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, 2015

The four hundred thirty-fifth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 2:01 p.m. by Chairman Al Xiques.

1. **Roll Call** –

Fire Members	Police Members	City Members
Adam Cabeza	Carl Heim (2:09 PM)	Gary Arenson
Robert Johnson	Kevin Venema	Jack McCluskey
Frank Musumeci	Al Xiques	Vicki Minnaugh

Others Present: Greg Kinczewski and Maureen O'Brien, Marco Consulting; Lisa Chong, Finance Director, City of Pembroke Pines; Moises Martinez, Pembroke Pines Firefighter; Steve Cypen, Attorney for the Fund; Larry Wilson, Actuary for the Fund; James Fisher, Plan Administrator and Rachel Maldonado, Assistant Plan Administrator.

2. **Marco Consulting** – This item was deferred until a later part of the meeting.

3. **Approval of Minutes for December 18, 2014** – Chairman Xiques presented minutes from the December 18, 2014 meeting for approval. Motion by Vicki Minnaugh, second by Kevin Venema, to approve the minutes as presented. The motion carried unanimously.

4. **Approval of DROP Benefit** – The following DROP benefit was presented for approval.

- F/F Michael Benson, 10 Years Certain & Life, effective 12/1/14

Motion by Adam Cabeza, second by Jack McCluskey, to approve the DROP benefit as presented for Mr. Benson. The motion carried unanimously.

5. **Approval of DROP Distributions** – The following DROP benefits were presented for approval.

- F/F Robert Kern (Lump Sum) ***
- F/F Robert Bauman (Lump Sum) ***
- F/F John Caprio (Lump Sum) ***
- F/F Michael Hohl (Lump Sum) ***
- F/F Robert Vesely (Lump Sum) ***
- F/F Daniel Lanzi (Monthly) ***
- F/F Joseph Montopolli (Monthly) ***
- P/O Denise Tamburo (Lump Sum) ***
- P/O Robert Scopa (Lump Sum) ***
- P/O Louie Sorangelo (Lump Sum) ***
- P/O Britney Combs (Lump Sum) ***
- P/O Kim Diaz (Lump Sum) ***
- P/O John Hess (Monthly) ***

The Administrator asked the Board to add F/F David Saxon, F/F Robert Poirier and P/O Walter Yester to the agenda for DROP distributions. Motion by Gary Arenson, second by Kevin Venema, to add Mr. Saxon, Mr. Poirier, and Mr. Yester to the agenda for DROP Distributions. The motion carried unanimously.

- F/F David Saxon (Lump Sum) ***
- F/F Robert Poirier (Lump Sum) ***

- P/O Walter Yester (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. <u>Motion by Vicki Minnaugh, second by Kevin Venema, to approve the amended list of distributions. The motion carried unanimously.</u>

6. **<u>Request for DROP Loan(s)</u>** – The following DROP Loans were presented for Board consideration by Chairman Xiques:

   - F/F Robert Kern ***
   - F/F Larry Goode ***
   - P/O John Hess ***

**** Schedule A is available upon request. Please contact the Pension Office if you wish to view it.*

<u>Motion by Vicki Minnaugh, second by Jack McCluskey, to approve the DROP Loans as presented. The motion carried unanimously.</u>

7. **<u>Approval of Vendor Warrant #617</u>** – Chairman Xiques presented Warrant #617 in the amount of $326,930.16 for approval and payment. <u>Motion by Vicki Minnaugh, second by Gary Arenson, to approve Warrant #617 as presented. The motion carried unanimously.</u>

Name (Pension Benefits, Services Rendered or Obligations)	**Amount**
Cypen & Cypen – Monthly Retainer for January 2015	$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Feb 2015)	$407.72
Twilight Industries, LLC – (Maintenance – January 2015)	$152.00
LMCG Investments (Large Cap) Q/E 12/31/14	$37,779.58
LMCG Investments (Midcap) Q/E 12/31/14	$44,220.23
SunTrust (James Fisher)	$1,645.64
SunTrust (Rachel Maldonado)	$2,362.44
CRU Inv. #3042	$248.80
GRS – Nov. 2014	$17,110.00
GRS – Dec. 2014	$21,455.00
Pitney Bowes – Annual Leasing	$324.00
Inverness Counsel (Fixed Income) Q/E 3/31/15	$66,506.07
Inverness Counsel (Equity) Q/E 3/31/15	$129,901.42
Holland & Knight – Inv. # 3134936	$1,450.00
FP & L	$117.26
TOTAL	**$326,930.16**

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8. **<u>Approval of Member Warrant #618</u>** – Chairman Xiques presented Warrant #618 in the amount of $765,460.14 for approval and payment. <u>Motion by Adam Cabeza, second by Rob Johnson, to approve Warrant #618 as presented. The motion carried unanimously.</u>

DROP Withdrawals:	
F/F Robert Kern – Lump Sum DROP Withdrawal Less FIT	***
F/F Robert Bauman – Lump Sum DROP Withdrawal Less FIT	***
F/F John Caprio – Lump Sum DROP Withdrawal Less FIT	***
F/F Michael Hohl – Lump Sum DROP Withdrawal Less FIT	***
F/F Robert Vesely – Lump Sum DROP Withdrawal Less FIT	***
F/F Daniel Lanzi – Monthly DROP Withdrawal commencing 2/1/15	***
F/F Joseph Montopoli – Monthly DROP Withdrawal commencing 2/1/15	***

P/O Denise Tamburo – Lump Sum DROP Withdrawal Less FIT	***
P/O Robert Scopa – Lump Sum DROP Withdrawal Less FIT	***
P/O Louis Sorangelo – Lump Sum DROP Withdrawal Less FIT	***
P/O Britney Combs – Lump Sum DROP Withdrawal Less FIT	***
P/O Kim Diaz – Lump Sum DROP Withdrawal Less FIT	***
P/O John Hess – Monthly DROP Withdrawal commencing 2/1/15	***
F/F David Saxon – Lump Sum DROP Withdrawal Less FIT	***
F/F Robert Poirier – Lump Sum DROP Withdrawal Less FIT	***
P/O Walter Yester – Lump Sum DROP Withdrawal Less FIT	***
U.S. Treasury – FIT – W/H (Kern, Bauman, Caprio, Hohl, Lanzi, Tamburo, Scopa, Sorangelo, Combs, Diaz, Saxon, Poirier, Yester)	***
DROP Loans:	
F/F Robert Kern - DROP Loan Less Documentary Stamp	***
F/F Lawrence Goode – DROP Loan Less Documentary Stamp	***
P/O John Hess – DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Kern)	***
Florida Department of Revenue – Documentary Stamp (Goode)	***
Florida Department of Revenue – Documentary Stamp (Hess)	***
TOTAL	**$765,460.14**

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NEW BUSINESS

9. **DROP Loan Interest Rate for Q/E 3/31/15** – Agenda packets included information that the Wall Street Journal prime rate at the beginning of the current quarter remained at 3.25%. It was noted that the DROP Loan Rules provide for 1% interest to be added to the WSJ rate. Motion by Adam Cabeza, second by Gary Arenson, to approve a 4.25% DROP Loan interest rate for loans approved by the Board during January, February, and March of 2015. The motion carried unanimously.

UNFINISHED BUSINESS

None.

10. **Reports:**

Actuary – Larry Wilson, representing GRS, said they have received responses to their valuation data request. Outstanding items include additional census data and responses to census data questions which come from the City along with financial data.

Attorney – Steve Cypen discussed a recent IRS ruling on the classification of DROP programs.

Chairman - Chairman Xiques presented a question made by the City Finance Director Lisa Chong regarding the timeline of the Pension annual audit. Ms. Chong petitioned the Board to consider using the same auditor as the City to streamline the process and ensure on-time completion for both parties. Attorney Steve Cypen expressed his opinion on the matter. He advised the Board that for purposes of perception, the Board should maintain independence and not employ the same auditor as the City.

Trustee Arenson agreed with the sentiment and was concerned that some reports that the actuary needs from the City to complete his valuation were not submitted timely. Ms. Chong promised to address the matter and give what was needed to Mr. Wilson. Ms. Chong also asked that the Board considered scheduling the audit for completion in late January next fiscal year. For this current audit, Ms. Chong was promised a draft at soon as it was available so she can prepare to meet her own deadlines.

Plan Administrator – This item was deferred until a later part of the meeting.

2. **Marco Consulting (Revisited):** Greg Kinczewski and Maureen O'Brien of Marco Consulting presented to the Board. Mr. Kinczewski and Ms. O'Brien talked to the Board about proxy voting, per the Board's interest in learning about the topic and in order to possibly hire a firm to provide this service. No decision was made by the Board since a different firm (ISS) is scheduled to present at the February meeting on the subject.

10. **Reports (Continued):**

Plan Administrator – Administrator Fisher received word that retirees F/F David Smith and F/F Maurice Washington were rehired in some capacity with the City. He had not received confirmation from the HR department on the facts and circumstances of the hiring, except that he was told by Mr. Rotstein that they were employed under a third party.

Asst. Administrator Maldonado referred to a letter in the agenda packet that was included with amended 1099-Rs for affected retirees. The corrected tax forms had been sent to the employees as of Wednesday, January 7. There were very few inquiries to report and of the phone calls received from affected members, the questions were very generic. More calls are expected once the returns are corrected.

Ms. Maldonado reported to the Board the status of a special pension workshop to be scheduled with the City Commission. A voice message was left that had not yet been returned. The Board asked Ms. Maldonado to email the City Clerk and include the City Manager on the chain of communication regarding the scheduling of the workshop.

The Board discussed the format of the quarterly journal entries. According to Joan Wall, the entries are not necessarily for the Board but are to be kept at the office for use in the annual reports. The Board is still interested in viewing the entries as they have done in the past and would like Ms. Wall to attend the March meeting or another upcoming meeting to discuss.

Chairman Xiques discussed the Tuition Reimbursement. He told that Board that Ms. Maldonado is receiving a scholarship and is not presently in need of tuition assistance. The only cost she incurred are the purchase of books. Motion by Gary Arenson, second by Jack McCluskey, to reimburse Ms. Maldonado the costs of her books related to the completion of her MBA. The motion carried unanimously. Chairman Xiques expressed interest in formulating an established program for future employees who may want to participate.

11. **Input from Retirees:** None.

12. **Input from Active Members:** F/F Moises Martinez approached the Board in his capacity as a union representative. He told the Board that the fire union executives met with the City manager Mr. Dodge. Mr. Martinez asked the Board if he had permission to communicate directly with Plan Actuary Larry Wilson with questions and other related concerns. The Board said he could communicate with Mr. Wilson to clarify existing reports and facts of the Plan. If there was a need for Mr. Wilson to do studies or other formal work, the request would have to come back to the Board.

12. **Input from Trustees:** None.

13. **Public Comment:** None.

14. **Adjournment** – Chairman Xiques announced that the next regular meeting would be held on **Thursday, February 19, 2015 at 1:00 p.m**. There is a high number of presentations scheduled for the next meeting and the Board insisted all parties be reminded that they should not exceed 15 minutes. Chairman Xiques notified the Board that he would not be attending the next meeting. There being no further business to come before the Board, motion by Adam Cabeza, second by Carl Heim, to adjourn the meeting at 3:31 p.m. The motion carried unanimously.

VICE CHAIR CABEZA

Al Xiques – Chairman

Robert Johnson – Secretary