

**POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM**

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

**BOARD OF TRUSTEES MINUTES  
REGULAR MEETING  
JANUARY 20, 2015**

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 2:02 PM.

PRESENT:           Chairman Paul O'Connell  
                          Vice-Chairman Richard Samolewicz  
                          Trustee Sharra Aaronian  
                          Trustee Daniel Christophers  
                          Trustee Vincent Femia  
                          Trustee Patrick Fletcher  
                          Trustee David Hall  
                          Trustee Peter McGinnis  
                          Trustee Jorge Rossi

ALSO PRESENT:   Pedro Herrera, Esq., Board Attorney  
                          Glenda Rowley, Executive Director  
                          Debra Tocarchick, Deputy Director  
                          Michael Futterman, Marcum, LLP  
                          Enrique Llerena, Marcum, LLP  
                          Adam Burns, police member  
                          Debbie Burns, spouse  
                          Andrea Wolfson, Esq., Wolfson & Konigsburn  
                          Susan Silverman, Paralegal, Wolfson & Konigsburn  
                          Darcie Lunsford, Butters Realty & Management  
                          Tom Hotz, Butters Realty & Management  
                          Norman Leopold, Esq., Leopold Korn, PA  
                          Mark Corlew, Grover Corlew  
                          Anuj Grover, Grover Corlew  
                          Melanie Lehman, Grover Corlew  
                          Paul Fennimore, Grover Corlew  
                          Yuri Gurafel, Endeavor Real Estate Partners  
                          David Duckworth, Avison Young

VISITORS:           Scott Gooding, retired police member

AUDIENCE TO BE HEARD

None

M O T I O N	S E C O N D	V O T E D Y E S	V O T E D N O
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Board of Trustees Minutes Page Two	January 20, 2015	TRUSTEES	M	S	Y	N
<u>APPROVAL OF AGENDA</u>						
<p><b>MOTION:</b> To approve the agenda for January 20, 2015, as presented. PASSED 9-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X X</p>		
<u>APPROVAL OF MINUTES</u>						
<p><b>MOTION:</b> To waive the reading of the minutes of the Regular Board meeting on December 15, 2014 and the Special Board meeting on January 5, 2015, and to approve same as submitted. PASSED 9-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X X</p>		
<u>APPROVAL OF RETIREMENT APPLICATIONS</u>						
<p><b>MOTION:</b> To approve the Normal Retirement application from vested terminated member David Cleaveland effective 03/01/2015. PASSED 9-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X X</p>		
<u>RATIFICATION AND APPROVAL OF WARRANTS</u>						
<p><b>MOTION:</b> To ratify and approve payment of benefits and expenses as set forth on Warrants No. 4563, \$911.00; No. 4564, \$1,707.09; No. 4565, \$603,808.67; No. 4566, \$3,443.88; No. 4567, \$2,627.67; No. 4568, \$134,631.29; No. 4569, \$574,324.49; No. 4570, \$19,415.00; No. 4571, \$50,792.58. PASSED 9-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X X</p>		



<p><b>Board of Trustees Minutes</b> <b>Page Four</b></p> <p style="text-align: right;"><b>January 20, 2015</b></p>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<p><u>SUGARMAN &amp; SUSSKIND PA LEGAL REPORT</u></p> <p>Mr. Herrera reported that, in conjunction with the issuance of a new Determination Letter for the Plan, the IRS is requiring a technical amendment to the City Charter. There is no cost impact.</p> <p><b>MOTION:</b> To approve the proposed Ordinance re the IRS required Plan Determination amendment and to recommend adoption by the City Commission as recommended by Sugarman &amp; Susskind. PASSED 9-0.</p> <p>The law firm of Klausner, Kaufman, Jensen &amp; Levinson issued an opinion letter dated January 15, 2015, in which they further clarified their June 10, 2014 opinion, regarding the taxation of police officer benefits with regard to Internal Revenue Code (IRC) Section 72t. Their original opinion was that the police officer members of the plan did not have in-service distributions as a result of having transferred to BSO's employment. The new opinion stated that, assuming all of the members were otherwise eligible for retirement, their monthly benefits should not be subject to early distribution penalties under 72t. Likewise, DROP lump sum distributions would not be subject to 72t penalties if distributed during or after the year a member turns 50.</p> <p><b>MOTION:</b> To accept the opinion memorandum dated 01/15/2015 from Klausner, Kaufman, Jensen &amp; Levinson regarding the taxation of benefits. PASSED 9-0.</p> <p>Mr. Herrera reported that the IRS issued a memorandum stating that member deposits to their DROP accounts are not to be treated as contributions to a Defined Contribution (DC) plan and therefore are not subject to DC plan contribution limits found in IRC Section 415. A Sugarman &amp; Susskind newsletter can be referenced for full details of the IRS decision.</p> <p>Mr. Herrera gave an update on pension legislation being considered by the Florida Legislature and noted some upcoming educational opportunities.</p> <p>David Benjamin submitted a letter requesting a continuance of his forfeiture hearing due to not being able to obtain legal representation. The Board was advised that it can either choose to grant the continuance with a time limit or deny the request.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi</p> <p>O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi</p>	<p>X</p> <p>X</p>	<p>X</p> <p>X</p>	<p>X X X X X X X X X</p> <p>X X X X X X X X X</p>	

Board of Trustees Minutes Page Five	January 20, 2015	TRUSTEES	M	S	Y	N
<p><b>MOTION:</b> To grant a six-month continuance of David Benjamin's forfeiture hearing. PASSED 8-0 (Trustee Rossi was out of the room). Upon further discussion, the Board agreed to set the forfeiture hearing for the September meeting.</p>		O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis	   X    	     X 	       X X X X X X X	
<p><u>COMMITTEE REPORTS</u></p>						
<p>No reports were rendered for the Building Committee, Professional Advisors Review Committee, Investment Committee or Communications Committee.</p>						
<p>The Chairman requested that the Investment Committee Chairman work with staff to develop the schedule for the 2015 Educational Symposium. The Chairman will follow up with the Investment Consultant with regard to drafting the letter to the managers regarding the 2015 sponsorship fee.</p>						
<p><u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u></p>						
<p>The Board discussed a fourth amendment to the PBPFRS lease for Suite 400 and agreed that it was more comfortable with a three-year exit clause and a six-month minimum notification period.</p>						
<p><b>MOTION:</b> To authorize the Chairman to execute a revised Fourth Amendment to Lease Agreement by and between Pompano Beach Investors, LLC and the Pompano Beach Police &amp; Firefighters' Retirement System with a three-year exit clause and a six-month notification period. PASSED 9-0.</p>		O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi	       X 	        X 	       X X X X X X X X X	
<p>The January 1, 2015 proposed Share Plan Allocation was submitted for approval.</p>						
<p><b>MOTION:</b> To accept the January 1, 2015 Share Plan allocation as presented. PASSED 9-0.</p>		O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi	       X 	        X 	       X X X X X X X X X	

Board of Trustees Minutes Page Six	January 20, 2015	TRUSTEES	M	S	Y	N
<p>Mrs. Rowley submitted proposed revisions to the Trustee Educational and Travel Expenses Policy Statement, noting that the current policy is out of date, especially with regard to air travel, and vague on many issues that require interpretation. She indicated that she is not comfortable being an interpreter or enforcer and would like everything specifically spelled out.</p>						
<p><b>MOTION:</b> To adopt the revised Trustee Education and Travel Expenses Policy Statement as recommended by the Executive Director on 01/20/2015. THE MOTION WAS WITHDRAWN.</p>	Fletcher McGinnis	X	X			
<p>During discussion, there were two areas of contention with regard to air travel. The proposal allowed for reimbursement for one bag but not for seat upgrades, which Mrs. Rowley thought fell in the area of personal preference. During discussion, several trustees indicated that they felt seat upgrades were in cases necessary and they should be covered up to \$50 per leg of the trip. It was agreed that a seat upgrade does not cover moving up to business or first class, only to roomier seats within the coach section. Also, there was a desire to have two bags covered.</p>						
<p><b>MOTION:</b> To adopt an amended Trustee Education and Travel Expenses Policy Statement to include a maximum reimbursement of \$50 per flight leg for seat upgrades and a total of two bags. PASSED 8-0 (Trustee Rossi was out of the room).</p>	O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi	X	X	X X X X X X X X X	X X X X X X X X X	
<p>A custodial bank fee comparison was performed at the suggestion of Trustee Aaronian. Three responses were eliminated due to extremely high costs. The remaining responses were profiled for comparison. The Executive Director recommended remaining with Comerica Bank due to a good working relationship and the fact that they offered a fee reduction of 0.5 basis points of net asset value. Transitioning custodial banks is a labor intensive task and it is believed that the low bids of two of the competing banks are unsustainable in the longer term.</p>						
<p><b>MOTION:</b> To accept on the record the Comparison of Fee Quotes for custodial bank services and to retain Comerica Bank at a reduced fee of 2.5 basis points of total assets and the continuation of their existing benefit and expense check processing fees, as recommended by the Executive Director. PASSED 9-0.</p>	O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi	X	X	X X X X X X X X X	X X X X X X X X X	
<p>The Board reviewed a 12/18/14 communication from Standish Mellon regarding a security downgrade and a follow-up correspondence advising that the position was sold in its entirety.</p>						

<b>Board of Trustees Minutes</b> <b>Page Seven</b>	<b>January 20, 2015</b>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>	
<u>INFORMAL SERVICE-INCURED DISABILITY HEARING FOR MEMBER ADAM BURNS</u>							
<p>Mr. Burns was present and represented by Attorney Andrea Wolfson.</p> <p>Mr. Herrera reviewed the informal disability hearing procedures for the benefit of everyone present. The Board will have the option to approve, deny or table the application. Having an informal hearing first is more effective from a time and cost perspective but does not remove the finality of the process or anything undertaken in the process. The basis of the process is to determine whether a service connected disability is warranted. Should the process result in a denial, Mr. Burns would have the opportunity to appeal the decision to the Board through an administrative hearing according to Section 120 of the Florida statutes, which decision could then be appealed to the Florida circuit court.</p> <p>All the parties received a package that included, in pertinent part, the application for disability retirement, the job description, the worker's compensation settlement and employment related documents, injury and incident reports, medical reports from the applicant's physicians, and an IME report from Jose R. Mena, MD. All of the parties received an informational packet dated January 14, 2015 from Mr. Burns' attorney, which was also made part of the record.</p> <p>Ms. Wolfson presented the case in favor of Mr. Burn's application. During her presentation, Ms. Wolfson objected to the following:</p> <ul style="list-style-type: none"> <li>➤ She was not permitted to attend the IME with her client.</li> <li>➤ She asserted that Dr. Mena did a cursory evaluation of Mr. Burns and did not answer the questions asked of him.</li> <li>➤ She did not receive a copy of the questions asked of Dr. Mena until Friday afternoon, January 17.</li> </ul> <p>At the conclusion of her presentation, Ms. Wolfson requested that her client's application be approved.</p> <p>The Trustees were given the opportunity to ask questions of Ms. Wolfson and Mr. Burns.</p> <p>Discussion ensued after which the Board agreed that it did not have enough information due to conflicting reports between the treating physicians and the IME doctor with regard to whether the applicant is totally and permanently disabled. Also, there were unanswered questions from BSO relating to Mr. Burns' employment status and his ability to perform his job at the time he resigned.</p>							
<p><b>MOTION:</b> To deny the application for disability retirement from Adam Burns. MOTION WAS WITHDRAWN.</p>		Samolewicz Christophers	X	X			

<p><b>Board of Trustees Minutes</b> <b>Page Eight</b></p> <p style="text-align: right;"><b>January 20, 2015</b></p>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<p>Ms. Wolfson asked if she would be permitted to supplement Mr. Burns' application to correct as a "clerical error" the section where they indicated that his disability was not total and permanent. The Board agreed that a letter to that effect would be accepted and added to the record.</p> <p>It was agreed that it would be better to table the informal hearing than to deny the application and move forward to a formal hearing. As a result, the former motion was withdrawn and the following additional items will be requested:</p> <ul style="list-style-type: none"> <li>➤ Ms. Wolfson will attempt to obtain a sworn statement from Dr. Shapiro answering the five disability related questions.</li> <li>➤ Ms. Wolfson will attempt to obtain a sworn statement from BSO that is representative of the letter provided in the Mark Rider disability retirement matter.</li> <li>➤ Sugarman &amp; Susskind will ask Dr. Mena to clarify the IME report.</li> </ul> <p><b>MOTION:</b> To table Adam Burns' application for disability retirement and to tentatively schedule a continuation of the informal disability hearing to the April 20, 2015 Board meeting. PASSED 9-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	<p>X X X X X X X X</p>
<p><u><b>BANK OF AMERICA PROPERTY</b></u></p> <p>Ms. Lunsford with Butters Realty and Management noted that two offers to purchase the Bank of America property were discussed at a special meeting on January 5<sup>th</sup>. At that time, they were given direction from the Board to reach out to each potential buyer to finalize terms and develop an acceptable sale contract. They are close to finalizing a contract with Grover Corlew; however, Endeavor did not respond to their requests. As such, the Grover Corlew contract is fairly well vetted and the other is essentially the same as what was seen previously. Attorney Norman Leopold agreed with Butters' summarization.</p> <p>The Chairman requested that the Board decide the threshold question of whether it would like to proceed with the sale of the building, and if so, then hear the merits of the presentations from each potential buyer.</p> <p><b>MOTION:</b> To sell the building. THE MOTION WAS WITHDRAWN.</p> <p>Upon discussion, Trustee Christophers withdrew the motion and the Board invited the potential buyers to make their presentations.</p> <p>David Duckworth, a real estate broker, and Yuri Gurfel, a Pompano Beach developer, made a presentation on behalf of Endeavor Real Estate Partners, LLC, of which the main points are summarized as follows:</p>	<p>Christophers Fletcher</p>	<p>X</p>	<p>X</p>		



<b>Board of Trustees Minutes</b> <b>Page Nine</b>	<b>January 20, 2015</b>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<ul style="list-style-type: none"> <li>➤ Mr. Gurfel lives in and currently has projects in Pompano Beach. He is committed to making Pompano Beach a world class city and has equity partners with sufficient funds to complete the transaction.</li> <li>➤ Mr. Duckworth acknowledged that they did not comply with the Board's direction to work with Butters regarding contractual details because they felt Butters was favoring Grover Corlew.</li> <li>➤ Based upon their review of the information provided by Butters, the offer was increased to \$5.3 million.</li> <li>➤ They will take responsibility for Holy Cross tenant improvement overages that occur after closing, netting an estimated additional \$50,000 in proceeds.</li> <li>➤ They believe that their offer will net proceeds in excess of \$4.1 million to the Board.</li> <li>➤ Mr. Duckworth attested that Mr. Gurfel is capable and qualified to buy this project.</li> <li>➤ The cost outlay for Holy Cross and Soreide tenant improvements would be credited at the time of closing.</li> <li>➤ Business terms of 15-day due diligence, March 13 closing date, \$200,000 deposit at signing and an additional \$200,000 after 15 days.</li> <li>➤ The property would be managed by YOG Realty Holdings.</li> </ul> <p>Butters could not evaluate or make recommendations with regard to Endeavor's new proposal since they had not provided the information in advance.</p> <p>Mark Corlew and Annuj Grover made a presentation on behalf of Grover Corlew, of which the main points are summarized below:</p> <ul style="list-style-type: none"> <li>➤ Grover Corlew is a group of local professionals that have more than sixty years combined of real estate experience in Broward County.</li> <li>➤ Larger developers are currently focused on developing projects in denser areas of South Florida. Gordon Corlew believes that the City of Pompano Beach has development potential in the decades to come.</li> <li>➤ After learning that the Board was interested in a net proceeds bottom line, they were able to perform their analysis on a net sales price due to lower cost doc stamps and lower tax assessment to provide net sales proceeds in excess of \$3.7 million.</li> <li>➤ After investing in a physical and environmental survey and a title run, they are able to take all of their due diligence items off of the table to eliminate the risk of a re-trade.</li> <li>➤ The only open issue is a 2006 tank closure for which the County cannot locate records. They will need to do a physical search to verify whether it was properly closed.</li> <li>➤ Grover Corlew would perform the property manager function; however, Butters may retain the leasing function. The property manager and facilities manager were introduced to the Board.</li> <li>➤ Grover Corlew is prepared to close in cash but can offer seller financing as a revenue generator, if the Board prefers.</li> </ul>						

Board of Trustees Minutes Page Ten	January 20, 2015	TRUSTEES	M	S	Y	N
<p>At the conclusion of the presentations, Butters and attorney Leopold reviewed with the Board the due diligence findings and business terms with regard to the Endeavor and Grover Corlew offers.</p> <p><b>MOTION:</b> To accept the Grover Corlew offer of net proceeds of \$3.7 million to purchase the Bank of America property, with the Fund holding a \$3 million mortgage at 4.25% over 5 years, subject to Butters confirming the financing terms, the Investment Consultant approving the financing, Leopold Korn's completing the due diligence on the contract and that there is no UBTI tax implication. In the event that these contingencies cannot be met, Butters should seek net proceeds of \$4 million. PASSED 9-0 IN A ROLL CALL VOTE.</p>						
<p><u>EXECUTIVE DIRECTOR'S REPORT</u></p>						
<p>Mrs. Rowley reported that she signed Notification of Benefit forms for Daniel Lindsey and Robert Schmidt.</p>						
<p>The Chairman requested that the Board sponsor a table for the Emerald Society of Fort Lauderdale's annual St. Patrick Day Gala, which nominated Mayor Lamar Fisher as Honorary Irish Person of the Year. The breakfast event is a scholarship fundraiser.</p>						
<p><b>MOTION:</b> To purchase a table at the Emerald Society of Fort Lauderdale's 65<sup>th</sup> Annual St. Patrick's Day Gala on March 15, 2015. PASSED 9-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>		<p>X X X X X X X X X</p>	
<p><u>ADJOURNMENT</u></p>						
<p><b>MOTION:</b> To adjourn the January 20, 2015 meeting at 6:48 PM. PASSED 9-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>		<p>X X X X X X X X X</p>	

Respectfully submitted,

  
Glenda Rowley, Executive Director

Distribution:

- Board of Trustees
- Robert A. Sugarman, Esq.
- Pedro Herrera, Esq.
- David Harris, Actuary
- City Manager
- Mayor and City Commission
- City Clerk
- Assistant City Attorney
- City HR Director
- President IAFF Local 1549
- Marcum
- Webmaster

**REGULAR MEETING – JANUARY 20, 2015**

**ITEM NO. 6 - WARRANT NOS. 4563 THROUGH 4571**

**Ratified and Approved on 01/20/2015**

<b>WARRANT NO.</b>	<b>PAYABLE TO</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>4563</b>	Travelers	Account No. 8958VA069, Policy No. 396D2434 UB, renewal of Workers Compensation 1/1/15 – 1/1/16; <b>\$911.00</b>	<b>911.00</b>
<b>4564</b>	Weston Insurance Xerox Corporation Economic Computers Bateman, Gordon & Sands	Annual premium for commercial wind Policy No. DFA14010860109, effective 03/06/15; <b>\$996.00</b> Invoice No. 077477647, December lease; \$159.46, excess print charges; \$59.55, Total <b>\$219.01</b> Invoice No. 1372, dated 12/26/14, on-site service; <b>\$239.85</b> Fidelity Bond, invoice dated 01/08/15, policy period 2/15/15 – 2/15/16; <b>\$252.23</b>	<b>1,707.09</b>
<b>4565</b>	Vantagepoint Transfer Agents – 457 FBO Henry M. Robiou	Trustee-to-trustee transfer of balance of Fund Rate DROP account, \$552,288.08; and Share Plan, \$51,520.59 due to separation of service on 01/05/2015, <b>Total \$603,808.67</b>	<b>603,808.67</b>
<b>4566</b>	Bank of America	Glenda Rowley: Meeting Supplies, \$22.82; Christmas Gifts, \$163.77; Miscellaneous, \$63.55; <b>Total \$250.14</b> Debra Tocarchick: Telephone/Internet, \$254.10; Website Domain Renewal, \$19.80; <b>Total \$273.90</b> Paul O’Connell: Business Lunches, \$203.58; Meeting Supplies, \$41.26; FPPTA Trustees School, \$450.00; IFEBP Conference, \$1,775.00; <b>Total \$2,469.84</b> Richard Samolewicz: FPPTA Trustees School, <b>\$450.00</b>	<b>3,443.88</b>
<b>4567</b>	Sun America FBO Lisa Smith - IRA	Trustee-to-trustee transfer of residual Share Plan account balance due to final allocation on 1/1/15; <b>\$2,627.67</b>	<b>2,627.67</b>
<b>4568</b>	Standish Mellon Cornerstone BlackRock Sands	Investment mgmt fees qtr ended 12/31/14; <b>\$18,998.31</b> Investment mgmt fees qtr ended 12/31/14; <b>\$34,557.00</b> Investment mgmt fees qtr ended 03/31/15; <b>\$44,074.41</b> Investment mgmt fees qtr ended 12/31/14; <b>\$37,001.57</b>	<b>134,631.29</b>
<b>4569</b>	Vantagepoint Transfer Agents – 457 FBO Drake Sworn	Trustee-to-trustee transfer of balance of Fund Rate DROP account, \$522,803.90; and Share Plan, \$51,520.59 due to separation of service on 01/05/2015, <b>Total \$574,324.49</b>	<b>574,324.49</b>
<b>4570</b>	Marcum, LLP	Inv no. 10539568, final audit billing for 9/30/14; <b>\$19,415.00</b>	<b>19,415.00</b>
<b>4571</b>	Vantagepoint Transfer Agents – 457 FBO Peter J. Clavell	Lump sum trustee-to-trustee transfer of entire share balance; <b>\$50,792.58</b>	<b>50,792.58</b>