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 – SEPTEMBER 18, 2014

The four hundred thirty-first meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 2:02 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		Vicki Minnaugh

Motion by Adam Cabeza, second by Carl Heim, to excuse the absence of Trustee Al Xiques. The motion carried unanimously.

Others Present: Steve Cypen, Attorney for the Fund; Robert Friedman, Special Tax Counsel for the Fund; James Fisher, Plan Administrator and Rachel Maldonado, Assistant Plan Administrator.

Walter Yester, Pines Fire Dept. (Retired)	Keith Palant, Pines Police Dept. (Retired)
Bernie Kraemer, Pines Police Dept. (Retired)	Dara VanAntwerp, Pines Police Dept. (Retired)
Richard Lebel, Pines Police Dept. (Retired)	Jacqueline Sanchez, Ft. Lauderdale Police Dept.
Ron Cohen, Attorney	Robert Johnson, Pines Fire Dept.
Rick Burke, Legal Counsel for the City	Jim DeSilva, Pines Police Dept. (Retired)
Louis Sorangelo, Pines Police Dept. (Retired)	Pete Desmond, Pines Police Dept. (Retired)

2. **Approval of Minutes for August 21, 2014** – Chairman Dougherty presented minutes from the August 21, 2014 meeting for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve the minutes as presented. The motion carried unanimously.

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

- F/F Jose Lorenzo (Lump Sum) ***
- F/F Steve Sumby (Lump Sum) ***
- F/F Michael Hohl (Lump Sum) ***
- F/F Robert Welter (Lump Sum) ***
- P/O John Hess (Rollover) ***
- P/O Christian Hemingway (Lump Sum) ***

The Assistant Administrator asked the Board to add Humberto Chirino and Ricardo Torres to the agenda for a DROP distribution. Motion by Vicki Minnaugh, second by Kevin Venema, to add Mr. Chirino and Mr. Torres to the agenda for DROP Distributions. The motion carried unanimously.

- P/O Humberto Chirino (Lump Sum) ***
- F/F Ricardo Torres (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 Gary Arenson, to approve the account distributions as presented. The motion carried unanimously

4. **Approval of DROP Loans** – The following DROP Loans were presented for Board consideration by Vice Chairman Dougherty:

- P/O Christian Hemingway ***
- P/O Andrew Smith ***
- P/O Melvin Seguin ***

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

Motion by Vicki Minnaugh, second by Kevin Venema, to approve the DROP Loans as presented. The motion carried unanimously.

5. **Approval of Vendor Warrant #604** – Chairman Dougherty presented Warrant #604 in the amount of $35,308.93 for approval and payment. Motion by Gary Arenson, second by Vicki Minnaugh, to approve Warrant #604 as presented. The motion carried unanimously.

Cypen & Cypen – Monthly Retainer for September 2014	$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Oct 2014)	$407.72
Twilight Industries, LLC – (Maintenance – September 2014)	$152.00
Richard Ziff – September 2014 Loans	$525.00
Accelerated Business Solutions – September 2014 Lease	$234.69
SunTrust (J. Fisher)	$1,831.07
SunTrust (R. Maldonado)	$394.50
Fiduciary Trust – Custodial Fees for Atlanta Cap thru 7/31/14	$5,132.51
Fiduciary Trust – Custodial Fees for Inverness thru 7/31/14	$10,608.47
Pitney Bowes – Fees for Postage Machine	$227.23
Ultimate Security – 3 months from 9/21/14	$75.00
GRS – August 2014	$12,220.00
Mileage Reimbursement 4/8/14 – 9/8/14 (R. Maldonado)	$30.24
FP&L , 7/28 – 8/27/14	$220.50
TOTAL	$35,308.93

6. **Approval of Member Warrant #605** – Chairman Dougherty presented Warrant #605 in the amount of $190,300.00 for approval and payment. Motion by Vicki Minnaugh, second by Gary Arenson, to approve Warrant #605 as presented. The motion carried unanimously.

DROP Withdrawals:	
F/F Jose Lorenzo – Lump Sum DROP Withdrawal less FIT	***
F/F Steve Sumby – Lump Sum DROP Withdrawal less FIT	***
F/F Micheal Hohl – Lump Sum DROP Withdrawal less FIT	***
F/F Robert Welter – Lump Sum DROP Withdrawal less FIT	***
P/O John Hess – Rollover DROP Withdrawal	***
P/O Christian Hemingway – Lump Sum DROP Withdrawal less FIT	***
P/O Humberto Chirino – Lump DROP Withdrawal less FIT	***
F/F Ricardo Torres – Lump Sum DROP Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Lorenzo, Sumby, Hohl, Welter, Hemingway, Chirino, Torres)	***
DROP Loans:	
P/O Christian Hemingway - DROP Loan Less Documentary Stamp	***
P/O Andrew Smith – DROP Loan Less Documentary Stamp	***
P/O Melvin Seguin – DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Hemingway)	***
Florida Department of Revenue – Documentary Stamp (Smtih)	***
Florida Department of Revenue – Documentary Stamp (Seguin)	***
TOTAL	**$190,300.00**

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

NEW BUSINESS

7. **Police COLAs effective 10/1/14** – Asst. Administrator Maldonado presented the Police COLAs for approval, effective 10/1/14. Motion by Gary Arenson, second by Vicki Minnaugh, to approve the COLAs as presented. The motion carried unanimously. Carl Heim and Jack McCluskey abstained from the vote due to a voting conflict.

UNFINISHED BUSINESS

8. **Tax Discussion for Rehires:** Steve Cypen began the discussion by acknowledging the presence of attorney Rick Burke, special tax counsel for the City. Mr. Cypen asked Mr. Friedman to update the Board.

Mr. Friedman said he had a thorough conversation with the IRS concerning a settlement type transaction in which the Plan would pay all or a portion of the 72(t) tax, interest and penalties for certain affected retirees. He reported that the IRS is not amenable to the Plan paying the tax, interest or penalties for the members, even if the money were to be paid back to the Plan by the member over a set period of time. Mr. Friedman then recommended that the Board reissue the Form 1099-Rs from 2010, 2011, 2012, and 2013 for the rehires who may have incurred 72(t) tax on their pension benefits and DROP payments as well as other retirees who were previously issued miscoded 1099-Rs with respect to the 72(t) tax on their DROP distributions. Trustee McCluskey asked if the Board can pay any of the money owed on behalf of the members. Mr. Friedman reported that the IRS's position is that the Plan sponsor can pay (in this case, the City of Pembroke Pines) but not the Plan.

Mr. Burke shared with the Board that HR Director Dan Rotstein is working with the City to pay penalties and interest with respect to the 72(t) tax on the payments in question but not 72(t) tax. Mr. Rotstein is of the position that the member should pay his/her tax. Mr. Cypen said the amended 1099-Rs should go out with a simple cover letter informing the members that the forms were amended and that each individual should seek advice from a tax professional if necessary. Motion by Gary Arenson, second by Jack McCluskey, to instruct Fiduciary Trust to reissue amended Form 1099-Rs for the years and the retirees in question. The motion carried unanimously. The Administrators confirmed they would work with Holland & Knight on identifying and providing all the corrected information to Fiduciary Trust as well as review any and all amended forms for accuracy before they are released to the members.

Mr. Friedman also shared that he was asked to review certain circumstances for rehires VanAntwerp, Sammarco, and Sorangelo. He confirmed that if Ms. VanAntwerp is rehired, she would continue to receive pension payments while still being subject to the 72(t) tax until and if she separates on or after January 1 of the year in which she turns 50 years of age. Should that occur, she would qualify for an exception to the 72(t) tax with respect to her regular pension payments.

On Mr. Sammarco, Mr. Friedman said though there was no evidence of pre-arrangement, he did go from one day in the old job to the next day in the new job without a separation in service. Therefore, his status is unchanged.

Finally, Mr. Sorangelo retired and was rehired prior to age 50. However, Mr. Sorangelo separated employment in 2014 after attaining 50 years of age. Therefore, he would qualify for an exception to the 72(t) tax with respect to his regular pension payments beginning when he separated employment. Mr. Friedman reported that he is still considering additional information he received on retiree David Donzella.

Attorney Ron Cohen spoke on behalf of his client Dara VanAntwerp. Mr. Cohen reiterated that Ms. VanAntwerp does not want to consider accepting re-employment with the City if the possibility exists that she would not be entitled to her pension payments during the time of that employment. Mr. Cohen also asked for the contact information at the IRS for the individual who communicated with Mr. Friedman.

9. **Reports:**

Actuary – Larry Wilson informed the Board that a member of GRS will be attending the State workshop on Senate Bill 534.

Attorney – No additional report given.

Chairman – The Chairman said his farewells to the Board on this, his last meeting as a Trustee.

Plan Administrator – Administrator Fisher shared the Board's gratitude for Chairman Dougherty's service as a trustee since 2003.

10. **Input from Retirees:** None.

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

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

13. **Public Comment:** None.

14. **Adjournment** – Chairman Dougherty announced that the next regular meeting would be held on **Thursday, October 16 at 2:00 p.m**. There being no further business to come before the Board, motion by Vicki Minnaugh, second by Carl Heim, to adjourn the meeting at 3:02 p.m. The motion carried unanimously.

Kevin Venema – Vice Chairman

Robert Johnson

Frank Musumeci – ~~Secretary~~