

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 – MAY 19, 2011

The three hundred and eighty-ninth 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 James Ryan.

1.	Roll Call –	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
		Adam Cabeza Steven Dougherty Frank Musumeci	Kevin McCluskey James Ryan	Gary Arenson Vicki Minnaugh Isadore Nachimson

Carl Heim has requested an excused absence due to being out of town. Motion by Vicki Minnaugh, second by Gary Arenson, to excuse Carl Heim for this meeting. The motion carried unanimously.

Others Present: Greg McNeillie from Dahab Associates; Richelle Hayes from American Realty Advisors; Kathy Malitz, Andrew Piekarski and Dhaval Parikh from BlackRock; Henry Renard and Robert Maddock from Inverness Counsel, LLC; Larry Wilson from Gabriel, Roeder, Smith & Co.; F/F Sammy Brown, President of IAFF Local 2292; PBA Representatives P/O Andrew Brooks, P/O Adam Feiner and P/O Christopher Grant; Capt. Sean Hemingway; Det. Richard LeBoeuf; P/O Melvin Seguin; Stephen H. Cypen, Esq., Attorney for the Fund; Alison Bieler, Esq. from Cypen & Cypen; Karen H. Warner, Plan Administrator; and James Fisher, Asst. Plan Administrator.

2. **Dahab Associates – Performance Report for Q/E 3/31/2011.** Greg McNeillie represented the firm this date. He reported the Fund's total gross return was 4.2% for the quarter ended 3/31/2011, with a portfolio value of \$336,093,691. The increase in assets since 12/31/2010 totaled \$14,746,499 comprised of \$1,308,056 in total net contributions and net investment return of \$13,438,440. Investment of the total portfolio was 61.0% in domestic equities, 24.0% in fixed income (including State of Israel Bonds), 7.5% in international equities, 4.9% in real estate and 2.7% in cash and equivalents. The following gross returns, detailed by manager, were discussed:

Quarter Ended 3/31/2011						Trailing 12 Months
	Equities	Equity Bench- mark	Fixed Income	Fixed Inc. Bench- mark	Total Portfolio	
Atlanta Capital	9.5%	7.9%	---	---	9.5%	28.8%
Buckhead	6.3%	6.5%	---	---	6.3%	10.2%
Eaton Vance	3.1%	6.5%	---	---	3.1%	7.6%
Inverness	4.4%	5.9%	0.6%	0.3%	2.5%	9.4%
Lee Munder	4.0%	6.0%	---	---	4.0%	17.6%
SSgA Midcap	9.4%	9.4%	---	---	9.4%	26.9%
SSgA Intl Equity	4.1%	3.5%	---	---	4.1%	14.6%

Quarter Ended 3/31/2011			Trailing 12 Months
	R.E.	R.E. Bench-mark	
Am. Realty Advisors	4.5%	4.0%	17.0%
AmSouth Timber Fd.	0.8%	0.7%	1.8%
BlackRock	4.0%	4.0%	20.7%
TA Assoc Realty	0.8%	4.0%	0.5%

Report highlights:

- The economic recovery firmed during the first quarter, as manufacturing output expanded, consumers spent a little more, employment rose and CPI remained tame.
- The unemployment rate fell to 8.8% by March. This was the first time in two years that it was below 9%. The economy has lost roughly seven million jobs since late 2007 and the pace of job creation is very low.
- There was no good news on the housing front. Housing starts were locked in the 550,000 per year range, the lowest level in fifty years. In many parts of the country prices of existing homes have not yet stabilized, throwing more cold water on this component of the economy.
- On an annualized basis, headline CPI rose 2.7% in March, the largest increase since late 2009. Three-fourths of the increase reflected higher prices for energy, food and metal commodities. A trip to the supermarket or gas station will explain why consumer sentiment fell in March.
- While the domestic economy seemed to be righting itself, world events were undermining investor confidence. The Japanese earthquake, tsunami and nuclear meltdown sent markets reeling for a ten-day period in March. Sovereign defaults or near defaults in Portugal, Greece and Ireland also weighed heavily on the markets. The economic impact of a "democracy spring" in several Middle East / North African countries further worried investors. All things considered, at least geopolitically, it was amazing that most stock markets advanced at all during the past quarter.
- While not as strong as 4th quarter 2010, the latest quarterly figures for the Equity market showed surprising strength. Returns ranged from the S&P's 5.9% to 9.2% for the Russell Small Cap Growth Index. In general, smaller-sized growth stocks fared best. The best performing S&P sector was Energy, which gained a hefty 17.0%.
- In 2010, offshore stock markets far outpaced domestic equities. But during the latest quarter, investors lost some of their enthusiasm for international securities. Most developed economies experienced show economic growth, high unemployment and, in southern Europe, heavy debt levels.
- In the Bond Market, the Barclays Aggregate Index rose a modest 0.4%. However, the low return essentially was driven by declining US Treasury prices. The Treasury component, representing one-third of the Index, fell by 16 basis points. Long maturity Treasuries lost ground due to rising inflation expectations. 20-year and longer issues lost a full 1.58%. Because of the very same concerns, Treasury inflation protected Securities (TIPS) made good gains.
- One-to-three-month T-bills (proxy for money markets) returned only four basis points last quarter. 90-day T-bills returned a paltry 16 basis points for the trailing year.

Mr. McNeillie reported that he recently met with the Finance Director, approaching the meeting from the Plan's investment perspective. With the Chairman's permission, Trustee Adam Cabeza was in the meeting as well. It may be necessary, at some point in the future, to address the City Commission. The purpose of this meeting was to discuss two specific issues:

- **Permissible bond ratings** – The Plan is currently limited because the ordinance is silent on the issue of bond ratings, making it necessary to revert back to State Statute guidelines. He hopes to have the opportunity to discuss this matter with the City Manager in the near future.
- **Revising the asset allocation for the Plan** – Currently the restriction is 60% equities at cost. In Mr. McNeillie's opinion, it is extremely difficult to achieve 8% return when the equities are capped at this level. His sense is that the Finance Director seems to be open to considering a change to a percentage at market value.

Mr. McNeillie asked the Board to consider splitting the Inverness account, separating equity and fixed income assets that are currently being held in one combined account. This will be discussed at a future meeting.

Regarding the question of when it is appropriate to replace a manager, Mr. McNeillie stated there are currently three managers who perform the same way at the same time (Inverness, Buckhead and Eaton Vance). These three make up 25% of the portfolio and 50% of the stock portfolio. A review of returns over the longer term indicates that better performance needs to be achieved in this area; then it becomes necessary to assess where a change can be made to achieve higher performance results. He recommended replacing Buckhead because their good performance is concentrated into a very short period over 5 years. As good quarters drop off and are replaced with lesser quarters, the returns will obviously decline.

Large Cap Value Manager Search Results – Copies were distributed for discussion. Mr. McNeillie reviewed the 74 responses and explained his screening processes. He suggested consideration be given to Herndon Capital Management, GAMCO, SKBA Capital Management and O'Shaughnessy Asset Management. Funding for the new account will come from Buckhead assets. A determination of which companies to invite is pending.

Mid Cap Equity Manager Search Results – Copies were distributed for discussion. Mr. McNeillie reviewed the 38 responses and suggested consideration be given to Boston Company Asset Management, Lee Munder Capital Group and Stewart Capital Advisors. One-half of the Midcap Index Fund at State Street will provide funding for this new manager. Following discussion, Mr. McNeillie agreed to arrange for **Mid Cap Equity Manager** presentations at the June meeting.

He will also initiate a **Large Cap Growth Manager** search.

3. **American Realty Advisors – Investment / Market Report.** Richelle Hayes represented the firm this date. She reported a net asset value of \$4,200,235 as of 3/31/2011. Gross and net returns for the quarter were 4.48% and 4.24% respectively. Since inception, gross annualized returns are -0.57%, with net annualized returns reported to be -1.57%. She noted that income has generated positive returns since inception, while appreciation has dropped the total levels into the negative.

There have been no changes in corporate structure. Two new office locations have opened in Connecticut and Northern California. The firm seriously assumes its role as a fiduciary investing in accordance with State and Federal fiduciary guidelines. Ms. Hayes reviewed the strategic methods of looking at and retaining properties.

Pembroke Pines participates in an open-end core commingled fund, with a gross market value of \$1.7 billion invested in 54 properties nationwide. The fund is well diversified geographically. Dividend yield is approximately 1-1/2% returned each quarter. Ms. Hayes summarized the current market environment and the following signs of stabilization for the economy and real estate market:

Positive Signs

- * Stabilization of job market impacts
Real estate demand
- * Tenant demand for space is improving
- * Consumer spending is improving

Negative Signs

- * The economy doesn't feel strong
- * Government deficits
- * Elevated energy prices
- * Elevated vacancy rates

Mr. McNeillie asked if there was an entry queue, in the event of wanting to invest additional funds. American Realty does have an entry queue that could be one to three months. Ms. Hayes stated their clients enter proportionately with other investors, not behind the others.

4. **BlackRock – Investment / Market Report.** Kathy Malitz (Managing Director), Andrew Piekarski (Managing Director) and Dhaval Parikh (Vice President and member of the Real Estate Client Service Group) represented the firm this date. Mr. Parikh provided a general overview of the corporate structure, global real estate platform and investment philosophy. He also addressed three specific leadership changes: the addition of Jack Chandler as Global Head of Real Estate; Kathy Malitz as Managing Director and Portfolio Manager; and the departure of Jay Alexander (Sr. Portfolio Manager) in April 2011.

Ms. Malitz presented a brief real estate market update. She reported that the economy is slowly improving, and BlackRock expects the GDP to expand in 2011. Higher gasoline prices, the US housing market, renewed sovereign debt problems in Europe and unrest in the Middle East present risk factors, as does the budget gap issue for state and local governments. As to the various real estate sectors, Apartments continue to lead the recovery benefiting from pent-up demand; Offices have finally entered a recovery; Retail is not yet in recovery; and Construction levels across all sectors are near historical lows. Ms. Malitz also noted that lenders are back to the market, evidenced by the origination of \$110 billion in commercial mortgage loans in 2010, representing an increase of 36% from the prior year. The cap rates suggest that real estate is attractively priced in today's environment.

BlackRock Granite is a core open-end property fund invested in high-quality, income-producing properties. It includes a small component of value-add investments, low-to-moderate leverage, and seeks returns appropriate for a core fund. Ms. Malitz reported gross and net returns for the quarter ended 3/31/2011 were 4.0% and 3.9% respectively, outperforming the NPI by 65 bps. Dividends for Q/E 3/31/2011 were 3.3%, and they are anticipating 4% by year end. Pembroke Pines' dividends are reinvested.

Mr. Piekarski reported on the Granite strategies including a focus on major markets and urban locations, investing in high-quality properties, to seek attractive and stable annual income return, and to manage risks through diversification and strong occupancy levels. BlackRock's goals for 2011: to focus on performance, to rebalance the portfolio to reduce concentration and/or leasing risk and to acquire properties in major markets where the fund is underweight, continued improvement in the portfolio occupancy level, and to sizably reduce their redemption queue.

5. **Inverness Counsel – Investment / Market Report.** Henry Renard and Robert Maddock represented the firm this date. As stated in their separate report, the total portfolio value on 3/31/2011 was \$162,174,275 with an asset allocation of 47.3% to equities, 47.7% to fixed income and 5.0% in cash and cash equivalents.

Mr. Maddock stated there has been strong movement up in equities and noted that Inverness tends to lag in that environment. There have been a number of unexpected global developments, each event having a potential effect on the market and providing a new opportunity. The government is under a great deal of pressure to resolve its financial problems and even to do a little less quantitative easing. Inverness is cautiously optimistic for the year as a whole. Mr. Maddock addressed the ripple effect when a major event occurs, using the Japanese nuclear reactor event as an example.

Discussion followed regarding some of the top ten S&P performers (i.e., Microsoft, Google, Apple) and the disappointment associated with their performance. It was also noted that Inverness reviews the Florida scrutinized companies list when it is updated, and the portfolio continues to be in compliance.

Lastly, a memorandum has been provided to Dahab regarding changing the Plan Guidelines to allow the purchase of Baa bonds. Inverness believes that allowing the purchase of bonds in the fourth investment grade provides a number of advantages to the Fund – access to higher yields, broadens the inclusion of sectors that may be out of favor at the time of purchase, and most likely shorter durations and less volatility in the event of rising interest rates.

Inverness also provided the following written commentary:

At the end of 2010, we saw continued reasons for cautious optimism, but also felt that volatility was likely to remain high. In view of the alternatives, we felt it best to stay largely invested. For the first quarter, the S&P 500 managed to gain 5.4%, despite the escalation of tensions in the Middle East, the largest earthquake recorded in Japan and related tsunami, and the continued sovereign debt stress across Europe. Even with all of these situations, this has been the best first quarter return for the S&P 500 in more than 13 years.

For the first six weeks of 2011, the S&P 500 moved up almost 7%. As turmoil broke out in the Middle East, oil prices rose 15% from the middle of February to the first week of March. Then on March 11, the earthquake and tsunami struck Japan and the market retreated back to where it began the year. Towards the end of March, sentiment again turned and the S&P 500 managed to be flat for the month. The return for the market was mostly driven by two economically sensitive sectors: energy up 17%, and industrials up 8%. No single sector had negative performance for the quarter.

Domestic Backdrop Continues to Show Signs of Recovery – Although we were somewhat surprised by the strength the market exhibited in the second half of March, we did see a number of positive developments during the quarter that helped to drive this performance. Corporations continue to show signs of strength, as evidenced by improvements throughout the quarter in surveys measuring key variables such as hiring and capital investments. Several key data releases support this positive outlook, with robust results from indicators such as manufacturing activity and retail sales, to name just a few.

Consumer confidence echoed these views, having reached a 3-year high in the quarter and settling at a level firmly above the lows of the recession. Employment numbers also continue to show improvement, although the rate of improvement remains tepid and wage growth has been weak.

Unexpected Macroeconomic Developments Could Hamper Growth – As we have highlighted in previous commentaries, the market continues to wrestle with a number of large longer term macro concerns. Many of the positive data points we highlighted above were generated during periods before the Middle East unrest and the Japanese earthquake and resulting tsunami. Given these added pressures, we will need to watch statistics closely for signs of deterioration.

Throughout much of the Middle East, people have assembled to demand change in their countries' governments. In several instances, dictatorships have been swept aside, but there are issues that need to be confronted. Violence in some of these countries has resulted in supply disruptions. Disruptions and fear have driven up the price of oil. No one really knows what governments we may see or how friendly they will be toward U.S. interests and global economic stability.

The situation in Japan continues to unfold and there are important investment implications as a result. Most critical, major capacity to produce components and finished goods has been shut down and is disrupting supply chains around the world. In addition, reconstruction in Japan could create demand for materials and capital goods. Funds for this will have to come from somewhere, and this may put pressure on U.S. Treasuries since Japan is the third largest holder of these financial instruments.

The complications at the Fukushima reactors may have broader implications. Energy generated by nuclear facilities may shift to other alternatives. This may drive up the demand for natural gas globally. It also means that around the world, nuclear energy is going to be scrutinized. Some plant may be taken offline for brief periods for inspection or retrofitting, and others may be closed permanently. Proposed new plants are likely to cost more and some may never be built.

Expect Increased Market Volatility through the Remainder of 2011 – While no one has a crystal ball predicting what will happen, it appears more likely that we will be dealing with higher priced fuel than previously thought. It appears that the U.S. Administration has become more interested in the idea of energy independence, though we have yet to see what sort of impact this may have. As a greater portion of consumers' discretionary spending disappears into the gas tank, our outlook for the consumer is less certain. Recent surveys suggest that consumers are becoming concerned about the impact of gasoline price increases.

Another big issue for the balance of the year will be the direction of interest rates since the Federal Reserve's quantitative easing program is scheduled to end in June. Housing statistics (which may have been affected by bad weather) are already showing signs of strain with the number of new houses currently being built at the lowest level on record. The Fed continues to be committed to holding down interest rates to support the housing market and broader economic activity, but that will only work as long as unemployment stays at its current levels and they can continue to assert that inflation is benign. Further, the Fed is not the only player who can impact rates, as the Chinese and Japanese hold significant positions of U.S. Treasuries. China is trying to slow its inflation. Recent comments also suggest that the Chinese are interested in reducing their trade surplus with the U.S. which could result in less demand for U.S. Treasuries. The events in Japan and their need to rebuild could mean that a portion of Japan's Treasury holdings would be sold. Given all of this, the Fed may discover that it needs to engage in more quantitative easing.

Inverness Counsel remains focused on growth and valuation metrics to drive our core strategy. We identify those investments we believe position client portfolios to successfully navigate the current market environment. Our long-term themes are: (1) Companies that should benefit from building or renovating global infrastructure; (2) Companies that are positioned to capitalize from strong growth in emerging markets; (3) Companies with stellar balance sheets that are focusing on compelling growth opportunities; and (4) Companies that should benefit from higher commodity and fuel prices and perhaps a weakening dollar.

The Board recessed at 4:10 p.m. and reconvened at 4:25 p.m.

6. **Approval of Minutes for April 21, 2011.** Chairman Ryan presented minutes from the April 21, 2011 meeting for approval. Motion by Vicki Minnaugh, second by Gary Arenson, to approve as presented. The motion carried unanimously.
7. **Approval of Warrant #515.** Chairman Ryan presented Warrant #515 in the amount of \$86,852.28 for approval and payment. Motion by Vicki Minnaugh, second by Gary Arenson, to approve as presented. The motion carried unanimously, authorizing the payment of:

Cypen & Cypen – Monthly Retainer for May, 2011	\$3,250.00
Hampton Professional Center Condo No. 2 – Mo. Maint. (Suite #104) for June, 2011	\$407.72
Karen Warner – Mo. Allowance for May, 2011 (Med/Dental/Life)	\$375.00
James Fisher – Mo. Allowance for May, 2011 (Med/Dental/Life)	\$308.00
LEAF – Xerox Copier Lease for May, 2011	\$194.23
Twilight Industries, LLC – Office Maintenance for May, 2011	\$152.00
Fiduciary Trust Company Intl. – Custody Fee Q/E 4/30/2011 (Inverness)	\$16,335.57
Fiduciary Trust Company Intl. – Custody Fee Q/E 4/30/2011 (Special Assets)	\$259.41
Fiduciary Trust Company Intl. – Custody Fee Q/E 4/30/2011 (Atlanta)	\$3,527.91
FP&L – Service Dates 3/29/2011-4/27/2011	\$166.20
Martin S. Stone, M.D.– Disability IME (P/O Melody Barry)	\$400.00
Holland & Knight LLP – Prof. Services for March, 2011 (Ordinance)	\$75.00
Atlanta Capital Management Co., LLC – Mgmt. Fee for Q/E 3/31/2011	\$60,492.00
Joan L. Wall – Bookkeeping through 5/4/2011	\$874.93
Pitney Bowes Global Financial Services LLC – Property Tax on Leased Equipment	\$34.31

TOTAL **\$86,852.28**

8. **Approval of DROP Benefit(s) – Ordinance 1669 (Fire).** Since agenda packets were mailed out, the Pension Office has received the form-of-benefit election from F/F Vincent Garcia. Karen Warner asked that the Board consider adding this election to the agenda if meeting with their approval. Motion by Steve Dougherty, second by Vicki Minnaugh, to add the election of F/F Vincent Garcia to the agenda for approval. The motion carried unanimously.

Motion by Vicki Minnaugh, second by Gary Arenson, 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 Vincent Garcia	5/01/2011	4/30/2016	10-Year Certain & Life
F/F David Moss	5/01/2011	4/30/2016	Joint & 75% Contingent

9. **Request for DROP Account Distribution(s)** – Since agenda packets were mailed out for this meeting, an additional DROP distribution request has been received from P/O Thomas Sadagursky. Karen Warner asked that the Board consider adding this request to the agenda, if meeting with their approval. Copies of the member's request and Actuary's letter were distributed. Motion by Gary Arenson, second by Vicki Minnaugh, to add the distribution request from P/O Thomas Sadagursky to the agenda for approval. The motion carried unanimously.

The following DROP account distribution requests were then presented for Board consideration:

- | | | | |
|-------------------------|--------------|---------------------------|--------------|
| ▪ F/F Charles Cozzati | Monthly *** | ▪ F/F Douglas Taraborelli | Monthly *** |
| ▪ P/O Keith Palant | Lump Sum *** | ▪ F/F Steven Weishaar | Lump Sum *** |
| ▪ P/O Thomas Sadagursky | 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 Gary Arenson, second by Vicki Minnaugh, to approve the distribution requests for Charles Cozzati, Keith Palant, Thomas Sadagursky, Douglas Taraborelli and Steven Weishaar as presented. The motion carried unanimously.

UNFINISHED BUSINESS

None.

NEW BUSINESS

10. **Ratification – City Request Regarding Legal Work / Chairman's Authorization.** Chairman Ryan stated that he gave interim approval for Cypen & Cypen to accommodate a City Request regarding language for loans to DROP members. Motion by Vicki Minnaugh, second by Gary Arenson, to ratify the Chairman's interim approval, dated May 4, 2011, authorizing Attorney Cypen's office to perform legal work requested by the City by providing language to incorporate loan provisions in the DROP. The motion carried unanimously.

Karen Warner also reported that the City has made yet another request directly to Actuary Larry Wilson. Mr. Wilson explained that the City is requesting a revision to the employee retirement incentive program (ERIP) study discussed at the April meeting. Following discussion regarding concerns about the impact of special actuarial fees on the Plan's budget, motion by Gary Arenson, second by Vicki Minnaugh, approving the City's request to utilize the services of the Plan's Actuary; authorizing GRS to proceed with the additional work requested by the City; that the City be notified GRS will bill them directly for costs related to the work; and that the Board receive a copy of the finished product. On a vote of 6 in favor and 2 against (Cabeza, Dougherty), the motion carried.

Chairman Ryan commented on the increased number of interim authorizations of late, leaving him with the feeling there are efforts to try and circumvent the Board's normal procedure. Contract negotiations are not currently underway for either employee group, but he expressed concern about setting a precedent for studies needed for future negotiations. Attorney Cypen stated the above motion does not set a precedent and only applies to the City request in question.

11. **Discuss – DROP Administrative Rules and Loan Provision.** Alison Bieler from Cypen & Cypen reported they had received the Chairman's authorization to prepare language incorporating loans in the Pension ordinance. Enabling language has been provided to HR Director Dan Rotstein. The Board will need to adopt rules and procedures after the ordinance is adopted. Specific loan provisions, when finalized, will be added to DROP administrative rules that will be discussed at a future meeting.

The Board is responsible for establishing administrative rules to operate within IRS guidelines. Considerations should include the labor-intensive nature of allowing loans; how many loans will be permitted; minimum and maximum loan amounts; repayment issues; additional tax consequences; interest rate to be utilized; default provisions, etc. DROP account loans to members already in pay status are standard. Ms. Bieler stated that loans to active DROP members can be problematic, adding that the Internal Revenue Code does not permit the use of current DROP payments for loan repayments. Ms. Bieler was asked to forward the applicable IRC section, as the Fire and Police employee groups will most certainly want copies. All rules must be consistently applied. Amortization schedules will be required as all payments must include principal and interest. Other formal documents will also be required. GRS will need to provide an Actuarial Statement of No Impact.

Questions were taken from the audience. Ms. Bieler will draft detailed and specific loan procedures for Board review.

12. **Ratification – Referral for Disability Applicant P/O Melody Barry.** Dr. Cornel Lupu (Disability Medical Board chairman) has requested approval for P/O Barry to be evaluated by Dr. George Diaz, Chief of Neurology at Mt. Sinai. Motion by Vicki Minnaugh, second by Isadore Nachimson, to ratify the Chairman's interim approval, dated May 5, 2011, for P/O Melody Barry to be referred to a neurologist as requested by Dr. Cornel Lupu. The motion carried unanimously.

13. **Discuss – Ad Hoc Committee to Develop Benefits Policy for Pension Office.** Recognizing a need to review the current policy for Pension Office employee benefits, and to modify if necessary, Trustee Arenson would recommend forming a committee to address this matter. Motion by Gary Arenson, second by Adam Cabeza, to form this committee for the sole purpose of reviewing the benefits policy for Pension Office staff. The motion carried unanimously. Trustees Gary Arenson, Adam Cabeza and Carl Heim will sit on this committee, as will Vicki Minnaugh so long as notice of meetings is sufficient to avoid a scheduling conflict.

14. **Review / Approve – Gross and Net Rates of Return for Q/E 3/31/2011.** The trustees reviewed Dahab Associates' letter confirming the Gross Rate of Return was 4.2% and the Net Rate of Return was 4.11%. Motion by Vicki Minnaugh, second by Isadore Nachimson, to approve the Gross and Net rates of return for Q/E 3/31/2011 as provided by Dahab Associates. The motion carried unanimously.

15. **Review / Approve – Financial Reports for Q/E 12/31/2010.** Agenda packets included financial reports prepared by Joan Wall. Ms. Wall has since revised these reports to reflect Actuary Larry Wilson's DROP account value updates (approved at the April 21st meeting), and copies were distributed for discussion. Motion by Vicki Minnaugh, second by Isadore Nachimson, to approve the revised Financial Reports for Q/E 12/31/2010 as presented. The motion carried unanimously.

16. **Reports:**

Actuary – None.

Attorney – Attorney Cypen reported that SB 1128 has passed. It has not yet been signed by the Governor but it is expected that he will do so. Mr. Cypen referred to his Special Supplement newsletter and stated they are awaiting further word from Tallahassee. The main issue has to do with compensation, effective July 1, 2011. There are very few changes with regard to 175 & 185 plans.

Chairman – Chairman Ryan again raised the issue of the impact of SB 1128 on this Pension Fund, given that there are individual contracts in place for all employees hired through April 30, 2010. Attorney Cypen responded that the individual contracts would supersede, and the legislation should have no effect on those members with contracts in place.

Plan Administrator – The Pension Office is in receipt of additional bills for payment and other disbursements for approval. Chairman Ryan presented Warrant #516 for addition to the agenda and approval for payment. Motion by Gary Arenson, second by Vicki Minnaugh, to add Warrant #516 to the agenda. The motion carried unanimously. Motion by Gary Arenson, second by Vicki Minnaugh, to approve the payment of Warrant #516 as presented in the amount of \$69,192.18. The motion carried unanimously, authorizing the payment of:

F/F Robert Kern – Normal Retirement Benefit Commencing 6/1/2011		***
F/F Douglas Taraborelli – Normal Retirement Benefit Commencing 6/1/2011		***
F/F Douglas Taraborelli – Monthly DROP Withdrawal Commencing 6/1/2011		***
F/F Charles Cozzati – Monthly DROP Withdrawal Commencing 6/1/2011		***
City County Credit Union f.b.o. P/O Keith Palant – Lump Sum DROP Withdrawal		***
F/F Steven Weishaar – Lump Sum DROP Withdrawal		***
U.S. Treasury – FIT Withholding (Weishaar)		***
SunTrust Bank (Visa – Fisher)	Bd Mtg / Ofc Supplies	\$231.43
	Gasoline	50.00
	Postage / Shipping	73.33
	DirecTV	98.45
	Cbeyond (phones & internet)	435.25
	Pest Control	35.00
	Monthly Storage	104.00
	WC Ins. Prem. (additional due – audit)	60.00
	Notary Renewal	101.72
		\$1,189.18
		\$1,189.18
SunTrust Bank (Visa – Warner)	Xerox (mo. Maintenance)	\$23.32
	Bd Mtg / Ofc Supplies	611.38
	ISP	24.95
		\$659.65
		\$659.65
Dahab Associates, Inc. – Consulting Fee for Q/E 3/31/2011		\$24,304.69
Gabriel, Roeder, Smith & Co. – Prof. Services for April, 2011		\$13,886.00

*** (See Attachment A)

TOTAL

\$69,192.18

It was noted that terms for Trustees Vicki Minnaugh and Isadore Nachimson (City representatives) would be expiring soon. If interested in reappointment, they were asked to contact the City Clerk's office and submit the appropriate application.

17. **Input from Retirees:** None.

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

19. **Miscellaneous:** Vicki Minnaugh suggested looking into a reasonably priced microphone/sound system for the office, as it is becoming increasingly more difficult to hear individuals when they are addressing the Board. Following discussion, motion by Vicki Minnaugh, second by Gary Arenson, authorizing the expenditure of up to \$2,000 for the purchase and installation of a microphone/sound system. The motion carried unanimously.
20. **Adjournment** – Chairman Ryan announced that the next regular meeting would be held on Thursday, June 16, 2011 at 4:00 pm and would be preceded by Manager interviews at 2:00 pm. There being no further business to come before the Board, motion by Vicki Minnaugh, second by Isadore Nachimson, to adjourn the meeting at 6:20 pm. The motion carried unanimously.

James Ryan – Chairman

Frank Musumeci – Secretary