

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

**2335 EAST ATLANTIC BLVD.
SUITE 400
POMPANO BEACH, FLORIDA**

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
DECEMBER 12, 2011**

The Board of Trustees convened at the Pompano Beach Police and Firefighters' Pension Office, Pompano Beach, Florida. The Chairman called the meeting to order at 3:02 PM.

PRESENT: Chairman Paul D. O'Connell
Vice Chairman Richard E. Avallone
Trustee Sharra Aaronian
Trustee Daniel M. Christophers (arrived at 3:10 pm)
Trustee John P. DeVoe
Trustee Patrick S. Fletcher (arrived at 3:04 pm)
Trustee David Hall
Trustee Peter McGinnis
Trustee Richard H. Samolewicz

ALSO PRESENT: Robert A. Sugarman, Esq. Board Attorney
Pedro Herrera, Esq. Sugarman & Susskind, P.A.
Glenda Rowley, Deputy Administrator
Brian Hall, Assistant to Deputy Administrator
Retired Police Chief Gary Morton

VISITORS: Robert Drago, Retired Member

APPROVAL OF AGENDA

MOTION: To approve the agenda of December 12, 2011. PASSED 7-0.

	MOTION	SECTION	VOTED YES	VOTED NO
O'Connell			X	
Avallone		X	X	
Aaronian			X	
DeVoe			X	
Hall			X	
McGinnis			X	
Samolewicz	X		X	

APPROVAL OF MINUTES

MOTION: To waive the reading of the November 14, 2011 Minutes and to approve same as submitted. PASSED 7-0.

O'Connell			X	
Avallone		X	X	
Aaronian			X	
DeVoe			X	
Hall	X		X	
McGinnis			X	
Samolewicz			X	

RATIFICATION AND APPROVAL OF WARRANT NOS. 4152 – 4166

MOTION: To ratify and approve payment of bills set forth on Warrants as follows: No. 4152, \$39,459.50; No. 4153, \$17,811.71; No. 4154, \$11,027.89; No. 4155, \$448.07; No. 4156, \$11,318.73; No. 4157, \$5,893.00; No. 4158, \$1,215.40; No. 4159, \$3,471.26; No. 4160, \$59,887.54; No. 4161, \$5,182.19; No. 4162, \$3,737.25; No. 4163, \$5,428.39; No. 4164, \$5,026.82; No. 4165, \$3,940.94 and No. 4166, \$3,776.55. Mrs. Rowley noted that Warrant 4157 was changed just before the meeting and had a different retainer fee for Mr. Sugarman than what was on the summary sheet distributed to the trustees. Mr. Sugarman will address his new fee schedule under his report. PASSED 8-0.

O'Connell
Avallone
Aaronian
DeVoe
Fletcher
Hall
McGinnis
Samolewicz

X

X
X
X
X
X
X
X

APPROVAL OF RETIREMENT APPLICATIONS

MOTION: To approve Normal Retirement applications from Deputy Sheriff David Kofalk effective 1/22/2012 and Lt. David Benjamin effective 1/09/2012. PASSED 8-0.

O'Connell
Avallone
Aaronian
DeVoe
Fletcher
Hall
McGinnis
Samolewicz

X

X

X
X
X
X
X
X
X

DEPUTY ADMINISTRATOR'S REVIEW & SALARY RECOMMENDATION

Trustee Samolewicz, Chairperson of the Professional Advisors Committee, stated that, in the 2 years with Mrs. Rowley as the Deputy Administrator, the Board has witnessed a big improvement in how the office is run. Chairman O'Connell added that he has received numerous compliments from members on the services provided by Mrs. Rowley. Other positive comments made by the trustees were for the implementation of electronic agendas, paper reduction and improved procedures and minutes.

Although no one disputed that Mrs. Rowley was deserving of some type of additional compensation, it was noted that these are difficult financial times when all employees, but specifically our plan members, are being asked to give up salary and benefits. Mrs. Rowley said she was cognizant of that and had indicated to Chairman O'Connell and Trustee Samolewicz, with whom she had met individually the previous week, that she had no expectations and would leave it up to the Board. Everyone indicated their awareness of public perception but it was suggested that it did not follow that the Board had to forward on the practices being forced on the members. There was considerable discussion regarding whether additional compensation should be granted and, if so, whether it should be in the form of a cost-of-living or performance salary increase or a one-time bonus.

TRUSTEES	M	S	Y	N
O'Connell				X
Avallone			X	
Aaronian				X
Christophers				X
DeVoe	X		X	
Fletcher				X
Hall				X
McGinnis		X	X	
Samolewicz				X
O'Connell				X
Avallone				X
Aaronian	X		X	
Christophers			X	
DeVoe				X
Fletcher			X	
Hall				X
McGinnis				X
Samolewicz		X	X	
O'Connell			X	
Avallone	X		X	
Aaronian				X
Christophers			X	
DeVoe			X	
Fletcher				X
Hall		X	X	
McGinnis			X	
Samolewicz				X

MOTION: To grant Deputy Administrator Glenda Rowley a 3% cost-of-living wage increase. FAILED 3-6.

MOTION: To grant Deputy Administrator Glenda Rowley a performance bonus of \$2,500. Trustee Avallone moved and Trustee DeVoe seconded an amendment to the motion to increase the bonus to 3% of salary. The amendment was rejected by the makers of the original motion. MOTION FAILED 4-5.

MOTION: To grant Deputy Administrator Glenda Rowley a performance bonus of \$3,780 (3% of salary). Trustee Samolewicz suggested an amendment to the proposed motion, noting that he thought it was too high. He said he would support an even number of \$3,000 but the amendment was rejected. MOTION PASSED 6-3.

SUGARMAN & SUSSKIND

Mr. Sugarman presented a revised agreement that would reduce his monthly retainer from \$7,000 to \$5,000 for 2012 and extend the agreement through 2013 at the \$7,000 rate. The agreement also increases the 2013 discounted hourly rate for non-retainer work from \$250 to \$300 (\$200 to \$250 for associates) and clarifies the fee arrangements for securities cases and review of proposed new investments. He noted that he is able to provide the 2012 discount as a result of receiving \$500 thousand for the work that they performed in the Washington Mutual litigation, which recently settled for \$208 million. Although they are not legally allowed to share the fees they receive for this work with their clients, they are able to reevaluate fee arrangements based on all work performed on behalf of a client and to take into account current economic conditions. In addition, Mr. Sugarman noted that, although they work at discounted fees for the fund, they want to be able to charge their full rates for securities litigation work that they do on a contingency basis. Also, due to the complexity of new alternative investments, the first five hours of review included in the retainer applies to the entire bundle of documents.

MOTION: To accept the revised fee agreement for legal services with Sugarman & Susskind and to authorize the Chairman to execute it. PASSED 9-0.

O'Connell			X	
Avallone	X		X	
Aaronian			X	
Christophers			X	
DeVoe			X	
Fletcher		X	X	
Hall			X	
McGinnis			X	
Samolewicz			X	

In accordance with the discussion at the last meeting regarding Mr. Robert Drago's payment for the marital settlement awarded to his ex-wife as a result of their divorce, he submitted documentation showing that he had made arrangements to have the payment made electronically from his bank account each month starting January 2012. He offered this as a solution because the Board is no longer able to deduct anything other than alimony or child support payments from his pension check.

MOTION: To cease Mr. Robert Drago's divorce payment to his ex-spouse effective January 1, 2012. PASSED 9-0.

O'Connell				X
Avallone				X
Aaronian				X
Christophers	X			X
DeVoe				X
Fletcher				X
Hall		X		X
McGinnis				X
Samolewicz				X

Autumn Reyka's request for clarification of the eligibility requirements for student benefits was discussed. Ms. Reyka, the daughter of Chris Reyka, is between the ages of 18 and 22, entitling her to continue her benefit as long as she remains in an accredited school with a full-time schedule. She is currently attending FAU full-time (defined by the college as 12 or more credit hours) but is considering attending the Palm Beach State College Police Academy on what they call their part-time schedule, which consists of classes from 5:30 pm to 10:00 pm Monday through Thursday and from 7:00 am to 5:00 pm on Saturday, for a total of 28 hours.

Mr. Sugarman noted that it is up to the Board to define the terms "student", "accredited", "school" and "full-time" because the Code is silent. Everyone agreed that the term "student" included being a cadet at the police academy and that the police academy was a "school". Therefore, it remained to be determined if the academy was "accredited" and whether the schedule was "full-time".

Mr. Sugarman said that with regard to schools and colleges, they are accredited if they are so designated by the Association of Schools and Colleges for their region of the country. This led to a discussion of accreditation for a vocational school, police academy, or other educational facility. It was determined that on a national level, police agencies and academies are accredited under the Commission on Accreditation for Law

Enforcement Agencies (CALEA). In addition, Florida academies are certified by the Florida Department of Law Enforcement (FDLE), for which standards of training are established by the Criminal Justice Standards and Training (CJST) agency. Everyone agreed that police academies accredited by CALEA and/or certified by the FDLE would qualify as being "accredited" under the Code.

The last issue was what constitutes a "full-time" schedule. Chairman O'Connell said he was uncomfortable relying strictly on a school's definition and preferred to have the Board adopt a standard after considering all the circumstances. If a college defines 12 classroom (contact) hours as full-time, then a student with at least twice that many at a police academy should also be considered full-time.

With regard to the motion, Mr. Sugarman advised that it address the specific issue of Ms. Reyka; other situations will have to be addressed at the time they arise.

MOTION: To recognize that Autumn Reyka will be recognized as a full-time student at the Palm Beach State College Police Academy as long as she attends classroom hours that equal or exceed those of an accepted full-time schedule at an accredited school or college. She must notify the Board if there is any change in her hours. PASSED 9-0.

O'Connell			X	
Avallone			X	
Aaronian			X	
Christophers			X	
DeVoe			X	
Fletcher			X	
Hall	X		X	
McGinnis			X	
Samolewicz		X	X	

Mr. Herrera reported that the Division of Retirement (DOR) has now accepted final versions of the stop/start ordinances, which are subject to ratification by the City and the firefighters before going forward to the City Commission for adoption. The Assistant City Attorney was contacted about including the pop-up provision in those ordinances and she did not believe that would be a problem.

An agreement with Institutional Shareholder Services (ISS) for third-party proxy voting services is in process. There will be a onetime fee of \$500 for the proxy voting policy.

Sugarman & Susskind responded to the annual letter from the auditors, Marcum LLP.

The Division of Retirement (DOR) was notified about the impasse with BSO and the City with regard to using excess Chapter 185 funds to increase police officer overtime hours from 25 to 42 for purposes of calculating their final average earnings. The DOR has not looked favorably on agencies accumulating these funds and could withhold state premium tax monies if the reserves are not used for extra benefits. Mr. Herrera will notify the Board when they respond.

Mr. Herrera noted that representatives of Saxena White were on standby for a conference call to provide an update on the HealthSpring litigation. Chairman O'Connell proceeded with additional agenda items while the conference call with them was set up.

COMMITTEE REPORTS AND REVIEWS

Building Committee: The elevator project is progressing but the expected completion date is being moved to the end of January 2012.

DEPUTY ADMINISTRATOR'S REPORT

Mrs. Rowley reported that she signed the notification of benefit form for Deputy Sheriff Matthew Palmieri.

Marcum LLP submitted an addendum to their engagement letter that clarified some reporting requirements but did not require any action by the Board.

The contract with The Embassy Suites for the 2012 Educational Symposium has been finalized and is ready for Chairman O'Connell's signature. Thanks to Trustee Christopher's negotiations, they have provided oceanview rooms at a reasonable rate that is inclusive of internet access and parking. It was noted that sites in Pompano Beach were visited but there were none that met our requirements.

Mr. Jerome Garffer, representing Cornerstone Investment Partners, invited the Board to attend a dinner on December 19 at the Capital Grille. Mr. Sugarman reminded the Board about the reporting requirements and the gift limits. It was noted that there will be multiple sponsors.

An FPPTA Trustee School will be held February 5-8, 2012 in Jacksonville. Trustee Hall confirmed his intention to attend.

Chairman O'Connell reported that Trustee Avallone intends to submit an application for a disability retirement, which will be addressed at an upcoming Board meeting.

OLD BUSINESS

Trustee Fletcher inquired about the status of the public records request relating to former Officer Page. Chairman O'Connell reported that additional fees have been requested and a check will be sent this week.

Trustee Samolewicz inquired about funds that UBPAM agreed to pay as settlement of the Madoff claim. Mrs. Rowley confirmed that some funds have been received but she will research the issue and report at the next meeting.

MISCELLANEOUS

Chairman O'Connell pointed out that documentation was provided for the semi-annual review of staff sick/vacation accruals.

SUGARMAN & SUSSKIND (cont.)

Mr. Joseph White and Mr. John Stein with Saxena White joined the meeting via conference call to discuss the HealthSpring case and proposed settlement accepted by Chairman O'Connell on their recommendation. The derivative action was initiated because HealthSpring, in agreeing to merge with Cigna, seemingly had rejected a higher offer from a competitor. Following forensic financial analysis of the transaction, Mr. White stated that it became clear that HealthSpring rejected the higher offer due to serious anti-trust implications that probably would have prevented that acquisition from going forward. Once this information was disclosed, it made sense for the company to accept Cigna's offer.

Mr. White reported that the recommended settlement includes a number of additional disclosures that will help the shareholders make a more informed decision to accept or reject the merger terms. Saxena White's recommendation is to accept the settlement so the merger can go forward.

Mr. Sugarman requested that each Board member receive a copy of the Saxena White memo.

MOTION: To ratify Chairman O'Connell's actions to accept the proposed settlement of the HealthSpring derivative action as recommended by Saxena White in their confidential memorandum dated December 8, 2011. PASSED 9-0.

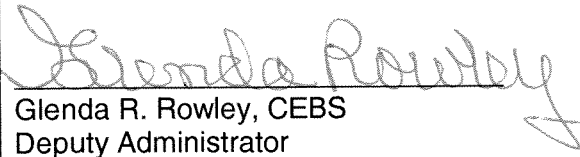
O'Connell				X
Avallone	X			X
Aaronian				X
Christophers				X
DeVoe				X
Fletcher				X
Hall		X		X
McGinnis				X
Samolewicz				X

ADJOURNMENT

MOTION: To recess the December 12, 2011 meeting at 4:52 pm. The meeting will reconvene at 6:30 pm at J. Mark's Restaurant for the holiday dinner. PASSED 9-0.

O'Connell			X	
Avallone		X	X	
Aaronian			X	
Christophers			X	
DeVoe			X	
Fletcher			X	
Hall			X	
McGinnis			X	
Samolewicz	X		X	

Respectfully submitted by:


Glenda R. Rowley, CEBS
Deputy Administrator

Distribution:

Board of Trustees
Robert A. Sugarman, Esq.
J. Stephen Palmquist
City Manager
Mayor and City Commission
Marcum LLP
Webmaster