

**August, 2012**

POLICE AND FIREFIGHTERS' PENSION BOARD  
REGULAR BOARD MEETING  
WEDNESDAY, AUGUST 8, 2012, 12:30 P.M.

Pursuant to authority of Ordinance C-00-34, Article II, this regular meeting of the Police & Firefighters' Pension Board convened at 12:30 P.M., Wednesday, August 8, 2012, in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

Present

Michael Dew, Chair  
Ken Rudominer, Vice Chair  
Richard Fortunato, Secretary  
J. Scott Bayne, Trustee  
Jeff Cameron, Trustee  
Dennis Hole, Trustee  
Jim Naugle, Trustee  
Steve Cypen, Cypen & Cypen, Board Attorney  
Lynn Wenguer, Administrator

Also Present

Amanda Cintron, Assistant Administrator  
Laurie DeZayas, Pension Secretary  
Doug Wood, Finance Director  
Kirk Buffington, Deputy Finance Director  
Kevin Schmid, CapTrust  
Lisa Edmondson, Recording Secretary, Prototype, Inc.

Walt Courtney, President, Retirees' Association  
Rick Schulze, Vice President, Retirees' Association  
Fred Nesbitt, Director of Media Relations, Retirees' Association  
Linda Soloman-Duffey, Retirees' Association  
Fuzzy Larkin, Retirees' Association  
George Farrell, Retirees' Association  
Bill Paton, Retirees' Association  
Linda Soloman-Duffey, Retirees' Association  
Gregg Gurdak, Retirees' Association  
Jack Cann, Retirees' Association  
Paul DeBold, Retirees' Association  
Phil Girrbach, Retirees' Association  
Bob Oelke

*In order for everyone to understand the procedure regarding the attorney-client session, Attorney Cypen read Florida Statutes Chapter 286, Section 286.011 – Public meetings and records; public inspections; criminal and civil penalties:*

*Subsection (8) Notwithstanding the provisions of subsection (1), any board or commission of any state agency or authority or any agency or authority of any county, municipal corporation, or political subdivision, and the chief administrative or executive officer of the governmental entity, may meet in private with the entity's attorney to discuss pending litigation to which the entity is presently a party before a court or administrative agency, provided that the following conditions are met:*

*The entity's attorney shall advise the entity at a public meeting that he or she desires advice concerning the litigation.*

*The subject matter of the meeting shall be confined to settlement negotiations or strategy sessions related to litigation expenditures.*

*The entire session shall be recorded by a certified court reporter. The reporter shall record the times of commencement and termination of the session, all discussion and proceedings, the names of all persons present at any time, and the names of all persons speaking. No portion of the session shall be off the record. The court reporter's notes shall be fully transcribed and filed with the entity's clerk within a reasonable time after the meeting.*

*The entity shall give reasonable public notice of the time and date of the attorney-client session and the names of persons who will be attending the session. The session shall commence at an open meeting at which the persons chairing the meeting shall announce the commencement and estimated length of the attorney-client session and the names of the persons attending. At the conclusion of the attorney-client session, the meeting shall be reopened, and the person chairing the meeting shall announce the termination of the session. The transcript shall be made part of the public record upon conclusion of the litigation.*

*Chairman Dew announced the commencement of the attorney-client session and estimated the length of the session to be approximately 30 minutes. The following persons announced they would be attending the attorney-client session:*

*Michael Dew, Chairman  
Ken Rudominer, Vice Chairman  
Richard Fortunato  
J. Scott Bayne  
Jeff Cameron  
Dennis Hole  
Jim Naugle  
Stephen H. Cypen, Esquire*

*The public meeting was closed at 12:15 PM by Chairman Dew.*

*ATTORNEY-CLIENT SESSION 12:15 PM to 12:30 PM.*

*REOPEN PUBLIC MEETING*

*Chairman Dew reopened the public meeting at 12:30 PM and announced the termination of the attorney-client session.*

#### Communications to City Commission

The City Auditor has received a letter from the Board's actuary and will forward it to the City Commission, along with a memo indicating his position with regard to the remarriage clause.

The Division of Retirement has tentatively approved the Board's annual report, and the Plan will receive its 175 and 185 monies within the next two to three weeks.

The Board plans to send out an RFP for an actuary.

#### Pledge of Allegiance / Moment of Silence

Chair Dew called the meeting to order at 12:35 p.m. and roll was called. All present recited the Pledge of Allegiance and observed a moment of silence.

Motion made by Mr. Bayne, seconded by Vice Chair Rudominer, to instruct [the] Board attorney to comply with the dictates of the writ and plan provisions, to conduct a formal hearing in reference to Frank Colleran's claim, and instruct the attorney to object to attorneys' fees; if unsuccessful, to pay attorneys' fees and costs. In a voice vote, the motion passed unanimously.

Chair Dew requested that Walt Courtney, President of the Retirees' Association, advise Mr. Colleran that the Board would set forth a hearing for the case mentioned above.

MINUTES: Regular Meeting: June 13, 2012  
July 11, 2012

Motion made by Mr. Naugle, seconded by Vice Chair Rudominer, for approval of the minutes of the regular June 13, 2012 meeting. In a voice vote, the motion passed unanimously.

Motion made by Vice Chair Rudominer, seconded by Mr. Cameron, for approval of the minutes of the regular July 11, 2012 meeting. In a voice vote, the motion passed unanimously.

#### BENEFITS:

##### Police Department:

New Retiree (Term of DROP):	John R. Eaves
DROP Retiree:	Pedro L. Cabrera
	John M. Lefferts
Lump Sum Refund:	Travis Mandell
Retiree Death:	Esther N. Lupa
Survivor Death:	Lois A. Janson

##### Fire Department:

Survivor Death:	Anna M. Hogans
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Motion made by Mr. Bayne, seconded by Vice Chair Rudominer, for approval of the benefits.. In a voice vote, the motion passed unanimously.

#### BILLS:

Lee Munder:	\$52,326.04
Milliman:	\$36,250.00
Sawgrass:	\$34,684.00
Northern Trust:	\$30,793.69
Boyd Watterson:	\$25,958.00
Systematic:	\$25,057.14
InTech:	\$20,735.39
RhumbLine:	\$6,740.00
Dr. M. Friedman:	\$2,625.00

Motion made by Mr. Fortunato, seconded by Vice Chair Rudominer, for the payment of the bills as documented. In a voice vote, the motion passed unanimously.

#### INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS:

Mr. Courtney informed the Board that John Stuber had resigned as President of the Retirees' Association. Mr. Courtney has assumed the office of President and Rick Schulze is now Vice President.

Chair Dew stated that the Board's actuary had submitted a letter to City Auditor John Herbst addressing the issue of the marriage survivor benefit. The Chair plans to meet with Mr. Herbst to discuss whether or not a change to this benefit would result in a cost to the City. Ms. Wenguer read an email from Mr. Herbst, which stated that although he was not able to attend today's meeting, he will forward the actuary's letter to the City Commission. He concluded that he had no opposition to the policy change.

Chair Dew stated that he would meet with the City Manager to discuss how the Board should proceed with regard to the policy change. He observed that it may not be possible to include this change in the same Ordinance as the change to the Trustees' terms and the new mortality table, as both of these items have already been sent to the City Attorney's Office for further review.

Chair Dew asked if the Board will be able to see the final draft of this Ordinance before it is sent to the City Commission. Finance Director Doug Wood stated this might be possible, and recommended contacting the

Assistant City Attorney who is finalizing the draft Ordinance.

Mr. Courtney offered to accompany Chair Dew in a meeting with the City Manager and/or the Mayor. He asked for clarification of why the remarriage clause did not fall under the Me Too benefit. Mr. Cypen stated that he would review this possibility further.

Mr. Bayne asked why the Board would go to the City Manager first rather than directly approaching the City Commission, as the Commission had requested additional information on the issue. Chair Dew advised that reaching out to the City Manager would be the first step in bringing the information to the Commission, as the City Manager sets the City Commission's agenda. He clarified that he would address Mr. Herbst's memo to the Mayor, and would copy the City Manager and City Commission on the information.

CAPTRUST: Investment Review Kevin Schmid

Mr. Schmid stated that the previous quarter was difficult on the equity side, although this improved slightly toward the end of June. Short-term interest rates remain very low for fixed income, with little separation between corporate and government bonds, although he noted that corporate bonds have an advantage year-to-date. The low yields in the bond market continue to decrease even further, with a historic low on five- and ten-year treasury bonds.

With regard to the equity market, he noted that the more risk that was taken in the equity markets, the poorer the performance in the second quarter. Mid cap was down 4% and small cap was down 3.5%; international stocks were down 7% and emerging markets were down 10% for the quarter.

He stated that a new asset update is provided, which shows the Plan mostly in line with its target allocations, although there is some tactical overweighting in large cap equities and underweighting in bonds. He recalled that some money was moved from bond managers Agincourt and Boyd Watterson to fund the Plan's cash flow during the month of July.

From a performance standpoint, the Plan was down 1.85% for the second quarter against (-1.5%) for the policy index. Mr. Schmid noted that the Plan's equity managers showed a mixed performance over the second quarter. He observed that InTech was down by 2%, although it remains a strong performer for the Plan, as it has been in the top quartile for the past three years and in the top 20% for the past eight years. Sawgrass was down 2.6% against a benchmark of (-4%); over the past year, however, they remain roughly 3% ahead. Mr. Schmid recalled that there has been some frustration with Sawgrass's underperformance in 2009-10, but pointed out that Sawgrass takes considerably less risk than other managers in their peer group while achieving similar returns.

He moved on to Systematic, which had performed poorly in the second quarter after a strong performance in the first quarter; they were down 5.3% against a benchmark of (-2.2%). Mr. Schmid advised that CapTrust will continue to watch Systematic's performance, as they have underperformed significantly during the market's two most recent negative quarters.

In small- and mid cap, Eagle Asset Management hurt the Plan in its absolute and relative performance for the quarter, as they were down over 8% against a benchmark of (-3.9%). Lee Munder also had a disappointing quarter for the Plan, although on a long-term basis they have performed well. They were down 6.7% against a benchmark of (-3%).

Lazard Asset Management, which took over internationals from Artio, was down 4.4% for the quarter, which was better than their benchmark of (-7%). They are up by 8% year-to-date, which is also more positive than their benchmark. Thornburg was in line to slightly ahead for the quarter, with a long-term performance that remains ahead of their benchmark.

On the fixed income side, Agincourt, which was benchmarked against the aggregate index over the second quarter, will move to intermediate, as previously requested by the Board. Boyd Watterson, which is already an intermediate manager, has consistently outperformed their benchmark over the last two to three quarters. Real estate remains a solid allocation for the Plan, with American Realty up 2.2% for the second quarter.

K2 continues to be a source of trouble for the Plan, and Mr. Schmid recalled that they have been put in for termination. He characterized their performance over the last three years as “a dramatic disappointment,” which has led to their upcoming replacement. Pimco was down 66 basis points for the quarter. Mr. Schmid advised that they remain relatively aggressively positioned and do not see a great deal of value in the current bond market or domestic stock market.

Mr. Schmid referred the Board members to the Plan’s historic risk profile, pointing out that over a three-year period, the Plan’s standard deviation ranks in the top quartile in terms of taking on the least amount of risk; over five years, the Plan is in the top 15% in this category. From an asset allocation standpoint, the Plan has taken a more conservative approach and has attempted to focus on diversifying its risk exposure in order to reduce volatility, without sacrificing the ability to achieve a long-term rate of return. He concluded that CapTrust is comfortable with this risk profile, and noted that in the past 18 months, several underperforming managers have been terminated and additional diversification has occurred.

Chair Dew recalled that at a recent workshop, there had been some discussion of tactical strategy and making investments that would fall more in line with the Plan’s policy index, as well as moving from a very conservative approach to increased risk and reward. He asked if this is still under consideration with respect to future managers. Mr. Schmid confirmed this. Chair Dew explained that while the Plan is not losing money, they are missing opportunities to increase performance.

Chair Dew asked if Mr. Schmid had considered how additional funding to the Plan through the pension obligation bond might be handled. Mr. Schmid recalled that he had provided the Board with a model of how additional monies in the Plan might be allocated. Chair Dew stated he had concerns about this model, as it would increase the amount of money put toward each manager; he pointed out that the Plan’s returns are not currently reaching its policy index at present, and he did not feel it was best to stay on this path when there is the opportunity to improve the Plan’s environment.

Mr. Schmid advised that the Plan has gone through a great deal of transition over the last 18 months, including terminating and adding managers and asset classes. He reiterated that CapTrust is comfortable with the Plan’s existing investment lineup; if the Board was not comfortable adding new monies to this existing framework and would prefer to add new managers, he expressed concern that the \$506 million invested in the current framework might also require change.

Chair Dew asked if CapTrust had performed any due diligence on equal weighting to determine whether or not weighting might be changed between some of the managers. He explained that he would like to spend more time looking into this possibility to determine its value, and arrive at a policy that would give the Plan the best possible return.

Vice Chair Rudominer observed that the question is whether funds from the pension obligation bond should be invested in the same fashion as the money currently in the Plan, in the same asset classes and allocations. He said there is a question as to whether money from the pension obligation bond has a different mandate and should be invested in a different manner.

Chair Dew said one concern was the possibility of putting more money in an inferior sector, which would mean more money would be lost. He stated that he was not personally satisfied with the Plan’s returns, and suggested that while the Plan may be performing as well as possible under present economic conditions, it may be worth a second look to ensure no opportunities are being missed. He concluded that he would like Mr. Schmid to offer some suggestions and alternatives that might be able to help the Plan achieve its goal.

Mr. Schmid noted that if the existing allocation was appropriate for the Plan’s current holdings, it would also be appropriate for additional funds that might come into the Plan. He agreed that they could add new managers with the addition of funds, but advised that this was not the original approach he had taken. He advised that he had not previously planned on “oversaturating” the Plan by increasing its group of managers, except with regard to the planned replacement in alternative investments; however, he reiterated that this can be done if the Board wishes.

Mr. Schmid advised that he had sent out copies of the Plan’s compliance letter for the second quarter. There were no compliance violations.

Chair Dew observed that at the July meeting, the decision on alternative investments had been tabled; the Board had narrowed down their decision on alternative investments to Entrust and SSARIS. Mr. Schmid explained that while Entrust had offered no further flexibility with regard to fees, SSARIS had indicated they were willing to entertain the conversion of a portion of their management fee to an incentive fee. At the Board's direction, he had looked into this offer further, as SSARIS had proposed a management fee of 85 basis points with a 5% incentive fee. After speaking with this firm, he felt they may be willing to go as low as 80 basis points on the fee; however, after working through some potential scenarios in which this offer would allow the Plan to break even with the incentive fee. The result was that the management fee would have to be lowered to 75 basis points. He asserted that the best fee offered by SSARIS is their 1% management fee.

Mr. Schmid continued that Entrust had expressed their willingness to negotiate side letters with mutually agreeable terms for all parties. SSARIS had stated a similar flexibility on this issue. He concluded that SSARIS may have slightly less experience than Entrust with respect to this issue, as they have a smaller investor base; however, neither firm expressed reservations about side letters.

Mr. Schmid stated that from a risk/return standpoint, Entrust appears to be "further up that curve than SSARIS," as they would provide a diversifying element to the Plan while potentially increasing returns. He recalled that their level of transparency was also a positive aspect, while their only significant drawback was their fee.

Motion made by Mr. Hole, seconded by Mr. Naugle, to go with Entrust, based on CapTrust's recommendation, replacing K2, with a negotiated contract.

Vice Chair Rudominer commented that fee expenses have been increasing over time, and observed that the Board would expect a higher return in exchange for Entrust's fee.

In a voice vote, the motion passed unanimously.

Chair Dew advised that he had spoken with CapTrust representative Steve Schott with regard to John Woodruff, who had recently left the firm. He recalled that the Board had not been notified of this departure in a timely manner, and stated that Mr. Schott had taken responsibility for this lack of notification and assured him that it would not recur.

Mr. Schmid updated the Board on this change, stating that CapTrust has recently hired an individual with a great deal of manager research experience, who will be working out of the firm's Tampa office. Other recent hires with years of experience will help assume some of Mr. Woodruff's former responsibilities as well.

#### COMMUNICATION DIRECTOR'S REPORT:

Mr. Nesbitt stated that he had emailed a layout draft of the Plan's annual newsletter, which will go to press later in the week. It will be emailed to approximately 50 to 60 individuals who had indicated they would like to receive the newsletter via email. He hoped that up to 90% of retirees would select this option within the next few years.

#### ADMINISTRATOR'S REPORT:

##### Pension Obligation Bond

Mr. Wood advised that both the Board's actuary and Ms. Wenguer were very helpful in providing and coordinating information to the City's actuary in a timely manner. He noted that at present, the City Manager has received a letter from CapTrust expressing the firm's level of comfort that "both pensions can maintain 3.8%" over the long term. They have also received a draft letter from GRS.

He continued that the City's Budget Advisory Board has discussed the pension obligation bond at a previous meeting, and hopefully this advisory body will issue a communication to the City Commission in support of the proposed bond at tonight's meeting.

Mr. Nesbitt asked if a 75% funding is still under consideration. Mr. Wood said the City Commission would not go above this percentage. He clarified that both the Police and Firefighters' pension fund and the General Employees' fund would receive 75% funding.

Mr. Buffington added that the bond covenant, which would state what would be necessary in order for a future City Commission to approve an increase in benefits, is not included in the current draft of the Resolution. He added that he was not certain it belonged in the Resolution, but will be included if that is the City Commission's desire.

Ms. Wenguer recalled that at the July meeting, the Board had authorized the expense of up to \$3100 to have the actuary draft a survivor letter. As Nyhart required more information, she explained that the \$3100 was exceeded; however, the City has established a fund to pay the Board's actuary for expenses related to the pension obligation bond, and the Board would not be responsible for this additional expense.

### Funding Policy

Ms. Wenguer stated that Mr. Hole had put together a draft funding policy. Mr. Hole advised that he felt the Board would need a policy of this nature in writing "sooner or later." He concluded that if the Board wishes to pursue this policy, they should send the appropriate information to the actuary for inclusion.

Mr. Cypen noted that he had a good deal of non-actuarial input to contribute to the document. He observed that if the Board wished to form a committee and send the draft document to the actuary, a possible next step would be to schedule a conference call among the interested parties.

Chair Dew suggested that the Board review the document and discuss it further at a later date.

### Change in Beneficiary

Ms. Wenguer stated that this issue had arisen because some retired members who had chosen the 100% survivor benefit wished to change their beneficiaries; however, there is no formal policy in place for making this change, and this change required an actuarial equivalencies calculation. There is also no specification of whether the member would pay for this change or the cost was to be absorbed by the Board. She referred the Board members to a draft policy on p.53 of their informational materials.

Mr. Cypen noted that typically, an individual seeking to change his or her beneficiary pays for the cost of the calculation. He observed that the individual would have received a free calculation of the benefit upon retirement, but must pay for the calculation associated with a beneficiary change. It was noted that if the individual wished to change the beneficiary more than once, s/he would be responsible for the cost of each change. Mr. Cypen suggested that the individual could name an alternate beneficiary when a single calculation is made.

Ms. Wenguer requested clarification of the phrase "voluntary proof of good health." Mr. Cypen explained that a person cannot be required to provide proof of good health. However, a doctor's certificate should be sufficient. Motion made by Mr. Naugle, seconded by Mr. Hole, that the Board establish a policy that a member who changes their joint annuitant beneficiary would pay for the cost associated with same each time the change is requested. In a voice vote, the motion passed unanimously.

### Disability Retiree Phillip Girrback

Mr. Girrback stated that some years ago, he had applied for service-related disability. This application was denied; however, he was granted non-service disability. He explained that he was advised that three or more doctors are required to evaluate an applicant. Mr. Girrback pointed out that the pension Ordinance states three doctors shall examine an individual, as opposed to "three or more."

He continued that according to the Ordinance requirements, a majority of doctors had been in favor of granting his service disability. He felt that the opinions of additional doctors, however, had prevented this from being a majority opinion. The inclusion of more than three doctors had also added to the length of time involved in his case, and the result was his termination by the City.

Mr. Girrback said he had recently asked the Board if they would consider grandfathering him into the amended 20-year retirement conversion, but Mr. Cypen had advised that such action would be illegal. Mr. Girrback concluded by requesting that the Board grant him service disability.

Mr. Cypen stated that he had suggested an amendment could solve Mr. Girrback's issue. He noted that only the City may amend the Plan. Chair Dew asked if this meant Mr. Girrback would need to petition the City. Mr. Cypen replied that there was no legal way, as the record currently stands, that the Board could grant his request to undo non-service-connected disability and issue service-connected disability retroactive to the time the original request was granted.

Mr. Girrback said he had raised the issue because Mr. Cypen had informed him it would not be legal to grant service-connected disability because it would violate the Ordinance; he stated that the Ordinance itself was violated in his case, and as a result he had lost his case and received non-service-connected disability instead. He asserted that had he seen only three doctors, his original request would have been granted.

Mr. Hole commented that while adding more doctors' opinions could result in a lack of a majority opinion, the Board is not required to accept these opinions, even if they are unanimous. Mr. Girrback reiterated that the inclusion of additional doctors had diluted his case.

Mr. Hole observed that the Board has the latitude to request as many tests as they feel are necessary to a case. Mr. Girrback said this would be a violation of the Ordinance. Mr. Hole asked if it would violate the Ordinance if the Board suggested additional tests from specialists were necessary. Mr. Cypen said it is part of the Board's fiduciary duty to collect as much information as possible, and they would not be faulted for requesting too much information.

Mr. Naugle noted that Mr. Girrback's case occurred in 2007, and asked if the request for a review would have had to be made within 30 days of the original decision. Mr. Cypen said the Board had granted Mr. Girrback's request. Mr. Girrback said his request was for service-connected disability, and he had had to compromise in order to receive non-service-connected disability.

Chair Dew stated that the Board does the best job it can with regard to any individual's request, and uses all the resources available to them, occasionally seeking out additional resources. He pointed out that the Board has at times asked for additional medical support to help them understand what is going on with a particular case. He advised that hearing from more than three doctors showed that the Board was exercising its fiduciary responsibility. He suggested that if Mr. Girrback felt this conclusion was not appropriate in his case, he should seek legal counsel.

Chair Dew asked if a motion was necessary in this case. Mr. Cypen said no action was required.

Retiree Randy Trout

Ms. Wenguer advised that this Item would be deferred, as the attorney representing Mr. Trout was not able to be present at today's meeting.

Service Provider Evaluation

Ms. Wenguer recalled that at the July meeting, Mr. Bayne had requested that the Board develop a policy for the evaluation of service providers. She explained that while she and Ms. Cintron had been working on a draft policy, they felt it would be best for the Board members to form a committee that could determine exactly how they should proceed.

Chair Dew asked that Staff look into what other entities have developed, such as criteria used by the City.

Mr. Buffington clarified that while the City does not conduct a full evaluation of every contractor, they have evaluations in place that are used when service issues arise. Chair Dew proposed that the Board model its draft evaluation form on the City's documents. Ms. Wenguer said she would work with the City and provide a draft at the next meeting.



## September 12, 2012 Board Meeting Date

Ms. Wenguer noted that there are member and attorney conflicts with this date, at which a disability hearing is expected to occur. It was agreed that the meeting date would be changed to Friday, September 21 at 12 p.m. Mr. Cameron advised that he would be out of town at this time.

## Administrator's Annual Review

Chair Dew reported that these reviews rated Ms. Wenguer's performance as above satisfactory.

## PENDING ITEMS:

### New Business

Mr. Hole commented that it had been a few years since the Board had reviewed the office Staff, and recalled that the Board had attempted to create parity between its office Staff and comparable City positions with regard to salary and benefits. He asked if there is a need for such a review at this time, or if parity with City personnel exists.

Chair Dew stated that there is parity with regard to benefits such as vacation time, but pointed out that the Board dictates salaries. Ms. Wenguer said when positions were established, she had compared these to similar City positions, but pointed out that no City positions were comparable to some Plan positions. In these cases, market comparisons were used.

Mr. Bayne asked if Staff benefits are documented in writing. Ms. Wenguer confirmed this, noting that sick and leave time is guided by the City's policy as much as possible. The City's procedures are followed in most cases, with the exceptions of salary scale and raises.

Mr. Naugle suggested that a report be provided on the City's policies at the next meeting so the Board could determine whether or not anything required further discussion. He asked which City Department would be used for comparison with office Staff. Ms. Wenguer said this would be confidential employees and management. She concluded that she would prepare a report on all the positions for presentation at the next meeting.

Chair Dew recalled that while Randall Stanley has been the Board's actuary for some time, he had recently sold his practice and joined Nyhart. While Mr. Stanley still serves as the Board's actuary, he pointed out that this would not continue indefinitely. He requested a motion to send out an RFP for a new actuary.

Motion made by Mr. Fortunato, seconded by Vice Chair Rudominer, to put an RFP out for a new actuary.

It was clarified that Nyhart would be included in this RFP. Mr. Naugle commented that in the past, the Board had only sent out RFPs for specific reasons and had not planned to consider the existing provider. Chair Dew explained that there would eventually be a transition from Mr. Stanley to another actuary within the firm.

In a voice vote, the motion passed unanimously.

Chair Dew continued that he would like a committee of at least three members, including himself, to review the RFP once it has been finalized. Vice Chair Rudominer volunteered to participate in this committee.

Chair Dew asked Mr. Wood if he had met with retirees to discuss direct deposit. Mr. Wood said a mass mailing had been sent to retirees who do not already have direct deposit, with the request that they fill out the appropriate information; he had reached out to the City's active employees as well. Thus far, 56 of roughly 300 individuals have signed up for direct deposit.

Chair Dew stated that due to recent issues, he would like the Board to have access to a second legal opinion. He explained that these issues include a group of retirees had not received the 3 3/8 benefit, as well as the issue related to retiree Frank Colleran. He advised that the Board has a fiduciary attorney, Bob Klausner, who can assume this responsibility and review these issues.

Motion made by Mr. Fortunato, seconded by Mr. Bayne, to have Klausner review the members that did not get the 3 3/8 multiplier arising from the Ordinance change as well as the requests from Mr. Colleran.

Mr. Cypen questioned whether the remarriage clause should be included in the prospective Ordinance amendment, as there is the possibility that the City Commission may feel it is addressed under Me Too 2 and take no action. Chair Dew stated that if the Board proceeded in including the remarriage clause in the Ordinance amendment "without dealing with the Me Too 2 aspect of it," and the City Commission included the remarriage clause in the amendment, the issue was done; however, should the City Commission not include the remarriage clause in the Ordinance amendment, the Board may then determine whether or not the clause is covered under Me Too 2. This provides them with two potential resources to address the issue.

Mr. Naugle asked if the Board should interview any other attorney in addition to Mr. Klausner. Chair Dew explained that Mr. Klausner is the Board's fiduciary attorney and is already under contract. He requested that the Board determine a fee cap for the review. Ms. Wenguer suggested that the Board advise Mr. Klausner of the work they would like him to do and request an estimate of the fee, including an estimation of whether or not the work can be completed within the proposed cap.

The following amendment to the motion was offered: motion made by Vice Chair Rudominer, seconded by Mr. Hole, to get the work done by [Mr.] Klausner for an initial cap of \$5000 to review the Me Too 3 3/8 and the Frank Colleran issue. In a voice vote, the amendment adding the cap passed 6-1 (Mr. Naugle dissenting).

Chair Dew stated that the Board's annual report has been tentatively approved by the Division of Retirement and will be receiving its 175 and 185 monies in two to three weeks.

#### Old Business

Mr. Hole recalled that there had been a question at the July meeting as to whether the actuary's rate was \$300/hour or \$310/hour. Ms. Wenguer said Mr. Stanley has a range of fees from \$250-\$350 for different services listed in his contract.

It was determined by consensus that the letter from Mr. Herbst, the motion to settle the Colleran case, and the RFP for a new actuary would be included as communications to the City Commission.

There being no further business to come before the Board at this time, the meeting was adjourned at 2:20 p.m.

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