

February, 2007



POLICE & FIREFIGHTERS' PENSION BOARD REGULAR MEETING

Pursuant to authority of Ordinance C-00-34, Article II, this regular meeting of the Police & Firefighters' Pension Board convened at 12:38 P.M., Wednesday, February 14, 2007 in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

PRESENT:

- Allan Curry, Chairman
- Michael Dew, Vice Chairman
- Ian Kemp, Trustee
- Mark Burnam, Trustee
- Richard Fortunato, Trustee
- Dennis Hole, Trustee
- Betty Burrell, Ex-officio
- James G.Behrendt, City Controller
- Steve Cypen, Board Attorney
- Lynn Wenguer, Administrator
- Laurie DeZayas, Pension Aide
- Renee Lipton, Recording Secretary

ABSENT: Romney Rogers, Secretary

ALSO PRESENT:

- Fuzzy Larkin, President, Retirees' Assoc.
- Bill Paton, Vice President, Retirees' Assoc.
- Linda Soloman-Duffey, Secy., Retirees Assoc.
- Ann Lindie-MacNeil, Retirees' Assoc.
- Jack Chew, Director, Retirees' Assoc.
- Frank Colleran, Retirees' Assoc.
- Jason Pulos, Asset Consulting
- Tom Topor
- April T. Simon, INVESCO

ASSET VALUE as of February 13, 2007: \$476,949,333.

Chairman Curry called the meeting to order at 12:38 P.M. He then presented Mr. Topor with a plaque from the IAFF, Local 765 in appreciation for his many years of service to this Pension Board. Mr. Topor replied that he had enjoyed serving on the Board and he appreciated this honor.

MINUTES: Regular Meeting, January 10, 2007. Mr. Hole made a correction in the spelling of Alan to be changed to Allan and to add Tom Topor's name to the Also Present list. Mr. Dew made a motion to approve the minutes as corrected with Mr. Kemp seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

BENEFIT REVIEW: POLICE DEPARTMENT – New Retirees – Termination of DROP Retirements: Richard W. Dabe, Police Officer. Date of DROP retirement October 12, 2006 with 20.00 credited years of service and 20.40 total years of service. Termination date March 9, 2007. Monthly pension benefit \$3,643.40 (100% Joint & Survivor). DROP account total \$19,785.03.

William J. Johnston, Police Officer. Date of DROP retirement April 21, 2002 with 22.04 credited years of service and 26.98 total years of service. Termination date March 31, 2007. Monthly pension benefit \$4,801.35 (Life Annuity). DROP account total \$341,946.50.

Clyde P. Koma, Police Officer. Date of DROP retirement February 8, 2002 with 20.00 credited years of service and 25.00 total years of service. Termination date February 7, 2007. Monthly pension benefit \$3,150.16. DROP account total \$227,019.75.

Requests for Lump Sum Refund: Michael A. Hroch, Police Officer. Date of separation January 21, 2007 with 1.51 years of creditable service. Lump sum payment due \$4,485.24.

Wesner Moise, Police Officer. Date of separation January 9, 2007 with 1.19 years of creditable service. Lump sum payment due \$2,706.52.

Michael R. Williams, Police Officer. Date of separation January 11, 2007 with 3.83 years of creditable service. Lump sum payment due \$16,135.34.

FIRE DEPARTMENT - New Retiree – Termination of DROP Retirement: Mark D. Snyder, Firefighter. Date of DROP retirement October 2, 2005 with 22.00 years of credited service and 23.18 total years of service. Termination date December 5, 2006. Monthly pension benefit \$4,439.50. DROP account total \$65,789.64.

Requests for Lump Sum Refund: Dan C. Herrera. Date of separation December 4, 2006 with .85 years of creditable service. Lump sum payment due \$2,684.08.

Anthony B. Lamberti, Firefighter. Date of separation February 8, 2006 with 6 years of creditable service. Lump sum payment due \$21,622.85.

Survivor Death: Elizabeth A. Brown dependent upon George K. Brown. Survivor date of death February 2, 2007.

Motion was made by Mr. Hole to approve the Benefit Review with Mr. Dew seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

BILLS: Essex Investment Management Co. submitted a bill for investment management services rendered from 10/01/06 through 12/31/06 in the amount of \$63,836.50.

Agincourt Capital Management submitted a bill for investment management services rendered from 10/31/06 through 12/31/06 in the amount of \$47,373.86.

Boston Co. submitted a bill for investment management services rendered from 10/01/06 through 12/31/06 in the amount of \$42,232.70.

INTECH submitted a bill for investment management services rendered from 10/01/06 through 12/31/06 in the amount of \$36,304.03.

Northern Trust submitted a bill for custody and domestic transactions of the account for the period ending 12/31/06 in the amount of \$28,102.91.

Standish Mellon submitted a bill for investment management fees for the period ending 12/31/06 in the amount of \$10,653.85.

RhumbLine submitted a bill for investment management fees (S&P 500) for the period ending 12/31/06 in the amount of \$6,591.49 and a bill in the amount of \$2,658.65 (S&P 400).

Cypen & Cypen submitted a bill for professional services rendered from 11/01/06 through 11/30/06 in the amount of \$1,425.35.

Cypen & Cypen submitted a bill for professional services rendered from 11/01/06 through 11/30/06 in the amount of 976.44.

Cypen & Cypen submitted a bill for professional services rendered from 12/01/06 through 12/31/06 in the amount of \$532.76.

Cypen & Cypen submitted a bill for professional services rendered from 12/01/06 through 12/31/06 in the amount of \$425.

Ellen Schaffer submitted a bill for Software Support Contract Fee for PC Pension Benefit Calculation System for the term of 2/1/097 – 2/1/08 in the amount of \$682.

Klausner & Kaufman submitted a bill for professional fees in the amount of \$500.

Mr. Burnam made a motion to approve payment of these bills with Mr. Hole seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

QUARTERLY PERFORMANCE REPORT – Asset Consulting Group – Jason Pulos

reviewed the equity index returns for the fourth quarter. All indices were in positive territory. For the year, all indices achieved positive returns with the EAFE and Russell 2000 Value reporting the highest returns of 26.9% and 23.5% respectively. From a style perspective in the fourth quarter, the Russell 2000 Value was the biggest winner. For the year as a whole, Value took top honors.

For the past five years the S&P 500 returned 6.2% with the Russell 1000 Value returning 15.4%. Mr. Pulos also reviewed corporate profits, domestic equities, domestic fixed income and international markets.

For one year the S&P 500 returned 15.79%, Russell 1000 Growth returned 9.07%, Russell 1000 Value 22.25%, MSCI EAFE returned 26.86%, Lehman Aggregate returned 4.33% and NCREIF Property returned 16.59%.

The beginning market value for the portfolio for the last twelve months was \$441,348 with the ending market value at \$476,606.

Chairman Curry thanked Mr. Pulos for his review of the portfolio.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS - Me Too II: Mr. Cypen reviewed the status of the Me Too II . This case has gone before Judge Moe and a decision should be given within 30 days. If a decision is not made within the 30 days time frame, the judge will then rule in open court.

ADMINISTRATOR'S REPORT - Fiduciary Liability Insurance: Ms. Wenguer referred to a memo dated June 4, 2001 from Scott Denham that stated "The members of the Police and Fire Pension Board of Trustees are provided coverage under a Public Official Liability Policy for fiduciary claims and their official duties as public officials. They are also covered under a separate policy for Fidelity, which is a commercial crime policy."

Mr. Cypen stated that he is urging the City Attorney to look into whether the board is covered under the city policy. He stated that as fiduciaries the Board may not be covered. Ms. Burrell stated that she would contact the city's carrier. Mr. Cypen suggested that the insurance carrier reply in writing.

2007 Pension Board Budget: The trustees reviewed the proposed unaudited budget for the year 2007.

It was proposed that the Administrator look into the feasibility of purchasing/leasing a folding machine as well as the cost of a service to provide folding and mailing for mailouts.

The Administrator will review the proposed Budget due to the added expenses for legal fees for the outside counsel with regard to the Me Too II case.

A motion was made by Mr. Dew to approved the proposed budget with changing the legal cost to \$75,000 and Computer cost to \$500. Mr. Fortunato seconded the motion. The motion was approved **UNANIMOUSLY** by the Board.

Office Lease: The trustees discussed various options that might be available. Mr. Hole requested that in the future this item be presented three months in advance. He further suggested that an annual calendar be prepared.

After discussion, Mr. Hole made a motion to authorize the Administrator to execute and deliver a 2 year lease with a 3% increase at a cost not to exceed what is in the proposal (listen to tape).

Mr. Dew seconded the motion. The motion was approved **UNANIMOUSLY** by the Board.

Pension Protection Act of 2006: The trustees discussed the fact that the Health Trust send the payments to an insurance company. Mr. Cypen noted that the Internal Revenue Service may modify this regulation. This should be settled by the end of the year.

Mr. Dew requested that any mail sent to retirees should also be directed to trustees for their information.

Copier Lease: After discussion of the cost and options provided, Mr. Kemp made a motion to approve a new lease to include network print and scanner. Mr. Fortunato seconded the motion. The motion was approved **UNANIMOUSLY** by the Board.

Share Plan Overpayment: Mr. Cypen suggested that an outside attorney be hired for \$200 per hour with a cap of \$2,500 against 10% of any recovery. He recommended Adorna & Yass from Florida and Georgia with 200 attorneys on staff.

Mr. Kemp than made a motion to authorize the hiring of Adorna & Yass to collect these outstanding funds at \$200 per hour up to \$2,500 against a 15% recovery fee. Mr. Hole seconded this motion. The Board approved this motion **UNANIMOUSLY**.

Academic Incentive Pay: The retirees have been notified that these checks are being mailed. The City Attorney Communication No. 070073 was discussed. The memo stated that "payment of benefits to retirees should be made by the City's Finance Department". Since the Finance Department will not cut these checks, the Board has made other arrangements.

Webmaster Designs: After discussion of proposals, it was decided to table this item until next month.

Recording of Minutes: Tabled until next month.

LARGE CAP GROWTH PRESENTATIONS: Navellier & Associates Inc. Louis Navellier and Jim O'Leary made this presentation. This firm has managed growth equity stocks since 1987. It is an independent firm and employee owned with approximately \$4.86 billion in assets and approximately \$3.09 billion in large cap growth assets. Their style is disciplined quantitative stock manages with a staff of 49; 11 of which are investment professionals. The fees were also discussed.

Chairman Curry thanked them for their presentation.

Waddell & Reed Asset Management Group: Philip J. Sanders and Nikki F. Newton made this presentation. Waddell & Reed Asset Management Group provides comprehensive investment services for the institutional investor. They have 63 investment professionals. Their philosophy is that sustainability of growth is more important than rate of growth. The fee structure was discussed. Chairman Curry thanked them for their presentation.

Sawgrass Asset Management, L.L.C.: Chris Greco and Martin LaPrade made this presentation. Sawgrass is 100% employee-owned with 20 years of investment staff continuity. They have had no investment professional turnover since inception. They are dedicated to institutional asset management with a growth equity focus. This firm has \$1.5 billion in assets under management. The large cap growth product has \$650 million in assets with 45 clients. They noted that they beat the benchmark 6 out of the last 7 years. The fee structure was discussed. Chairman Curry thanked them for their presentation.

Mr. Pulos did an overview of the three presentations.

After discussion of each firm, Mr. Hole made a motion to hire Sawgrass Asset Management with Mr. Burnam seconding the motion. The trustees UNANIMOUSLY approved the motion.

Mr. Pulos then discussed the transition of the assets. After discussion, Mr. Kemp made a motion to fund Sawgrass from a portion of Systematic's funding to be equal. Mr. Dew seconded the motion. The motion was approved UNANIMOUSLY by the Board.

Academic Incentive Pay: Mr. Behrendt, City Controller, requested that the Administrator speak to the City Manager on this issue. He further stated that the City will file a lawsuit and the retirees will be asked to return the money.

Administrators Annual Review: Tabled until the next meeting.

Mr. Hole asked for an update on the following:

Audit – Is proceeding.

SPD – Is being prepared.

Procedure Manual – Is being prepared.

FOR YOUR INFORMATION: No action.

There being no further business to be brought before the Board, Mr. Kemp made a motion to adjourn at 4:20 P.M. with Mr. Dew seconding the motion. The motion was UNANIMOUSLY approved.

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