

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 20, 2011

The three hundred and eighty-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 James Ryan.

1. Roll Call –	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
	Adam Cabeza	Carl Heim	Gary Arenson (arr. 4:05)
	Steven Dougherty	Kevin McCluskey	Isadore Nachimson
	Frank Musumeci (arr. 4:35)	James Ryan	

Vicki Minnaugh is out of town and has requested an excused absence. Motion by Carl Heim, second by Adam Cabeza, to excuse the absence of Vicki Minnaugh for this meeting. The motion carried unanimously.

Others Present: Larry Wilson from Gabriel, Roeder, Smith & Co.; Clement Johns, CPA from Goldstein Schechter Koch; Rene Gonzalez, City Finance Director; P/O Humberto Chirino; Alison Bieler, Esq. from Cypen & Cypen; Karen H. Warner, Plan Administrator; and James Fisher, Asst. Plan Administrator.

2. **Approval of Minutes for December 16, 2010.** Chairman Ryan presented minutes from the December 16, 2010 meeting for approval. Motion by Steve Dougherty, second by Isadore Nachimson, to approve as presented. The motion carried unanimously.
3. **Approval of Warrant #505.** Chairman Ryan presented Warrant #505 in the amount of \$225,058.23 for approval and payment. Motion by Isadore Nachimson, second by Steve Dougherty, to approve as presented. The motion carried unanimously, authorizing the payment of:

Cypen & Cypen – Monthly Retainer for January, 2011				\$3,250.00
Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for February, 2011				\$407.72
Karen Warner – Mo. Allowance for January, 2011 (Med/Dental/Life)				\$375.00
James Fisher – Mo. Allowance for January, 2011, 2010 (Med/Dental/Life)				\$308.00
LEAF – Xerox Copier Lease for January, 2011				\$194.23
Twilight Industries, LLC – Office Maintenance for January, 2011				\$152.00
Purchase Power – Postage Meter Refill				\$400.00
Inverness Counsel, LLC – Management Fee for Q/E 3/31/2011				\$156,697.57
Joan L. Wall – Bookkeeping 10/14/2010-1/3/2011	47.25 hr	\$39.40	\$1,861.65	
	Copies		14.70	
			\$1,876.35	\$1,876.35
Buckhead Capital Management – Management Fee for Q/E 12/31/2010				\$19,681.78
Lee Munder Capital Group – Management Fee for Q/E 12/31/2010				\$41,715.58

TOTAL **\$225,058.23**

4. **Approval of DROP Benefit(s) – Ordinance 1669 (Fire) [new ordinance].** Motion by Steve Dougherty, second by Isadore Nachimson, to approve the calculation of DROP Benefit(s) as presented. The motion carried unanimously to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit
F/F Bradley Masters	9/01/2010	8/31/2015	Joint & 100% Contingent

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

▪ P/O Russell English	Lump Sum ***
▪ P/O Kevin Hones	Lump Sum ***
▪ F/F Joseph Montopoli	Monthly ***
▪ P/O Nick Naples	Lump Sum ***
▪ F/F Anthony Napolitano	Lump Sum ***
▪ F/F Van Patterson	Lump Sum ***
▪ F/F Ricardo Torres	Lump Sum ***

*** (See Attachment A)

Actuary Larry Wilson has provided the necessary letters indicating these distributions would not pose a problem with the 415 limitation at the present time. Motion by Steve Dougherty, second by Carl Heim, to approve the distribution requests for Russell English, Kevin Hones, Joseph Montopoli, Nick Naples, Anthony Napolitano, Van Patterson and Ricardo Torres as presented. The motion carried unanimously.

UNFINISHED BUSINESS

6. **Approval of DROP Benefit(s) – Ordinance 1480 (Police) [old ordinance]**. P/O Bert Chirino petitioned the Board to find a way to make his DROP benefit feasible under the old ordinance provisions. He believes the advice previously given by the Board's legal counsel was inaccurate. Alison Bieler (Cypen & Cypen) reiterated their position that a DROP application needs to be approved by the Board prior to a new ordinance taking effect. She also noted that Mr. Chirino did in fact execute a contract with the City acknowledging the reduction in benefits that would result from the new ordinance provisions. Following discussion, motion by Gary Arenson, second by Frank Musumeci, to deny the approval of DROP benefits for P/O Humberto Chirino under Ordinance 1480.

<u>Roll call vote:</u>	<u>For the motion</u>	<u>Against the motion</u>
	Gary Arenson	Carl Heim
	Adam Cabeza	Kevin McCluskey
	Steve Dougherty	James Ryan
	Frank Musumeci	
	Isadore Nachimson	

The motion carried.

NEW BUSINESS

7. **9/30/2010 Pension Fund Audit Results**. Clement Johns, CPA reported on the firm's preliminary audit results for fiscal year ended September 30, 2010. Goldstein Schechter Koch has issued a clean and unqualified opinion on the financial statements for the year. Mr. Johns reviewed the results in detail. Fund assets for the year totaled \$299,871,909. Liabilities were \$64,297,851 resulting in net assets of \$235,574,058 held in trust for pension benefits. Net increase in the value of plan assets totaled \$26,012,972. The plan's funded ratio was reported at 60.3% (as of the 10/1/2009 actuarial valuation date). Actual City contributions for the year totaled \$22,200,904. Employee contributions, including buy-back payments, totaled \$3,032,452. The relative return of the portfolio was 8.4% and ranked in the 89th percentile of the Public Fund Universe.

Mr. Johns noted that his firm is in the process of completing a trend analysis of all public funds they audit. He will forward the analysis results when complete.

GSK has provided a Management's Representation Letter for signature. Motion by Gary Arenson, second by Carl Heim, authorizing execution of the management letter provided. The motion carried unanimously.

Discussion followed regarding general questions and minor revisions needed. Motion by Gary Arenson, second by Steve Dougherty, to approve the Audit for 9/30/2010 with the noted revisions. The motion carried unanimously.

8. **Request from City Regarding Employer Contributions.** Karen Warner introduced this matter for Board consideration. Finance Director Rene Gonzalez has asked that the Board reconsider a previous request regarding the plan year determination date for City contributions. At the present time, the Actuary's October 1st valuation (as of the first day of any given plan year) determines the City contribution requirement for that plan year which will end on the next September 30th. As a matter of precedent, the City requests that the October 1st valuation now be used to establish the level of City contribution for the ***following*** plan year – with the year ending 9/30/2011 being the transition year. The City would like to see this implemented immediately so that the 10/1/2010 Valuation (currently in process) will determine City contributions for years ending 9/30/2011 and 9/30/2012.

Mr. Gonzalez explained that this change is critical for budgeting purposes. Actuary Larry Wilson stated this is a common practice, noting that the State's current position is that the valuation for each plan year must be a percentage of pay (rather than a dollar amount). He also cautioned that such a change will tend to negate the asset smoothing concept currently being utilized.

Following discussion, motion by Gary Arenson, second by Isadore Nachimson, to approve the City's request and authorizing the Actuary to proceed in this manner immediately (with 9/30/2011 being the transition year), so long as it is not detrimental to the Police Department and/or Fire Department, and with the understanding that it will not be used as a disadvantage to the collective bargaining units in the future. On a vote of 7 in favor and 1 opposed (Dougherty), the motion carried.

9. **Request from Joan L. Wall (Bookkeeper).** Karen Warner introduced a letter received from Joan Wall, in which an hourly rate increase from \$39.40 to \$43.05 is requested. This represents a 3% annual increase for each of the past three years (since the last increase was approved). Based upon the number of hours Ms. Wall charged for 2010, her billing would have been approximately \$460 higher.

For discussion purposes, motion by Gary Arenson, second by Carl Heim, to increase Joan Wall's hourly rate for the Fund's bookkeeping to \$43.05. Discussion followed with some concern expressed, in large part, because the plan members themselves haven't received raises at this level. The Trustees would prefer to see an annual request for increase rather than once every three or four years. On a vote of 5 in favor and 3 opposed (Cabeza, Heim, Nachimson), the motion carried.

10. **Reports:**

Actuary – Larry Wilson reported that his office will move ahead with completing the 10/1/2010 Actuarial Valuation, now that asset numbers have been issued by the Auditors.

Attorney – Alison Bieler reported that she has provided a draft of DROP Administrative Rules to the Pension Office. Review will continue, and presentation to the Board will hopefully be scheduled in the very near future.

Attorney Friedman (Holland & Knight) advises there has been no further word from IRS on the status of Determination Letter. The Fund's application has moved through the compliance phase and is now under legal review.

The Cypen & Cypen newsletter dated 12/23/2010 reported on an item entitled "Best Execution Carries Hidden Costs". Ms. Bieler recommended that the article be forwarded to Greg McNeillie, with a request that he share his thoughts on the matter of settlement aggregation at the next meeting.

Ms. Bieler encouraged the bargaining unit representatives to contact Cypen & Cypen, should questions arise as their negotiations gear up again.

Chairman – None.

Plan Administrator – Karen Warner reported that Dan Rotstein (City HR Director) advises there has been no response prepared to our letter regarding the *Crusoe* and *Correctional Officer* matters. He confirmed that he has been working with the City Attorney's Office, and he hopes to have something in this regard for the February 17th meeting.

The commercial insurance policy and umbrella coverage, as well as the employee dishonesty policy, will be expiring in just a few weeks. The agent has provided renewal quotes very near last year's premiums – increase of .50%. We will proceed with finalizing the renewal process to insure uninterrupted coverage.

The Pension Office is in receipt of additional bills for payment and other disbursements for approval. Chairman Ryan presented Warrant #506 for addition to the agenda and approval for payment. Motion by Adam Cabeza, second by Gary Arenson, to add Warrant #506 to the agenda. The motion carried unanimously. Motion by Gary Arenson, second by Adam Cabeza, to approve the payment of Warrant #506 as presented in the amount of \$330,597.29. The motion carried unanimously, authorizing the payment of:

P/O Peter Desmond – Normal Retirement Benefit Commencing 2/1/2011		***
P/O Guy McCauley – Normal Retirement Benefit Commencing 2/1/2011		***
F/F Richard Moss – Normal Retirement Benefit Commencing 7/1/2010		***
F/F Louis M. Nettina – Normal Retirement Benefit Commencing 2/1/2011		***
P/O Russell English – Lump Sum DROP Withdrawal		***
P/O Kevin Hones – Lump Sum DROP Withdrawal		***
P/O Nick Naples – Lump Sum DROP Withdrawal		***
F/F Anthony Napolitano – Lump Sum DROP Withdrawal		***
F/F Joseph Montopoli – Monthly DROP Withdrawal Commencing 2/1/2011		***
F/F Van Patterson – Lump Sum DROP Withdrawal		***
F/F Ricardo Torres – Lump Sum DROP Withdrawal		***
U.S. Treasury – FIT Withholding (English-Hones-Naples-Napolitano-Patterson-Torres)		***
Gary Arenson – Reimb. Conf. Exp. (Intl. Foundation/Guns & Hoses)		
	Hotel	\$639.90
	Parking	32.61
	Taxi	89.00
	Per Diem (4 days)	240.00
	Airfare + Baggage Fees	310.10
		<u>\$1,311.61</u>
		\$1,311.61
SunTrust Bank (Visa – Fisher)	Postage Machine (Lease)	\$324.00
	Bd Mtg / Ofc Supplies	146.56
	Gasoline	40.00
	Pest Control	35.00
	DirecTV (2 months)	190.10
	Cbeyond (phones & internet)	354.33
	Monthly Storage	104.00
		<u>\$1,193.99</u>
		\$1,193.99
SunTrust Bank (Visa – Warner)	Xerox (mo. Maintenance + Qtr. copies)	\$245.94
	ISP (2 months)	49.90
	Bd Mtg / Ofc Supplies	31.68
		<u>\$327.52</u>
		\$327.52
U.S. Treasury – Form 940 FUTA Tax Return (2010)		\$112.00
FP&L – Service Dates 11/24/2010 – 12/28/2010		\$106.19
The Plastidge Agency, Inc. – Renewal Prem. 3/23/2011-2/12/2012 (EE Dishonesty)		\$335.29
Gabriel, Roeder, Smith & Co. – Prof. Services for December, 2010		\$12,388.00
Fiduciary Trust Co. – Custody Fee for Q/E 12/31/2010 (Lee Munder)		\$3,190.21
Fiduciary Trust Co. – Custody Fee for Q/E 12/31/2010 (Buckhead)		\$1,470.40

*** (See Attachment A)

TOTAL

\$330,597.29

Jim Fisher reported that:

- The “Are You Alive” Affidavits for 2011 have been prepared and are ready to be mailed out.
- Actuary Larry Wilson has provided a fee update letter, per our contract with GRS. Copies were distributed.

11. **Input from Retirees:** None.
12. **Input from Active Members:** None.
13. **Adjournment** – Chairman Ryan announced that the next regular meeting would be held on Thursday, February 17, 2011 at 2:00 pm. The Board will hear investment presentations from Dahab Associates, Lee Munder Capital Group and Inverness Counsel, followed by the regular order of business at approximately 4:00 pm. There being no further business to come before the Board, motion by Carl Heim, second by Adam Cabeza, to adjourn the meeting at 5:55 pm. The motion carried unanimously.



James Ryan – Chairman

Frank Musumeci – Secretary