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 – DECEMBER 19, 2013

The four hundred and twenty second meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 12:08 p.m. by Chairman Steve Dougherty.

1. **Roll Call** –

Fire Members	Police Members	City Members
Adam Cabeza	Carl Heim	Gary Arenson
Steve Dougherty	Kevin Venema	Jack McCluskey
Frank Musumeci	Al Xiques	Vicki Minnaugh

Others Present: Alison Bieler, Attorney for the Fund; Robert Friedman, Tax Counsel for the Fund; Glenn Mealer, City Employee (Videographer); John Rochford, Inverness Counsel; Deanna Black, Pines Police Officer; Lou Pfeffer, Esq.; James Fisher, Plan Administrator and Rachel Maldonado, Assistant Plan Administrator.

The following people also attended the meeting as part of the audience.

Paul Arcuri, Pines Fire Department	Bob Laichak, Pines Police Department
John Black, Pines Police Department	Moises Martinez, Pines Fire Department
Drew Brooks, PBA Executive Board	Matthew Nickison, Pines Fire Dept (Retired)
Sammy Brown, Local 2292, IAFF President	John Picarello, Pines Fire Department
Jim Cherof, City Attorney	John Sammarco, Pines Police Department
Ron Cohen, Esq.	Jacqueline Sanchez, Fort Lauderdale Police Officer
Al Diliello, Pines Fire Department	Robert Scopa, Pines Police Department
Don Donato, PBA Representative	Louis Sorangelo, Pines Police Department
Adam Feiner, PBA Representative	Melvin Seguin, Pines Police Department
Lee Golditch, Pines Fire Department (Retired)	Larry Williamson, Pines Fire Department (Retired)
Kenneth Hall, Pines Police Department	

2. **Approval of Minutes for November 21, 2013** – Chairman Dougherty presented minutes from the November 21, 2013 meeting for approval. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the minutes. The motion carried unanimously

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3. **Approval of Warrant #585** – Chairman Dougherty presented Warrant #585 in the amount of $11,343.91 for approval and payment. Motion by Vicki Minnaugh, second by Kevin Venema, to approve as presented. The motion carried unanimously.

Cypen & Cypen – Monthly Retainer for December 2013	$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Jan 2014)	$407.72
Twilight Industries, LLC – (Maintenance – December 2013)	$152.00
Ultimate Security – 3 mos from 12/21/13	$75.00
GSK for 9/30/13 Audit Work billed on 12/5/13	$3,900.00
FP&L *(Already Paid)*	$199.56
CRU – Annual Renewal of Sonic Wall Dynamic Support	$220.00

Pro Shred Service	$55.00
Employers – Business Deposit Renewal	$616.00
SunTrust Visa (J. Fisher)	$475.69
SunTrust Visa (R. Maldonado)	$1,832.49
SunTrust Visa (A. Xiques)	$130.45
SunTrust Visa (A. Cabeza)	$30.00
TOTAL	$11,343.91

4. **Approval of DROP Account Distributions** – The following DROP distributions were presented for Board consideration:

- P/O Michael Hones (Lump Sum)***
- P/O David Belusko (Lump Sum)***
- P/O Kenneth Witte (Lump Sum)***
- P/O Michael Arnett (Lump Sum)***
- P/O Christian Hemingway (Lump Sum)***
- P/O Kevin Hones (Lump Sum)***
- F/F Robert Vesely (lump Sum)***
- F/F Alfred Diliello (Monthly)***
- F/F Ben. Joseph DeStefano (Lump Sum)***
- F/F Ben. Sheila DeStefano (Lump Sum)***
- F/F Ben. Debbie DeSantis (Lump Sum)***
- F/F Robert Griffin (Lump Sum)***
- F/F Joseph Dennis (Lump Sum)***
- F/F Robert Welter (Lump Sum)***
- F/F Laurie Barnes-Zargo (Lump Sum)***

**** 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 Jack McCluskey, to approve the DROP account distributions as presented. The motion carried unanimously.

NEW BUSINESS

5. **Informal Disability Hearing – P/O Deanna Black.** Attorney Bieler introduced P/O Black's application for consideration and reviewed the protocols and appropriate motions for this hearing. At the informal level, the Board must focus only on the materials provided, including the written opinions of the doctors and any statements made during this proceeding. To receive approval of a service-incurred disability, the following criteria must be met:

   1. The injury must be incurred in the line of duty.
   2. The injury sustained must have caused a total disability.
   3. The disability must be permanent.

   P/O Black was represented by Lou Pfeffer, Esq. Mr. Pfeffer stated he believed more than enough information had been provided in the written records to grant a service-connected disability to P/O Black. He acknowledged that all medical opinions indicate all criteria have been met to grant the disability, save for Dr. Lupu's thought that Ms. Black's injuries were not permanent. Following Trustee comments and discussion, motion by Carl Heim, second by Jack McCluskey, to grant a total, permanent and service-connected disability to P/O Deanna Black. The motion carried unanimously.

6. **Inverness Presentation** – John Rochford came before the Board to briefly discuss fixed income. The following is summary of Mr. Rochford's presentation.

   "The portfolio's average cost on all bonds is below 100 (par) the average maturity is less than 5 years and the credit quality remains high at single A and the income generated is 3.80%. Performance of the bond market is negative on a total return basis as interest rates rose appreciably in 2013. I wanted to confirm that the bond portion of the portfolio returns principal on each bond, has low price volatility and provides above market income to the members. The bond portion is measured against an index but it's real purpose is preservation of principal and income generation. We expect rates to remain range bound before increasing late in 2014 or early 2015."

7. **Office Payroll Changes** – Trustee Gary Arenson informed the Board that his firm would no longer be providing payroll services for the office staff. He assisted in the search to find a reputable payroll provider. Mr. Arenson named ADP as the most cost-effective solution. Motion by Vicki Minnaugh, second by Jack McCluskey, to hire ADP to administer payroll for the office staff. The motion carried

unanimously. Mr. Arenson suggested that the "petty cash" account be used to fund payroll. He thought it would be prudent to make initial deposit equal to two months of payroll and then deposit a month's worth every month following. Motion by Gary Arenson, second by Vicki Minnaugh, to fund the checking account monies equal to two months of salary and then replenish monthly going forward. The motion carried unanimously.

Mr. Arenson also expressed concern about pension payments going out to the retirees. He understood that the pension benefits are normally disbursed by Fiduciary Trust a day or so prior to the first of the month to ensure that no late payments are received. However, he felt the payment for January 1st of each year should not be disbursed in December of the previous calendar year because the 1099-R would technically be incorrect. Motion by Carl Heim, second by Frank Musumeci, to hire attorney Robert Friedman from Holland & Knight to review the concern and provide expert opinion if necessary. The motion carried unanimously.

8. **Ratify Special Warrant #584** – A special warrant was circulated on 12/6/2013 for a number of distribution requests in order to beat the holiday rush. Motion by Vicki Minnaugh, second by Gary Arenson, to ratify Special Warrant #584 in the amount of $155,281.45. The motion carried unanimously.

UNFINISHED BUSINESS

9. **In-Service Distributions** – Board Attorney Alison Bieler presented the discussion on this topic. At the November 2013 meeting, Cypen & Cypen received a letter from Robert Sugarman, the firefighter union's attorney, about a group of firefighters that were receiving improper in-service distributions from the Plan in violation of the Internal Revenue Code because they were re-employed by the City after exiting the DROP. At the suggestion of Attorney Bieler, the Board retained Robert Friedman from Holland & Knight as independent tax counsel to review each of the four individual's cases and provide the Board with his opinion as to the issues raised by Mr. Sugarman and to suggest an action plan for the Board to consider.

Attorney Bob Friedman presented the Board with 4 letters, one for each individual, and discussed his findings and recommendations. He stated that:

- Each of the four firefighters, Al Diliello, Johnny Mullin, Picarello, and David Whitworth, received in-service distributions.
- The Ordinance that governs the Plan does not allow for such distributions.
- The Pension Plan needs to correct these errors.

Mr. Friedman offered a course of correction.

- That the Board should stop making pension payments to the individuals while they are employed.
- That the Board should correct the payments that have previously been made to the individuals, otherwise referred to in IRS lingo as "overpayments."

If steps are taken to correct the erroneous distributions, then the Plan can keep its status as a tax-qualified plan. However, if for some reason the steps to correct were not followed, then the Plan risks being disqualified by the IRS. The consequences of losing tax status include: vested benefits would be subject to tax, no one would be allowed to make rollovers into an IRA or other like programs, and the Plan would become taxable.

After a short recess and discussion among the attorneys, Ms. Bieler advised the Board to officially notify the individuals in writing that the Board was considering taking action regarding their pension benefits and to include a copy of Mr. Friedman's letter with the notification. Each individual can then review the opinion of Mr. Friedman and decide whether to retain his own legal counsel if he desires. This procedure in accord with the Board's prior practice and should be followed. The Administrator was also directed to invite the City's management to attend the next Board meeting.

Motion by Gary Arenson, second by Frank Musumeci, that each of the original four members receive a copy of the Friedman letter pertaining to his case with a summary of his pension and DROP monies that have been distributed to him. The letters are to advise the members that action will be taken at the Board's January 16th, 2014 meeting. The motion carried with a majority vote, with Steve Dougherty dissenting.

Motion by Jack McCluskey, second by Vicki Minnaugh, to have Administrator Fisher request a list from

City Management with the names of any individuals that were rehired into the Police or Fire Departments and to indicate whether they are still currently employed or their prior employment period. If possible, the list should be provided by the City in time for the January 16, 2014 meeting. The motion carried unanimously.

10. **Reports:**

Actuary – Mr. Wilson said he and his team continue to collect actuarial data for GRS's report. He also petitioned the Board authorize the transition to new GASB standards, which would cost between $1,500 and $2,500. Motion by Vicki Minnaugh, second by Gary Arenson, to authorize payment to GRS to transition to new GASB standards. The motion carried unanimously.

Attorney – None.

Chairman – Mr. Dougherty was able to visit with the Mayor, as the Board requested in November, to discuss the Ordinance changes the Board would like in place for investment purposes and to extend the term of the trustees. The Mayor said he would talk to Sam Goren about the changes. The Chairman asked Ms. Bieler to mention the changes to Julie Klahr from the City Attorney's office.

Plan Administrator – The Pension Office is in receipt of additional bills for payment and other disbursements for approval. Administrator Fisher presented Warrant #586 for addition to the agenda and approval for payment. Motion by Gary Arenson, second by Kevin Venema, to add Warrant #586 to the agenda. The motion carried unanimously. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the payment of Warrant #586 as presented in the amount of $201,559.69. The motion carried unanimously. The authorized payment includes:

DROP Distributions	
P/O Christian Hemingway – Lump Sum DROP Withdrawal less FIT	***
P/O Kevin Hones – Lump Sum DROP Withdrawal less FIT	***
F/F Robert Welter - Lump Sum DROP Withdrawal less FIT	***
F/F Laurie Barnes-Zargo – Lump Sum DROP Rollover	***
F/F Robert Vesely – Lump Sum DROP Withdrawal less FIT	***
F/F Alfred Diliello – Monthly DROP Distribution commencing 1/1/2014	***
U.S. Treasury (Hemingway, Hones, Welter)	***
Various:	
GRS – Actuarial Fees for November 2013	$12,325.00
Accelerated Business Solutions – Lease 12/1/13 – 12/31/13	$234.69
TOTAL	**$201,559.69**

*** *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:** None.

13. **Input from Trustees:** Trustee Musumeci questioned whether the Board should withdraw approval for Al Diliello's distribution on Warrant #586 since he is one of the individuals involved with the in-service distribution issue. Ms. Bieler advised that no payments be held up until the Board comes to a final decision on how the issue will be resolved.

14. **Public Comment** – None.

15. **Adjournment** – Chairman Dougherty announced that the next regular meeting would be held on **Thursday, January 16, 2014** at 2:00 p.m. There being no further business to come before the Board, motion by Vicki Minnaugh, second by Kevin Venema, to adjourn the meeting at 2:33 p.m. The motion carried unanimously.

Steve Dougherty – Chairman

Frank Musumeci – Secretary