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 – JANUARY 15, 2009

The three hundred and sixty-first 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 James Ryan.

1. **Roll Call –**

Fire Members	Police Members	City Members
Adam Cabeza	John Birkenheuer	Gary Arenson
Steven Dougherty	James Ryan	Vicki Minnaugh
Richard Moss		Isadore Nachimson

Due to being out of town, Carl Heim has requested an excused absence. Vicki Minnaugh moved to excuse the absence of Carl Heim. Gary Arenson seconded the motion. The motion carried unanimously.

Others Present: Larry Wilson from Gabriel, Roeder, Smith & Co.; Mark L. Zientz, Esq., F/F Disability Retiree Darren Bishop and Janice Jones from Joan Bailey & Associates (court reporter); Frederick H. Nesbitt (via telephone); Clement Johns and Elisabeth Capota from Goldstein Schechter Koch, etal; P/O Disability Retiree Anthony Arcuri; Rene Gonzalez, City Finance Director; F/F Vincent Garcia; Stephen H. Cypen, Esq., Attorney for the Fund; Karen H. Warner, Plan Administrator; and James Fisher, Asst. Plan Administrator.

2. **Approval of Minutes for December 18, 2008.** Chairman Ryan presented minutes from the meeting of December 18, 2008 for approval. Gary Arenson moved to approve. Isadore Nachimson seconded the motion. The motion carried unanimously.

3. **Approval of Warrant #442.** Chairman Ryan presented Warrant #442 in the amount of $7,879.86 for approval and payment. Vicki Minnaugh moved to approve payment of Warrant #442 as presented. Gary Arenson seconded the motion. The motion carried unanimously, authorizing the payment of:

Cypen & Cypen – Monthly Retainer for January, 2009	$3,250.00
Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for February, 2009	$407.72
Karen Warner – Mo. Allowance for January, 2009 (Med/Dental/Life)	$375.00
LEAF – Xerox Copier Lease for December, 2008	$194.23
Twilight Industries, LLC – Office Maintenance for January, 2009	$152.00
Everything Imprinted – Reorder Printed Materials	$723.52
Holland & Knight LLP – Progress billing (IRS Determination Letter)	$1,025.00
Purchase Power – Postage Meter Refill	$418.99
Joan L. Wall – Bookkeeping charges through 12/16/2008 (31 hr @ $39.40)	$1,221.40
U.S. Treasury – Form 940 (2008)	$112.00
TOTAL	**$7,879.86**

4. **Approval of DROP Benefits and Back-DROP Balances – Ordinance 1443 (Fire).** Vicki Minnaugh moved to approve the calculation of DROP Benefits and Back-DROP Balances as presented. 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 Alfred Diliello	10/01/2008	9/30/2013	Joint & 100% Contingent	$0.00
F/F Johnny Mullin	10/01/2008	9/30/2013	Life Only	$0.00

5. **<u>Request for DROP Account Distributions –</u>** The following DROP account distribution requests were presented for Board consideration:

▪ F/F Todd Colligan	Lump Sum ***
▪ P/O Carl Hall	Rollover ***
▪ F/F Billy Mehaffey	Monthly ***
▪ F/F Van Patterson	Rollover ***
▪ F/F Stu Pester	Monthly ***

*** (See Attachment A)

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. <u>Isadore Nachimson moved to approve the distribution requests for Todd Colligan, Carl Hall, Billy Mehaffey, Van Patterson and Stu Pester as presented. Gary Arenson seconded the motion. The motion carried unanimously</u>.

UNFINISHED BUSINESS

6. **<u>Disability Offset (Social Security) – F/F Darren Bishop</u>.** Attorney Cypen opened the discussion with a recap of events leading to today's meeting. Frederick H. Nesbitt joined the discussion via telephone. Mr. Nesbitt offered a brief summary of his background, including 35 years as a lobbyist in Washington, DC (representing firefighters, police officers and public sector pension funds with regard to pension, tax and SS issues), 12 years as the Director of Government of Affairs for IAFF, and 6 years as the Executive Director and legislative counsel for NCPERS.

For the matter at hand, Mr. Nesbitt was asked to review Mr. Zientz's letter, research the claims presented, contact other experts and try to determine the applicability of an offset. At the request of Attorney Cypen, Karen Warner confirmed for the record that the Fire and Police employees do contribute to Social Security. Mr. Zientz again explained his position on the double-offset in question. Lengthy discussion followed from both sides of the issue – Attorney Cypen felt the Board was still entitled to apply the offset in compliance with the ordinance provision. Mr. Nesbitt stated that in this case since members are covered by Social Security, and if a member also receives a Social Security disability benefit, there would not be an offset regardless of the amount. He referenced Social Security Publication 05-10018 as the basis for his opinion. Attorney Cypen reversed his position on imposing the offset.

<u>Steve Dougherty moved that there be no offset applied to F/F Darren Bishop's disability pension as a result of disability benefits he receives from Social Security. Isadore Nachimson seconded the motion</u>.

Roll Call Vote:	<u>For the motion</u>	<u>Against the motion</u>
	Gary Arenson	
	John Birkenheuer	
	Adam Cabeza	
	Steve Dougherty	
	Vicki Minnaugh	
	Richard Moss	
	Isadore Nachimson	
	James Ryan	

<u>The motion carried unanimously</u>.

NEW BUSINESS

7. **<u>Preliminary Audit Results – FYE 9/30/2008</u>.** Clement Johns and Elisabeth Capota, representing Goldstein Schechter Koch, reported on the firm's preliminary audit results for fiscal year ended September 30, 2008. They are pleased to issue a clean and unqualified opinion on the financial statements for the year under review. Mr. Johns reviewed the results in detail. Fund assets for the year totaled $254,821,398. Liabilities were $47,906,811 resulting in net assets of $206,914,587 held in trust

for pension benefits. The plan's funded ratio was reported at 62.0% (as of the 10/1/2007 actuarial valuation date). Actual City contributions for the year totaled $15,214,031. Employee contributions, including buy-back payments, totaled $3,348,253. The relative return of the portfolio was (13.2%) and ranked in the 38th percentile. The audit report incorporates GASB requirements as to interest rate risk, credit risk, concentration of credit risk and custodial credit risk. Specific attention was drawn to Note 6 – Deposits and Investment Risk Disclosures. Mr. Johns pointed out that, at year end, there were certain fixed income investments below an "A" rating. Attorney Cypen asked whether this had been brought to anyone's attention, and whether the assets were still being held. The Pension Office will follow up with Dahab.

Vicki Minnaugh moved to accept the Audit for 9/30/2008 as presented. Gary Arenson seconded the motion. The motion carried unanimously.

8. **Review / Approve – Annual Report on Commercial Entity Requests for Social Security Numbers.** Karen Warner reported that it is again necessary to comply with Florida law dealing with public records and Social Security numbers. Letters to the Governor, President of the Senate and Speaker of the House have been prepared. Vicki Minnaugh moved to accept the Annual Report as presented, and authorizing the Chairman to execute same as necessary. Gary Arenson seconded the motion. The motion carried unanimously.

9. **Reports**:

Actuary – Actuary Larry Wilson offered updates on work in progress. The 10/1/2008 Valuation is in process and they are still in need of asset information from the audit. Employee census data has been reconciled. Delivered to the Pension Office today were materials completed by GRS to be filed with the plan's State Annual Report. Mr. Wilson estimates they are about two weeks away from completing the study recently requested by the City. Discussion followed regarding certain actuarial assumptions used for valuation purposes.

Attorney – Attorney Cypen spoke briefly about the provisions of HB 5 and its introduction for the 2009 legislative session. The bill has been introduced previously but has not survived the legal process. He feels the potential of SB 534 should be of greater importance, as it would make the Florida Retirement System mandatorily defined contribution effective January 1, 2010. While this may be appealing to some, the very real problem is the loss of premium tax money.

Trustee Dougherty questioned why it took so long to reach the decision reached in F/F Darren Bishop's matter. Attorney Cypen stated much of it had to do with scheduling, with delays getting information and with lack of clarity on the issues.

Chairman – None.

Plan Administrator – The Pension Office is in receipt of additional bills for payment and other benefit disbursements for approval. Chairman Ryan presented Warrant #443 for addition to the agenda and approval for payment. Vicki Minnaugh moved to add Warrant #443 to the agenda. Gary Arenson seconded the motion. The motion carried unanimously. Vicki Minnaugh moved to approve payment of Warrant #443 presented in the amount of $417,212.37. Gary Arenson seconded the motion. The motion carried unanimously, authorizing payment of:

P/O Roger Hall Refund of Contributions (Terminated 12/9/2008)			***
A.G. Edwards & Sons f.b.o. P/O Carl Hall – Partial DROP Rollover			***
Equity Trust Co. f.b.o. F/F Van Patterson – Partial DROP Rollover			***
F/F Stu Pester – DROP Withdrawal (monthly) commencing January 1, 2009			***
F/F Billy Mehaffey – DROP Withdrawal (monthly) commencing February 1, 2009			***
F/F Todd Colligan – DROP Withdrawal (lump sum)			***
U.S. Treasury – FIT Withholding			$8006.40
SunTrust Bank (Visa-Fisher)	BellSouth	$398.62	
	AT&T	370.75	
	Bd Mtg / Off Supplies	242.97	
	Gasoline	29.66	
	DirecTV	87.12	
	Storage	104.00	
		$1,233.12	$1,233.12

SunTrust Bank (Visa-Warner)	FP&L	$129.70	
	ISP	24.95	
	Bd Mtg / Off Supplies	419.41	
	Xerox	495.50	
	Postage Machine	138.00	
		$1,207.56	$1,207.56
Gabriel, Roeder, Smith & Co.-Prof Fees for November			$7,620.00
Inverness Counsel, Inc. - Mgmt. Fee for Q/E 3/31/2009			$122,285.00
Independence Investments LLC - Mgmt. Fee for Q/E 12/31/2008			$20,649.68
Buckhead Capital Management – Mgmt. Fee for Q/E 12/31/2008			$10,533.71
Fiduciary Trust Company (Custody Fee for Q/E 12/31/2008 – Sawgrass)			$656.74
Fiduciary Trust Company (Custody Fee for Q/E 12/31/2008 – Independence)			$1,367.88
Fiduciary Trust Company (Custody Fee for Q/E 12/31/2008 – Buckhead)			$1,250.00
*** (See Attachment A)		**TOTAL**	**$417,212.37**

Karen Warner read a note of thanks from Joan Wall. It was noted that Chairman Ryan authorized sending a plant upon hearing the news of Joan's husband's death.

Jim Fisher distributed copies of a letter from Dahab Associates, which was in response to a previous Board request about any possible Madoff investments. Discussion followed regarding the phrase *indirect exposure.* Attorney Cypen suggested that the proper response from Dahab should be that the fund had no direct or indirect exposure to the Madoff funds. The Pension Office will follow up with Dahab.

10. **Input from Retirees:** Disability Retiree P/O Anthony Arcuri asked Attorney Cypen to identify the types of work he is not permitted to do. Attorney Cypen responded he could not give specifics, however noted that he cannot do any work which is inconsistent with the claim of his disability. Attorney Cypen suggested that Mr. Arcuri, prior to accepting any employment, submit a job description to the Board for an opinion on whether it could jeopardize his disability pension. Mr. Arcuri expressed agitation over why he seems to be questioned repeatedly about work he may be engaged in, and he felt the Board was being hostile toward him. In addition, Mr. Arcuri felt the Board was not willing to negotiate the repayment period for recovery of the offset amount. Attorney Cypen asked that any request Mr. Arcuri may have for reconsideration should be directed to the Pension Office, in writing and in the form of a detailed proposal. The matter will be placed on an upcoming agenda.

11. **Input from Active Members:** Trustee John Birkenheuer announced his intention to retire from the Police Department effective February 20, 2009. Because his term as Trustee is due to expire on 9/30/2009, it will be necessary to run an election for the remaining 7 months. The Pension Office will begin this process immediately.

12. **Adjournment –** Chairman Ryan announced the next regular meeting would be held on Thursday, February 19, 2009 at 2:00 pm. Investment presentations will be heard from Dahab Associates, Eaton Vance Management, State Street Global Advisors and Inverness Counsel – followed by the regular order of business at 4:00 pm. There being no further business before the Board, Isadore Nachimson moved to adjourn the meeting at 5:50 pm. Steve Dougherty seconded the motion. The motion carried unanimously.

James Ryan – Chairman

John Birkenheuer – Secretary