

# 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 – SEPTEMBER 20, 2007

The three hundred and forty-fifth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 4:00 p.m. by Chairman Anthony Napolitano.

<b>1.</b>	<b><u>Roll Call</u></b> –	<b><u>Fire Members</u></b>	<b><u>Police Members</u></b>	<b><u>City Members</u></b>
		Steve Dougherty	John Birkenheuer (4:45 pm)	Gary Arenson
		Richard Moss	Carl Heim	Vicki Minnaugh
		Anthony Napolitano	James Ryan	Isadore Nachimson

**Others Present:** Larry Wilson from Gabriel, Roeder, Smith & Co.; Rene Gonzalez, City Finance Director; Julie Klahr, Asst. City Attorney; F/F Kenneth Fritz and Frank Musumeci; Disability Retiree F/F Darren Bishop; Mark L. Zientz, Esq.; Retired F/F David Donzella and Anthony Zitnick; Louis C. Arslanian, Esq.; Stephen H. Cypen, Esq., Attorney for the Fund; Karen H. Warner, Plan Administrator; and James Fisher, Asst. Plan Administrator.

2. **Approval of Minutes for August 16, 2007.** Chairman Napolitano presented minutes from the meeting of August 16, 2007 for approval. Vicki Minnaugh moved to approve. Gary Arenson seconded the motion. The motion carried unanimously.
  
3. **Approval of Warrant #398.** Chairman Napolitano presented Warrant #398 in the amount of \$106,297.50 for approval and payment. Karen Warner noted that one item (Florida Power & Light) has been removed since agenda packets were distributed, reducing the warrant total to \$106,297.50. Vicki Minnaugh moved to approve payment of Warrant #398 as modified. James Ryan seconded the motion. The motion carried unanimously, authorizing payment of:

Cypen & Cypen – Monthly Retainer for September, 2007	\$3,250.00
Crexent, LLC –September, 2007	
Office Rent	\$1,134.00
Telephone Equip.	185.00
Copies	.60
Long Distance	<u>5.12</u>
	\$1,324.72
	\$1,324.72
Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for October, 2007	\$407.72
Karen Warner – Mo. Allowance for Sept. 2007 (Med/Dental/Life)	\$375.00
Hampton Professional Center Condo No. 2 – Special Assessment (landscaping, irrigation, signs) per 8/17/07 board meeting	\$796.38
Xerox Corporation – Copier Lease (September)	\$200.07
NCPERS – 2008 Membership Renewal	\$150.00
Iron Mountain – Storage Fee (September)	\$105.00
State Street Global Advisors – Management Fee for Q/E 6/30/2007 (Active U.S. Midcap)	\$43,844.47
State Street Global Advisors – Management Fee for Q/E 6/30/2007 (Int'l. Balanced Securities)	\$52,704.07
Purchase Power – Postage Meter Refills (net of tsf from old machine)	366.53
Old Dominion Insurance Co. – Additional premium for liability policy (adding location #2)	\$575.12

SunTrust Bank (Visa, Warner)	Postage Machine	\$29.99	
	ISP (2 months)	49.90	
	Public Storage	71.00	
	Bd. Mtg/Equip/Off. Supplies	<u>222.07</u>	
		\$372.96	\$372.96
SunTrust Bank (Visa, Fisher)	A/C Repair	\$238.44	
	Gas/Mileage	87.02	
	Website down payment	<u>1,500.00</u>	
		\$1,825.46	\$1,825.46

**TOTAL** **\$106,297.50**

4. **Approval of DROP Benefit and Back-DROP Balance – Ordinance 1443 (Fire).** Vicki Minnaugh moved to approve the calculation of DROP Benefit and Back-DROP Balance as presented. Carl Heim seconded the motion. The motion carried unanimously to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit	Back-DROP Additions
F/F Robert Newfield	6/01/2007	5/31/2012	Joint & 100% Contingent	\$0.00

5. **Request for DROP Account Distributions – P/O John Bedell, P/O Leslie Haywood and F/F Steve Sumbly.** DROP account distribution requests have been received from P/O John Bedell (\$70,000 lump sum), P/O Leslie Haywood (\$10,000 lump sum), and F/F Steve Sumbly (\$30,000 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 Bedell, Leslie Haywood and Steve Sumbly. Gary Arenson seconded the motion. The motion carried unanimously.

### **UNFINISHED BUSINESS**

6. **Disability Offset (Social Security) – F/F Darren Bishop.** Attorney Cypen summarized this matter as being a question of whether the State of Florida is a reverse offset state, as it pertains to Social Security offsets. He stated that he and Mr. Bishop's attorney, Mark L. Zientz, are trying to resolve the matter appropriately. The federal government's desire is that there is not a double offset applied. Attorney Cypen added that by one day – according to the effective date stipulated in the Social Security Administration's response dated May 17, 2007 – this fund is entitled to offset Mr. Bishop's disability benefit if appropriate. He also noted that there is no enforcement provision regarding the application of a double offset. On several occasions this Board has approached the City claiming that the offset provision is unfair, but to no avail. Attorney Zientz stated that the Social Security Administration is required to calculate and offset based upon Federal law. Attorney Cypen asked Mr. Zientz to specifically demonstrate to the board's satisfaction where the offset is being suffered and how Mr. Bishop is being harmed. Upon receipt, the matter will be re-addressed and hopefully brought to a conclusion.
7. **Request for Actuarial Information – F/F Kenneth Fritz.** F/F Fritz stated the information received from Actuary Larry Wilson was not what he requested, and he has spoken with Mr. Wilson regarding the factors provided. Mr. Fritz has contacted the State and was told the information is incomplete. Actuary Wilson asserts that the information is fully usable and completely understandable by any pension actuary. F/F Fritz has retained an actuary and would like permission for him to contact Larry Wilson directly. Discussion followed regarding the plan's assumption of married vs. unmarried members, and the effect of that assumption. The bottom line is making a determination that actuarial calculations are fair and consistent with other members similarly situated. It was suggested that F/F Fritz speak with State Actuary Charles Slavin, and that Mr. Slavin should call Larry Wilson to discuss further.

8. **Review / Approve – Draft of Summary Plan Description.** Recommended modifications were discussed. Also noted was the general consensus that it would be preferred if the SPD was much briefer, so as not to confuse the plan’s members. Pension Office staff will forward suggestions to GRS, who will then provide a clean document for the October agenda packets.

**NEW BUSINESS**

9. **Review / Approve – Auditor’s Engagement Letter for FYE 9/30/2007.** The Koch Reiss engagement letter was presented for review. Their annual fee has increased from \$13,000 to \$14,500 (approximately 11.5%). Discussion followed regarding a multi-year commitment from Koch Reiss for auditing services, and limiting the annual increase in fees. Following discussion, Gary Arenson moved to approve the engagement letter, to request either a 2-year or 3-year commitment from Koch Reiss, with fee increases not to exceed 5% per year. Vicki Minnaugh seconded the motion. The motion carried unanimously.
10. **Review / Approve – Police COLA Effective 10/1/2007.** Police COLA calculations prepared by GRS were reviewed. Karen Warner noted one correction, and Larry Wilson explained it was an oversight with regard to a disability COLA where offset is applied. Vicki Minnaugh moved to approve the Police COLA calculations, effective as of 10/1/2007, as corrected. James Ryan seconded the motion. The motion carried unanimously.
11. **Credited Service – F/F Anthony Zitnick.** Attorney Cypen explained that F/F Zitnick was separated from City employment from 4/15/1998 – 1/11/1989. Following arbitration, he was reinstated with full back pay, seniority, and accrued benefits with interest from the date of termination. Agenda packets included documentation that F/F Zitnick received back pay from the City (less 10.4% pension), and that he had reimbursed the pension fund for a refund of contributions plus interest previously received. Also distributed was correspondence dated 1/12/1989 from Asst. City Attorney Kristine Magnuson to City Manager Woodward Hampton asserting the arbitrator’s award stated above. A recalculation of Zitnick’s retirement benefit based upon 20 years of service has recently been completed, reflecting a retirement date of 9/1/2000. Following discussion regarding initial retirement benefit, benefits adjusted for annual COLA’s and the retroactive amount due, Vicki Minnaugh moved to recognize 20 years of credited service for F/F Anthony Zitnick resulting in a revised monthly pension benefit and entitlement to back payments. Carl Heim seconded the motion. The motion carried unanimously.

Karen Warner noted that staff has met extensively with F/F Zitnick. He has opted for the “life only” form of benefit; and copies of the completed election were distributed for review by the trustees. Speaking directly to F/F Zitnick, Attorney Cypen inquired whether Mr. Zitnick affirms his benefit election and fully understands the “life only” concept, to which F/F Zitnick responded in the affirmative. F/F Zitnick asked if he is entitled to receive interest on the retroactive amount due. Attorney Cypen indicated there is no entitlement to interest. Louis C. Arslanian, Esq. requested clarification on the timing of benefits approved. Attorney Cypen stated there will be a lump sum disbursement of retroactive amounts paid shortly, with a recurring normal retirement benefit commencing 10/1/2007.

12. **Review / Approve – Revised DROP Benefit and Back-DROP Balance – Ordinance 1443 (Fire).** Agenda packets included revised DROP information relative to F/F Robert Kern. Karen Warner explained that it became necessary to recalculate F/F Kern’s benefit based upon new information provided (certificate of compliance). Following discussion, Vicki Minnaugh moved to approve the revised calculation of DROP Benefit and Back-DROP Balance as presented. Gary Arenson seconded the motion. The motion carried unanimously to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit	Back-DROP Additions
F/F Robert Kern	6/01/2006	5/31/2011	Joint & 75% Contingent	\$0.00

13. **Reports:**

**Actuary** – Larry Wilson reiterated that GRS has completed a draft of the Summary Plan Description (see agenda item #8 above).

Mr. Wilson advised that the Pension Office recently forwarded a question regarding the office condo for valuation purposes. Although that the auditors are permitted to show a depreciated value, he recommends using an appraised market value each year for the actuarial valuation. Mr. Wilson checked with one other pension fund client who owns their building – that property is being treated as a “non-performing asset”. Discussion followed regarding rental income and rental expense, and whether there is a need to modify the fund’s investment policy. The Pension Office will communicate with Koch Reiss, advising that it is preferred to reflect a rent arrangement for the new office space once occupied. Discussed was a rate of \$20 - \$22 per square foot, plus reimbursement for monthly CAM. There will not be an appraisal completed for FYE 9/30/2007 – Koch Reiss will be asked to use the purchase price plus build-out costs.

**Attorney** – Discussion continued regarding the Holland & Knight opinion letter, addressing the application of IRC 415. Particularly noteworthy was the treatment of fixed rate vs. variable rate earnings and the effect of each on a member’s 415 calculation. According to Actuary Wilson, to the extent earnings are variable, the 415 limit is not applicable. Asst. City Attorney Julie Klahr mentioned opinions expressed at a recent conference she attended; Attorney Cypen recommended that she contact Robert Friedman (author of the opinion) directly to discuss further.

Retired F/F David Donzella asked whether arrangements for reducing his monthly benefits are in place. Notification to the City regarding the excess benefit has been prepared. Attorney Cypen added that payment adjustments are most logical at the end of the year.

In response to a question regarding DROP withdrawals and excess benefits, Attorney Cypen and Actuary Wilson both agreed that the member would still be subject to the minimum distribution rules at age 70-1/2.

**Plan Administrator** – Karen Warner advised that 9/30/2007 “audit confirmation” letters have been prepared for all service providers to the pension fund and will be provided to Koch Reiss in the near future. The City requests our final audit report no later than January 4, 2008 – therefore, we are again on an extremely tight timeline with the auditors.

Since agenda packets were mailed out, the Pension Office has received fund accounting from Joan Wall for the quarter ended 6/30/2007. Vicki Minnaugh moved to add “Approval of Financial Reports for Q/E 6/30/2007” to the agenda. Gary Arenson seconded the motion. The motion carried unanimously.

**Review / Approve – Financial Reports for Q/E 6/30/2007.** Vicki Minnaugh moved to accept the financial reports as presented for the quarter ended 6/30/2007. Isadore Nachimson seconded the motion. The motion carried unanimously.

The Pension Office is in receipt of additional bills for payment and other benefit disbursements for approval. Chairman Napolitano presented Warrant #399 for addition to the agenda and approval for payment. Gary Arenson moved to add Warrant #399 to the agenda. Vicki Minnaugh seconded the motion. The motion carried unanimously.

Vicki Minnaugh moved to approve payment of Warrant #399 in the amount of \$334,010.26. Gary Arenson seconded the motion. The motion carried unanimously, authorizing payment of:

P/O John Bedell – DROP Withdrawal (Lump Sum) \$70,000 less FIT \$14,000	\$56,000.00
F/F Stephen Sumbly – DROP Withdrawal (Lump Sum) \$30,000 less FIT \$6,000	\$24,000.00
P/O Leslie Haywood – DROP Withdrawal (Lump Sum) \$10,000 less FIT \$2,000	\$8,000.00
U.S. Treasury – FIT Withholding (Bedell, Sumbly, Haywood)	\$22,000.00
F/F Anthony J. Zitnick – Mo. Retire. Benefit commencing 10/1/2007	\$2,772.82
F/F Anthony J. Zitnick – Retroactive Pension Benefits, covering the Period 9/1/2000 – 9/30/2007 (total of 85 months)	\$221,237.44
<b>TOTAL</b>	<b>\$334,010.26</b>

Vicki Minnaugh moved to add Warrant #400 to the agenda. Isadore Nachimson seconded the motion. The motion carried unanimously.

Vicki Minnaugh moved to approve payment of Warrant #400 in the amount of \$266,613.38. Isadore Nachimson seconded the motion. The motion carried unanimously, authorizing payment of:

<b>COST-OF-LIVING INCREASE for POLICE OFFICERS</b>	
<b>New Monthly Benefits Effective 10/2007:</b>	
Arcuri, Anthony	\$5,186.04
Bedell Jr., John E.	4,754.29
Belusko, David A.	2,507.57
Buchholz, Kevin	3,930.06
Burns, Teresa A.	5,612.66
Campolo, Richard	3,573.90
Crawford Jr., Fred J.	3,486.66
Demma, Joseph M.	6,285.61
Dilenge, James L.	6,852.60
Drummond, Terri Rousseau	2,032.20
Dutton, Pamela J.	6,439.26
Edwards, James D.	995.29
Ewing, Sandra	2,865.01
Falzone Sr., Vincent J.	4,389.74
Felix, William H.	3,716.84
Fidler, Charles B.	2,019.94
Fiumefreddo, Robert	3,201.62
Fisher, James F.	7,842.81
Fosman, David	4,381.47
Garris, Dale A.	6,253.64
Guerra, Alfredo J.	3,486.54
Hall Jr., Carl W.	3,505.45
Hartmann, Richard J.	1,649.94
Haywood, Leslie L.	4,445.90
Hones, Kevin T.	6,478.16
Ikalina, Glenn B.	5,829.55
Irlanda, Carlos	2,314.14
Jacob, William A.	6,441.51
Jomant, Michael J.	6,747.55
Jones, Robert C.	3,201.82

Knapp, Edward B.	1,432.52
Lachmiller, William E.	1,488.88
Lewis, Mark N.	4,340.72
Lombardo, John J.	4,289.46
McLoughlin, Warren R.	3,702.30
Maynard, William W.	3,974.71
Michaud, France R.	5,728.74
Moloney, Brianna	534.42
Nasta, John P.	8,604.11
Noonan, Leonard W.	6,304.26
Novak Jr., Joseph W.	2,711.86
O'Shea, David E.	1,835.81
Palant, Keith	8,850.89
Pazienza, Angelo	7,120.88
Primeau, Gerald A.	4,160.20
Reilly, Mary J.	1,028.65
Riddick, Glen D.	1,382.01
Rosinsky, Lisa	890.83
Rosinsky, Matthew P.	222.72
Rosinsky, Sean B.	222.72
Sadagursky, Thomas	8,168.41
Schooley, Larry E.	4,733.62
Schelling, Carl J.	9,701.13
Smith, Andrew J.	8,329.60
Spaulding, Tamara L.	6,490.31
Stanton, John T.	1,689.53
Tighe, John H.	2,209.33
Varley, Gregory W.	7,166.94
Vitale, Ambrose C.	3,414.48
Walsh, Thomas V.	4,065.63
Webster, Leroy F.	1,334.63
Wright, Raymond R.	4,621.84
Yetto, Joseph M.	5,433.47
<b>TOTAL</b>	
<b>\$266,613.38</b>	

Karen Warner reported on upcoming conferences and educational activities:

- FPPTA – Palm Beach (October 7<sup>th</sup> – 10<sup>th</sup>)
- Division of Retirement – St. Petersburg (Oct. 22<sup>nd</sup> – 24<sup>th</sup>)
- Public Fund Board Forum – San Francisco (Dec. 8<sup>th</sup> – 11<sup>th</sup>)

Anyone interested in attending should contact the Pension Office for registration information.

James Fisher reported on the status of the new office. Permits were issued on September 18<sup>th</sup>. He has met with SGI Datacom (referred by contractor) who can provide complete services in terms of telephone, internet, cable, security, and audio/video recording. He has verbally quoted a maximum charge of \$35,000 – a number intentionally high for discussion and planning purposes only. The trustees discussed continuity of service in the event repairs are necessary; the importance of making sure he will not be utilizing any proprietary equipment, systems or programs; and a need for his charges to be reduced significantly. SGI will be asked to forward a detailed proposal. Vicki Minnaugh moved to utilize the services of SGI Datacom at a charge not to exceed \$28,000. Gary Arenson seconded the motion. The motion carried unanimously.

Karen Warner asked the trustees to consider increasing Jim Fisher's hours to 30 per week (from the current 20 per week), given that we are at fiscal year end faced with an audit and actuarial valuation – plus an office move. Following discussion, Vicki Minnaugh moved to increase Jim Fisher's hours to 30 hours per week. Gary Arenson seconded the motion. The motion carried unanimously.

14. **Input from Retirees:** None.

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

16. **Adjournment** – Chairman Napolitano announced the next regular meeting would be held on Thursday, October 18, 2007 at 4:00 p.m. There being no further business before the Board, Vicki Minnaugh moved to adjourn the meeting at 6:10 p.m. Gary Arenson seconded the motion. The motion carried unanimously.

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Anthony Napolitano – Chairman

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Richard Moss – Secretary