

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
MARCH 15, 2010**

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 3:05 p.m.

PRESENT: Chairman Paul D. O'Connell
Vice Chairman Richard E. Avallone
Trustee Sharra Aaronian
Trustee Daniel M. Christophers
Trustee John P. DeVoe (arrived 3:22 pm)
Trustee Patrick S. Fletcher
Trustee Ernest J. Lee, Jr.
Trustee Peter McGinnis (arrived 3:08 pm)
Trustee Richard H. Samolewicz

ALSO PRESENT: Robert A. Sugarman, Esq. Board Attorney (3:22 pm)
Pedro Herrera, Esq. Sugarman & Susskind, P.A.
Retired Police Chief Gary Morton
Glenda Rowley, Deputy Administrator
Brian Hall, Assistant to Deputy Administrator

VISITORS: Lindsay Dalton, Former Deputy Administrator

APPROVAL OF AGENDA

MOTION: To approve the Meeting Agenda of March 15, 2010.
PASSED 7-0.

	MOTION	SECONDS	VOTED YES	VOTED NO
O'Connell			X	
Avallone			X	
Aaronian		X	X	
Christophers			X	
Fletcher			X	
Lee			X	
Samolewicz	X		X	

APPROVAL OF MINUTES

MOTION: To approve and waive the reading of the minutes of November 16, 2009. PASSED 7-0.

	MOTION	SECONDS	VOTED YES	VOTED NO
O'Connell			X	
Avallone	X		X	
Aaronian			X	
Christophers			X	
Fletcher		X	X	
Lee			X	
Samolewicz			X	

Board of Trustees Minutes Page Two	March 15, 2010	TRUSTEES	M	S	Y	N
MOTION: To approve and waive the reading of the minutes of December 21, 2009. PASSED 7-0.		O'Connell Avallone Aaronian Christophers Fletcher Lee Samolewicz	X	X	X X X X X X X	
MOTION: To approve and waive the reading of the minutes of January 19, 2010 as amended by Sugarman & Susskind. PASSED 8-0.		O'Connell Avallone Aaronian Christophers Fletcher Lee McGinnis Samolewicz	X	X	X X X X X X X X	
MOTION: To approve and waive the reading of the minutes of February 16, 2010 as amended by Sugarman & Susskind. PASSED 8-0.		O'Connell Avallone Aaronian Christophers Fletcher Lee McGinnis Samolewicz	X	X	X X X X X X X X	
<u>APPROVAL OF WARRANT NOS. 3027 THROUGH 3039</u>						
MOTION: To approve payment of bills set forth on Warrant Nos. 3027, \$3,133.32; No. 3028, \$1,612.45; No. 3029, \$4,445.46; No. 3030, \$3,550.71; No. 3031, \$5,319.29; No. 3032, \$4,223.08; No. 3033, \$5,721.17; No. 3034, \$32,305.81; No. 3035, \$391.33; No. 3036, \$5,066.65; No. 3037, \$1,006.99; No. 3038, \$1,534.29; No. 3039, \$10,607.00. PASSED 8-0.		O'Connell Avallone Aaronian Christophers Fletcher Lee McGinnis Samolewicz	X	X	X X X X X X X X	
<u>APPROVAL OF APPLICATIONS FOR RETIREMENT</u>						
MOTION: To approve the application for Normal Retirement effective 01/18/10 for former Detective Maryann Lettieri. PASSED 8-0.		O'Connell Avallone Aaronian Christophers Fletcher Lee McGinnis Samolewicz	X	X	X X X X X X X X	

Board of Trustees Minutes Page Three	March 15, 2010	TRUSTEES	M	S	Y	N
<p>MOTION: To approve the application for Normal Retirement effective 02/26/10 for Deputy Sheriff Richard C. Greaves. PASSED 8-0.</p>	<p>O'Connell Avallone Aaronian Christophers Fletcher Lee McGinnis Samolewicz</p>	X	X	<p>X X X X X X X X</p>	<p>X X X X X X X X</p>	
<p>MOTION: To approve the application for Normal Retirement effective 03/15/10 for former Deputy Sheriff Claudia S. Janka. PASSED 8-0.</p>	<p>O'Connell Avallone Aaronian Christophers Fletcher Lee McGinnis Samolewicz</p>	X	X	<p>X X X X X X X X</p>	<p>X X X X X X X X</p>	
<p>MOTION: To approve the application for Normal Retirement effective 04/16/10 for Deputy Sheriff Michael J. Catalano. PASSED 8-0.</p>	<p>O'Connell Avallone Aaronian Christophers Fletcher Lee McGinnis Samolewicz</p>	X	X	<p>X X X X X X X X</p>	<p>X X X X X X X X</p>	
<p><u>APPROVAL OF REVISED FORMS FOR THE EMPLOYEE DIRECTED DROP OPTION</u></p>						
<p>Mrs. Rowley noted that the DROP election forms were revised due to the expansion of the investment options for the employee-directed DROP option. Included with the revised form was a draft of a cover letter that will accompany the mailing to the DROP members. Chairman O'Connell added that the changes to the investment options were a recommendation of the investment consultant, Mr. Mulfinger.</p>						
<p>MOTION: To approve the letter and revised forms for the employee-directed DROP Option. PASSED 8-0.</p>	<p>O'Connell Avallone Aaronian Christophers Fletcher Lee McGinnis Samolewicz</p>	X	X	<p>X X X X X X X X</p>	<p>X X X X X X X X</p>	

Board of Trustees Minutes Page Four	March 15, 2010	TRUSTEES	M	S	Y	N
<u>CONSIDERATION OF GRS RECOMMENDATION TO CHANGE BENEFIT OPTION MORTALITY TABLE</u>						
<p>Mrs. Rowley reported that the actuary, Mr. Palmquist with Gabriel, Roeder, Smith & Co., recommended a change in the mortality table that is used to calculate the optional forms of benefit (the actuarial equivalence assumption). The current table is old and out of date and does not accurately reflect current life expectancies. The change will have a small impact on the benefits payable to the members when they elect a form of benefit other than the normal form but will not have an impact on the contribution rates. Trustee Christophers recalled that the Board recently adopted a change in the mortality table; Mrs. Rowley said that might have been for valuation purposes. The table used to calculate the benefit options does not have to be the same as the one used for the valuation. She noted that the Division of Retirement is taking a closer look at plan assumptions and that Mr. Palmquist believes this is a change that they will soon be requesting.</p>						
<p>MOTION: To approve the recommendation of GRS to adopt the RP-2000 Mortality Table projected to 2010 with a 7.5 interest rate and reflecting a 2 COLA and a blending of 90 male and 10 female rates for the actuarial equivalence assumption. PASSED 9-0.</p>		O'Connell Avallone Aaronian Christophers DeVoe Fletcher Lee McGinnis Samolewicz	 X 	 X 	X X X X X X X X	
<p>Mr. Sugarman and Trustee DeVoe arrived during the above discussion.</p>						
<u>APPROVAL OF LINDSAY DALTON'S SICK & VACATION PAYOUT</u>						
<p>Chairman O'Connell noted that this item was being continued from the last Board Meeting on February 16. Based on his review of the recording from the last meeting, he said it appeared there was no controversy on Ms. Dalton's request for payout of sick time but the vacation payout is being questioned</p>						
<p>MOTION: To bring the issue regarding Ms. Dalton's request for payout of her sick and vacation time back to the table. PASSED 9-0.</p>		O'Connell Avallone Aaronian Christophers DeVoe Fletcher Lee McGinnis Samolewicz	 X 	 X 	X X X X X X X X	

Board of Trustees Minutes Page Five	March 15, 2010	TRUSTEES	M	S	Y	N
<p>Chairman O'Connell started the debate by referencing Ms. Dalton's sick and vacation accrual worksheet from September 30, 2001, signed off by Chairman Rosenquist, showing 613 hours of accrued vacation time. He noted that he considered this document to be a contract giving Ms. Dalton an expectation of carrying forward these hours and that she relied on being able to do so. Whatever the debate will be, he believes it should start with consideration of 613 hours and then go forward. He also pointed out that he became Chairman in September 2005 and shortly after Hurricane Wilma literally blew the office out of the building. This began a period of putting everything back together, which included relocating to a temporary office, buying a building, setting up and moving to a new office here, changes in personnel, litigations, starting the annual symposium, increases in the money managers from 6 to 15, etc. He asked the Board to consider all the work that was expected of Ms. Dalton and realize why she was unable to take vacations during this period of extenuating circumstances. He then opened it up to discussion by the other trustees.</p> <p>Trustee DeVoe stated he did not think there was any merit to anything said by Chairman O'Connell. He acknowledged that Ms. Dalton did her job, in every sense, but due to poor oversight, was allowed to accrue hours in excess of any allowable rule. He felt there was misfeasance from a succession of pension board Chairmen who allowed, or failed to catch, this situation and he resented being put in this position. His question was how does this get corrected? Chairman O'Connell acknowledged that he was unaware that previous Chairmen had signed such forms and was never asked to do so. He offered to resign as Chairman if anyone thought that would satisfy them but everyone agreed that was not a solution.</p> <p>Trustee Lee compared operations of a pension board to those of a corporation. He wondered if the signed documents had ever been brought before the Board to be approved or ratified. Also, he disagreed that Chairman O'Connell could be held responsible for something that was never brought to his attention and that he was owed an apology.</p> <p>It was suggested that office staff is paid periodically and those payments, which should have shown accrued hours, are approved by the Chairman. However, it was noted that all wages are approved by the full Board via a warrant. Chairman O'Connell said it is more important to fix the problem than to place blame. He indicated that he would be willing to accept more oversight in the future. Trustee Christophers suggested that there were two separate issues: one dealing with Ms. Dalton's situation and one with future oversight of office personnel and procedures.</p> <p>Various payment options were discussed. Mr. Sugarman suggested that once the Board agrees on an amount, Ms. Dalton should be asked to sign a full release for any and all other claims that might possibly be made against the Board. It would ensure that there are no other surprises. In addition, it was agreed that any motion should be approved subject to verification of the final figures for pay-out as originally presented by Lindsay.</p>						

Board of Trustees Minutes Page Six	March 15, 2010	TRUSTEES	M	S	Y	N
<p>There was additional discussion about what rules were being followed. Trustee Christophers said that the Board was as much at fault as Ms. Dalton for not knowing or following the rules. Trustee Avallone noted that if Ms. Dalton had used the vacation time, the Board would most likely have had to hire someone to fill in while she was gone.</p>						
<p>The discussion also included the responsibilities of the auditors to review the wages and policies.</p>						
<p>Mr. Sugarman was asked if this expenditure would be covered under the errors and omissions policy. Mr. Sugarman said the deductible might be more than the amount paid. Also, the insurance would not cover anything the Board was obligated to pay. However, if the Board's action is contested and found to be erroneous, then it might be covered by the insurance, which would likely lead to increased premiums.</p>						
<p>Mr. Sugarman was also asked if the Board is covered from a fiduciary basis, regardless of the final decision. He replied that he believes the Board is conducting a prudent process through this lengthy discussion, identification of where the oversight failed and taking steps to prevent any reoccurrence. In addition, he believes the decision can be justified to the City and the membership. Chairman O'Connell noted that he does not agree that this will pass the perception test but he will accept responsibility and do what he can to mitigate that.</p>						
<p>MOTION: To approve payment to Ms. Dalton in the amount of \$88,477.96 (942.66 hours of vacation time and 840 hours of sick time), contingent upon a full and complete release of any and all claims and subject to verification of the amount. PASSED 8-1.</p>	<p>O'Connell Avallone Aaronian Christophers DeVoe Fletcher Lee McGinnis Samolewicz</p>	X		X		
<p>Mrs. Rowley asked if the Board wanted to approve the payment via Warrant No. 3040, subject to completion of the release and verification of the amount. Chairman O'Connell suggested that it be introduced at the next meeting along with the release.</p>						
<p>Trustee Samolewicz spoke of policies, the necessity of putting things in writing and having Board oversight. At the last meeting, a decision was made to present attendance records to the Board in June and December for review. In addition to time accruals, there should also be oversight of wages and tax forms. Mr. Sugarman said that the Professional Advisor's Review Committee should propose the future policy and who will oversee it. He recommended the auditors perform the oversight and include a line item in their management letter. Trustee Samolewicz stated that his committee had a policy for the Board to consider under his committee report.</p>						

SUGARMAN & SUSSKIND, P.A.

Mr. Sugarman reported on a number of bills in the state legislature that could drastically change pension plans in the state. He did not give a full report because he did not think many of the proposed bills would survive. He thinks the Cities may be able to receive additional premium tax revenues; i.e. the so called extra benefits money that they could use for a couple of years to reduce their liability. It could be a couple of months before all the legislative changes are known. In the meantime, the public safety unions and the League of Cities are making their views known.

Mr. Sugarman asked where things stand with the reformation of the Pompano Beach Police Department. Chairman O'Connell noted that a decision has been postponed until March 23. Although many items in the contract with BSO still need to be worked out, he feels the City Commission is leaning in that direction.

Ms. Shoemaker of the Division of Retirement has confirmed the consequences of what could happen if Pompano reinstated their own police force. The police portion of the plan would not have to be terminated. The City could instead withdraw from Chapter 185, freeze the plan and benefits as they are now and continue to fund it in the future. This option would essentially keep control in the hands of the City. However, the City would have to replace the chapter monies that would be lost. Mr. Sugarman said it was a complicated issue and he commended the Chairman for staying on top of it. There are certainly issues that would affect the members, who have their own representation. The Board's role is to be neutral with regard to the negotiations.

Mr. Sugarman discussed the security fraud activities. He spoke of the monitoring report from Spector Rosen and the litigation report from Coughlin Stoia, which reported that the Comtech Communication case was moving along and the Fund may be the lead plaintiff. The WAMU case document review is ongoing. He told the Board he would not be at the April Board meeting but Mr. Herrera will be in attendance.

Mr. Herrera reported on reviewing the minutes and his recommended changes. He also reviewed the proposed policy on sick and vacation accruals and discussed it with Trustee Samolewicz and Mrs. Rowley. If the Board and Mrs. Rowley agree that she should be covered by the new policy, then a side letter or amendment could be drawn up to be attached to her contract. He mentioned that they: 1) mediated the investment return letter from Mr. Mulfinger; 2) forwarded revisions to the proposed ordinance regarding DROP loans to Ms. Robles of the City Attorney's office and 3) reviewed and approved the revised DROP election forms.

They are waiting for a response from Mr. Mulfinger as to whether the fund sustained a loss due to the Yankee bonds that Standish Mellon (SM) purchased in violation of the investment policy. SM will be responsible for reimbursing the fund for any losses as per the terms of their Investment Management Agreement.

At the previous meeting, they reported on an \$80K loss on a State Street security but it was actually an \$80K gain.

With regard to the Sirico case, Mr. Sugarman said the two attorneys were supposed to do something together and are blaming each other because it did not get done. They will let the Board know when they are ready to proceed.

COMMITTEE REPORTS

Investment Committee. Trustee Avallone distributed a copy of the symposium booklets and noted that the last date to make changes would be March 31. All changes should be coordinated through Mr. Hall. Trustee Christophers is working on the restaurant venues. He is considering Ruth's Chris again but is open to suggestions. Hotel reservations will be made for all trustees who plan to stay; anyone not planning to stay must notify Mr. Hall. Chairman O'Connell stressed how important this opportunity is and asked all the trustees to block off this time on their calendar.

Communication Committee. Trustee Fletcher asked to receive the agenda and other educational symposium information so it could be posted on the website.

Professional Advisors Committee. Trustee Samolewicz reviewed the draft of the sick and vacation accrual policy included in the agenda package. It was basically taken from the City's policy but some changes were made. There would be a "chain of command" approval for vacations. Also, the Chairman could recommend an exception to the policy but it would require Board approval. There was a suggestion about losing sick and vacation accruals if an employee does not leave in good standing, such as not giving a 2-week notice or being terminated for cause. Mr. Samolewicz said he thinks the City policy addresses this and says time earned cannot be taken away. Trustee DeVoe said the City does deny payment under some circumstances. It was agreed that definitions of "in good standing" and "for cause" should be researched and used consistently. Trustee Samolewicz clarified that the word "termination" in this context means any separation of employment but some trustees said this has a negative connotation. If Mrs. Rowley consents to be covered under the proposed policy, then there is no need for the language that provides for exceptions. Chairman O'Connell referred it back to the committee, Mr. Herrera and Mrs. Rowley to fine tune.

Trustee Christophers inquired if there was a policy booklet for employees. He said there should be something to give them if they are going to be held accountable. Mrs. Rowley added that the trustees should have a policy manual as well. Chairman O'Connell agreed with both ideas. The City has an employee handbook that can be reviewed for ideas and Mrs. Rowley said she would request a copy.

Building Committee. Trustee Avallone reported on a cost proposal for trustee recognition plaques in the amount of \$1,501.50. There was some discussion about the timeliness of this expenditure, with some trustees in favor of proceeding and others in favor of waiting.

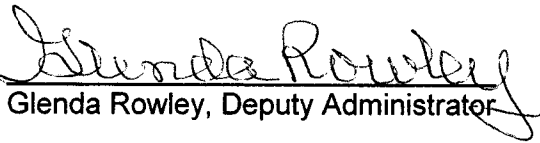
Board of Trustees Minutes Page Nine	March 15, 2010	TRUSTEES	M	S	Y	N
<p>MOTION: To put off the entire project until the economy is better and the expenditure can be justified.</p>	<p>Trustee DeVoe explained his reasoning for the motion, noting that he had no need for self-aggrandizement and that he will not be able to justify it to his members or the City.</p>	DeVoe Samolewicz	X	X		
<p>The motion was withdrawn because Mr. Sugarman ruled it out of order, noting that a motion is not necessary to not take action.</p>						
<p>MOTION: To approve the expenditure for the plaques based on the quote as submitted.</p>		Avalone Aaronian	X	X		
<p>MOTION: To table the motion until the November 2010 meeting. PASSED 8-1.</p>		O'Connell Avalone Aaronian Christophers DeVoe Fletcher Lee McGinnis Samolewicz	X	X	X	
<p><u>DEPUTY ADMINISTRATORS REPORT</u></p>						
<p>Ms. Rowley reported on the following items:</p>						
<ul style="list-style-type: none"> ➤ Invesco Core sent notification on a change of their Investment Manager. ➤ Data for the annual actuarial valuation was sent to the actuary on February 25. ➤ The State report was finished and sent to the Division of Retirement on March 8. A copy was available for viewing. ➤ The contract with the auditors, MarcumRachlin, contains a line item for completion of the state report at a cost of \$2,000 in 2010, \$2,100 in 2011 and \$2,200 in 2012. Ms. Rowley stated this could be done in house and MarcumRachlin concurs. 						
<p>MOTION: To accept the recommendation of the Deputy Administrator to not assign preparation of the annual report, to the Florida Division of Retirement, to MarcumRachlin. PASSED 9-0.</p>		O'Connell Avalone Aaronian Christophers DeVoe Fletcher Lee McGinnis Samolewicz	X	X	X X X X X X X X	
<ul style="list-style-type: none"> ➤ Mr. Hall received a call from the firefighters' union asking if the Board would support a request to solicit funds from the investment managers for sponsorship of an inauguration dinner. The Board discussed this and did not think it was a good idea to sanction this request since the 						

Board of Trustees Minutes Page Ten	March 15, 2010	TRUSTEES	M	S	Y	N
<p>managers are already being asked to sponsor the symposium.</p> <ul style="list-style-type: none"> ➤ Mrs. Rowley said she was taking 2 days of vacation time on Thursday and Friday, March 18 and 19. ➤ Educational Symposium hotel reservations needed to be confirmed by April 1st. 						
<p><u>OLD BUSINESS</u></p>						
<p>Chairman O'Connell reported on the status of the proposed ordinance relating to increasing pensionable overtime for police officers. The City is not going to entertain a change in an ordinance unless a waiver and consent is signed off by BSO, which it is reluctant to do at this time.</p>						
<p>There was no change in status on the proposed ordinance to amend the plan to comply with the provisions of Chapter 2009-97, Florida Statutes. Mr. Herrera indicated this ordinance would change trustee term lengths, allow for 25% to be invested in foreign securities, provide for a \$3,000 tax credit for health care premiums, allow retirees to change their joint annuitant up to two times, etc. Mrs. Rowley suggested that Mr. Herrera look at one other change regarding a conflict between state statutes and the local ordinance relating to the rehire date following a period of military service. The plan states a member must be rehired within 3 months following discharge from the service to receive credit for the military service but Chapters 175 & 185 allow for rehire within 12 months of discharge. Mr. Herrera was asked to follow up with the City Attorney's office.</p>						
<p><u>MISCELLANEOUS</u></p>						
<ul style="list-style-type: none"> ➤ BCOM submitted an announcement regarding their new name: Trade Street Capital, LLC. ➤ Midgard Management: Summary of the December 2009 and January 2010 Property Management Report ➤ Coughlin Stoia Litigation Report for Quarter ending 12/31/09 re: Comtech Telecommunications Corp. ➤ Article: "A Madoff Ruling Favors UBS, E & Y" (parent company of UBP Asset Management). ➤ Article: "Jacksonville Firefighters go to Court in Pension Battle with City" ➤ Article: "Broward Governments Urged to Cut Cost, Consolidate Services" ➤ FPPTA Annual Conference: June 27-30, 2010 at Naples, FL ➤ FPPTA Trustees School: September 26-29, 2010 at PGA National Resort, West Palm Beach, FL ➤ NCPERS Annual Conference & Trustee Educational Seminar: May 1-6, 2010 at Las Vegas NV (being attended by Trustees Christophers, Lee and Samolewicz). ➤ Division of Retirement: 31st Annual Police Officers' & Firefighters Pension Trustees School: May 24-26, 2010, FL ➤ IFEBP CAPP Employee Pension Program: June 22, 2010, Chicago IL. 						

- A fundraiser was held at the Elks Club over the weekend for Fire Lieutenant Bill Fay who is terminally ill. Mr. Fay is in the DROP. Vice-Chair Avallone clarified that it was with respect to this event that the union wanted to solicit funds from the money managers.
- Trustee Samolewicz explained, in case any rumors developed, that in his position as labor negotiator for the City of West Palm Beach, he had to send a letter to their firefighters asking for a 5% decrease in their contract costs. The City is trying to close a \$14 million budget gap and is asking concessions from all employee groups. Chairman O'Connell noted that this is happening everywhere, including BSO, whose employees were asked to take a 2% pay cut.
- Mr. Sugarman noted that a bill was introduced in the state legislature that would prohibit retirees from purchasing post-retirement health insurance from their government employers.

ADJOURN

MOTION: To adjourn the meeting at 5:21 pm. PASSED 9-0.


 Glenda Rowley, Deputy Administrator

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

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