- F/F Mariano Santos (Monthly) ***

*** *Schedule A is available upon request. Please contact the Pension Office if you wish to view it.*

The IRC 415 screening tool results were provided to Actuary Larry Wilson. When appropriate, his office will provide the necessary letters to members indicating distributions will not pose a problem with the IRC 415 limitation at the present time. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the account distributions as presented. The motion carried unanimously.

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

- F/F Larry Goode ***
- F/F Frank Musumeci ***
- F/F David Donzella ***

*** (See Attachment A)

Motion by Vicki Minnaugh, second by Gary Arenson, to approve the DROP Loan requests for Larry Goode, Frank Musumeci and David Donzella as presented. The motion carried unanimously. Frank Musumeci abstained from the vote due to a voting conflict.

NEW BUSINESS

8. **P/O Alfredo Guerra - Payback** – According to Administrator Fisher, the Plan owes police retiree Alfredo Guerra monies for erroneous charges to his pension. Mr. Guerra receives a disability pension from the Plan. He suffered an offset to his monthly benefit because he was also receiving payment from worker's compensation. The Pension Office was not notified that Mr. Guerra's worker's compensation had stopped and, as such, Mr. Guerra continued to erroneously suffer an offset when he should have received his full pension from the Plan. Mr. Fisher says that the City worker's compensation office refuses to disclose this information on the disbursement of monies to the members.

Mr. Fisher informed the Board that Mr. Guerra's payment would be made whole as of November 1, 2013. He asked the Board to approve the retroactive payment due to Mr. Guerra from the payments beginning September 1, 2012 through October 1, 2013. Motion by Vicki Minnaugh, second by Jack McCluskey, to approved the retroactive payment in the amount of \$1,713.32 to be paid immediately to Mr. Guerra. The motion carried unanimously. It is Mr. Guerra's responsibility to notify the Board if his status with worker's compensation changes in the future. The Board also asked the office staff to stay in contact with Risk Management for updates.

9. **Review and Approve DROP Loan Interest Rate for Q/E 12/31/2013** – 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 Adam Cabeza, second by Gary Arenson, to approve a 4.25% DROP Loan interest rate for loans approved by the Board during October, November and December of 2013. The motion carried unanimously.

10. Reports:

Actuary – No report from the actuary for this meeting.

Attorney – Ms. Bieler gave a status report on the pending Ordinance changes to the Board. Ms. Bieler followed up with an email to Julie Klahr at the City attorney's office. While the Board hopes to get all of their Ordinance changes approved, there is specific concern on those that are required by the IRS because the window for the allotted timeframe is quickly closing. Mr. Bieler communicated this to Ms. Klahr, even suggesting that she separate the investment changes as requested by the Board for consideration at a later time, in order to immediately implement the other IRS-mandated changes. Ms. Bieler reported that she had not yet received a response to her email.

Chairman – No report from the Chairman for this meeting.

Plan Administrator – The Administrator asked the trustees to provide signature samples for the Custodian. This is a yearly practice so that the Custodian can verify signature for the monthly payments that the Board approves.

Mr. Fisher reported receiving 2012 and 2013 Are You Alive Affidavits from F/F Anthony Zitnick. Mr. Zitnick did not sign the affidavits over the last two years and therefore his benefit was stopped until such time as the affidavits were completed and provided to the Pension Office. Mr. Zitnick will once again receive his pension with the November 1, 2013 payment. Mr. Fisher asked the Board to approve the retroactive payment due to Mr. Zitnick from the payments beginning April 1, 2012 through October 1, 2013. Motion by Vicki Minnaugh, second by Gary Arenson, to approved the retroactive payment in the amount of \$61,749.56 to be paid immediately to Mr. Zitnick. The motion carried unanimously.

Assistant Administrator Maldonado presented the ledgers for the Quarters ending 3/31/13 and 6/30/13 as provided by the bookkeeper Joan Wall. Motion by Gary Arenson, second by Vicki Minnaugh, to approve the ledgers as presented. Motion carried unanimously. As well, Ms. Maldonado relayed a formal request by Ms. Wall to increase her hourly pay. She had been paid \$43.05 per hour of work logged since 2011. Ms. Wall charges the Board for approximately 100 billing hours per year. Ms. Wall asked that the Board would consider increasing her hourly wage to \$46. Motion by Gary Arenson, second by Vicki Minnaugh, to begin paying Ms. Wall \$46 per hour with any work billed going forward. The motion carried unanimously.

Mr. Fisher reported the death of retired P/O Robert Fiumefreddo. Mr. Fiumefreddo's widow had submitted the necessary paperwork and would immediately begin receiving 50% of Mr. Fiumefreddo's benefit, in accordance with the parameters of Mr. Fiumefreddo's retirement.

The Administrator noted a late submittal for distribution. He asked the Board to add F/F Charles Cozzati to the additional warrant #580. Motion by Vicki Minnaugh, second by Gary Arenson, to add Mr. Cozzati's distribution to the Add Warrant #580. The motion carried unanimously. Motion by Vicki Minnaugh, second by Gary Arenson, to approve Mr. Cozzati's distribution. The motion carried unanimously.

The Pension Office is in receipt of additional bills for payment and other disbursements for approval. Administrator Fisher presented Warrant #580 for addition to the agenda and approval for payment. Motion by Gary Arenson, second by Frank Musumeci, to add Warrant #580 to the agenda. The motion carried unanimously. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the payment of Warrant #580 as presented in the amount of \$293,598.39. The motion carried unanimously. The authorized payment includes:

DROP Distributions

P/O Humberto Chirino – Monthly DROP Withdrawal commencing 11/1/13

F/F Mariano Santos – Monthly DROP Withdrawal commencing 11/1/13	***
F/F Deborah DeSantis - Lump Sum DROP Withdrawal less FIT	***
F/F Charles Cozzati – Lump Sum DROP Withdrawal less FIT	***
U.S. Treasury (DeSantis, Cozzati)	***
DROP Loans:	
F/F Larry Goode – DROP Loan Less Documentary Stamp	***
F/F Frank Musumeci – DROP Loan Less Documentary Stamp	***
F/F David Donzella – DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Goode)	***
Florida Department of Revenue – Documentary Stamp (Musumeci)	***
Florida Department of Revenue – Documentary Stamp (Donzella)	***
Various:	
Richard Ziff – October 2013	\$525.00
Arenson & Sandhouse – Payroll Tax Return Prep Q/E 9/30/13	\$300.00
Joan Wall – Services December 2012 through October 2013	\$3,976.48
GRS – Actuarial Fees for September 2013	\$10,666.00
Lee Munder Mgmt Fees Q/E 9/30/13	\$30,558.68
Accelerated Business Solutions – Toner Deliver 10/9/13	\$13.10
SunTrust Visa (J. Fisher)	\$1,306.04
SunTrust Visa (R. Maldonado)	\$195.48
Stewart Capital Mgmt Fees Q/E 9/30/13	\$12,566.29
Fiduciary Custodial Fee for R&D Acct through 9/30/13	\$1,250.00
Fiduciary Custodial Fee for Herndon through 9/30/13	\$2,024.53
Fiduciary Custodial Fee for Wells Capital through 9/30/13	\$2,240.80
Fiduciary Custodial Fee for Lee Munder M/C through 9/30/13	\$2,316.80
Fiduciary Custodial Fee for Inverness through 9/30/13	\$8,480.68
Fiduciary Custodial Fee for Lee Munder through 9/30/13	\$2,247.54
Fiduciary Custodial Fee for Stewart Capital through 9/30/13	\$718.09
P/O Alfredo Guerra – Repayment for Offset	\$1,713.32
F/F Anthony Zitnick – Repayment of Withheld Pension Benefit	\$61,749.56
TOTAL	\$293,598.39

*** Schedule A is available upon request. Please contact the Pension Office if you wish to view it.

11. Input from Retirees: None.

- 12. Input from Active Members:** Pembroke Pines Firefighter and President of IAFF Local 2292 Sammy Brown came before the Board to discuss a union concern. Mr. Brown is seeking clarification on in-service distributions. The Operations Chief and Logistics Chief will be finishing their DROP term, and upon completion of the DROP, will be rehired as contractual employees with the City for the same position. He is concerned whether this is an acceptable practice as per pension ordinance since the firefighters in question are receiving pensions and have full access to their DROP accounts. The union conferred with their attorney Robert Sugarman who (according to Mr. Brown) is of the opinion that this situation presents a violation of the ordinance. Mr. Brown also wondered if there were any penalties that the Plan might incur.

The plan's attorney, Ms. Bieler, asked Mr. Brown to submit a formal request with supporting documents that will allow Cypen & Cypen to thoroughly review the issue and evaluate what the Board's responsibility is in this situation. Mr. Brown promised that a request would come from the Union's attorney Robert Sugarman immediately following the meeting and expressed his intent to return to the Board in November.

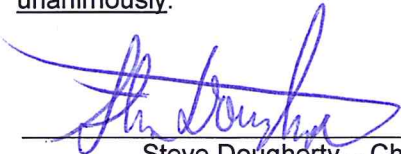
- 13. Input from Trustees:** Trustee Cabeza made a request concerning monthly performance updates submitted by the various managers. He said many are easy to read, others are not. He would like to see more uniformity in the presentation of the monthly performance. Notably, he prefers the format currently being used by SSGA and would like the other managers to adopt this kind of reporting. The

Board agreed. As well, the Board asked that Inverness cease sending paper copies of the monthly performance to their homes since the same is also sent electronically. They no longer want paper copies from Inverness.

Trustee McCluskey asked Mr. Fisher to reach out to Greg McNeillie for an update on the City Commission meeting that was held on October 16th, 2013.

14. **Public Comment** – None.

15. **Adjournment** – Chairman Dougherty announced that the next regular meeting would be held on **Thursday, November 20, 2013** at 2:00 p.m. for the quarterly investment meeting, immediately followed by the regular meeting. Attendance is expected by associates from Dahab, American Realty, Lee Munder and Inverness. There being no further business to come before the Board, motion by Vicki Minnaugh, second by Gary Arenson, to adjourn the meeting at 2:54 p.m. The motion carried unanimously.



Steve Dougherty – Chairman



Frank Musumeci – Secretary