

January, 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 12:30 P.M., Wednesday, January 10, 2007 in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

PRESENT: Alan Curry
Michael Dew
Ian Kemp
Mark Burnam
Romney Rogers
Richard Fortunato
Dennis Hole
Betty Burrell, Ex-officio
James G. Behrendt
Steve Cypen, Board Attorney
Lynn Wenguer, Administrator
Laurie DeZayas, Pension Aide
Renee Lipton, Recording Secretary

ALSO PRESENT: Fuzzy Larkin, President, Retirees' Assoc.
Bill Paton, Vice President, Retirees' Assoc.
Jack Chew, Director, Retirees' Assoc.
Rick Schulze, Director, Retirees' Assoc.
Nancy Cone, Treas., Retirees' Assoc.
Frank Colleran, Retirees' Assoc.
Jack Lokeinsky, President, F.O.P.
Dee Seibert, Retiree
Rick Perez, Retiree

William Humphrey, Local 765

Randall Stanley, Stanley, Holcombe

Jason Pulos, Asset Consulting

ASSET VALUE as of January 10, 2007: \$471,695,877.

Mr. Curry called the meeting to order at 12:30 P.M.

MINUTES: Regular Meeting, December 13, 2006. Mr. Kemp made a motion to approve the minutes as submitted. Mr. Rogers seconded the motion. The motion was approved UNANIMOUSLY by the Board.

BENEFIT REVIEW: POLICE DEPARTMENT – New Retirees – Termination of DROP Retirement: Timothy Babbitt, Police Officer. Date of DROP retirement June 15, 2002 with 20.47 credited years of service and 25.08 total years of service. Termination date January 25, 2007. Monthly pension benefit \$3,369.02 (100% Joint & Survivor). DROP account total \$221,468.95.

Charles P. Funkey, Detective. Date of DROP retirement January 24, 2002 with 20 credited years of service and 25 total years of service. Termination date January 24, 2007. Monthly pension benefit \$3,089.20 (100% Joint & Survivor). DROP account total \$223,058.59.

Vesting – Alfred Lewers, Lieutenant. Last day worked January 1, 2007 with 18.84 years of service. Monthly pension benefit \$4,281.50 to commence February 29, 2008.

Beneficiary (Retiree Death) Cecile Mix dependent upon William Mix. Date of retirement March 1, 1981. Date of death December 19, 2006. Monthly pension benefit \$1,950.46 for one year. Reduced to \$1,170.28 (60%).

Survivor Death: Mary P. Elwell dependent upon Hugh C. Elwell. Survivor date of death October 12, 2006. No further benefits payable.

FIRE DEPARTMENT – Vesting: Michael Dombrowski, Firefighter. Last day worked January 20, 2007 with 13.03 years of service. Monthly pension benefit \$2,369.28 to commence January 10, 2014.

Beneficiary – Retiree Death. Diana Monroe dependent upon Richard C. Monroe. Date of retirement March 1, 2000. Retiree date of death December 24, 2006. Monthly pension benefit \$3,028.41 for one year. Reduced to \$1,817.05 (60%).

Request for Lump Sum Refund: Evan Evans, Firefighter. Date of separation December 17, 2006 with 5.174 years of creditable service. Lump sum payment due \$19,450.62.

New Beneficiary (Member Death) Michelle Bruce dependent upon John W. Bruce. Date of disability November 8, 2006. Member date of death January 5, 2007. Pension benefit \$2,366.77 (lifetime).

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

BILLS: Systematic submitted a bill for investment management fees for the period from 10/1/06 – 12/31/06 in the amount of \$66,514.78.

BILLS (continuation): Asset Consulting submitted a bill for professional services rendered from 10/01/06 through 12/31/06 in the amount of \$10,625.

Atkinson, Diner, Stone, Mankuta & Ploucha, P.A. for services rendered re File No. 14196 in the amount of \$3,077.50. (City of Fort Lauderdale Police and Fire Retirement System, et al adv. City of Fort Lauderdale, Florida)

Koch Reiss submitted a progress bill regarding audit work for the period ended 12/31/06 in the amount of \$2,800.

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

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS: William Humphrey, IAFF, President Local 765 presented a plaque to Dee Seibert and thanked her for her years of service to the Board and the pension fund.

ADMINISTRATOR'S REPORT: Pension Protection Act of 2006: Ms. Wenguer advised the trustees that a letter has been prepared and approved by our attorney that advises retirees that they have the option of choosing the non-tax status.

New Computers: The new computers have been installed. Ms. Wenguer distributed information regarding a network connection upgrade. The trustees discussed the need for this upgrade as well the installation cost of \$1,008.32 and \$213.90 per month. These charges include technical support.

After discussion, Mr. Burnam made a motion to approve this upgrade with Mr. Dew seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

7th Member Seat: The two candidates are Gerald (Jim) James Behrendt, Jr. and Dennis Hole. Mr. Behrendt reviewed his knowledge, education and experience in the pension area. Mr. Hole noted that he was endorsed by both the police officers and firefighters unions as well as the Retirees Association because of his many years of prior service to this board.

Mr. Cypen asked if either candidate had a conflict as a Dual Officeholder. Mr. Hole advised that should he be elected to this position, he will immediately resign from the Cooper City Police Pension Board. The trustees discussed the qualifications of each candidate and felt that each candidate was equally qualified for this position. Several views were expressed as to who would best serve the needs of the members, the city and the taxpayers.

After discussion, a vote was taken. Mr. Curry, Mr. Burnam, Mr. Kemp and Mr. Dew voted for Dennis Hole. Mr. Rogers voted for Jim Behrendt. Mr. Hole was elected as the 7th Board Member by a majority of the Board.

Mr. Curry expressed his appreciation on behalf of the Board to Mr. Topor for his many years of service to this Board. Ms. Wenguer added her appreciation for Mr. Topor's 11 years of dedicated service and presented him with a plaque from the Board

of Trustees. Mr. Lokeinsky, President of the Fraternal Order of Police also added his appreciation and best wishes to Mr. Topor and presented a plaque from his organization. Mr. Topor expressed his gratitude for the plaques presented to him. Chief Perez commented on Mr. Topor's ethics during his 11 years of service.

Mr. Cypen then swore in both Mr. Hole and Mr. Fortunato. They were advised that they still had to go to the City Clerk's office to be officially sworn in. Acceptance of this position is an automatic resignation for Mr. Hole from his position as a trustee in Cooper City.

Mr. Curry thanked Mr. Behrendt for his interest in being a board member and asked him to please continue to attend meetings.

Ms. Burrell left the meeting at 1:10 P.M.

ELECTION OF OFFICERS: Chairman - Mr. Dew nominated Mr. Curry for the position of Chairman. Mr. Rogers nominated Mr. Hole who declined the nomination. Mr. Hole then made a motion to close nominations. Mr. Dew seconded the motion. The motion was approved UNANIMOUSLY by the Board. There being no further nominations, Mr. Curry was elected Chairman by acclamation.

Vice Chairman – Mr. Fortunato nominated Mr. Dew for the position of Vice Chairman. Mr. Hole made a motion to close nominations. Mr. Rogers seconded the motion. The motion was approved UNANIMOUSLY by the Board. There being no further nominations, Mr. Dew was elected Vice Chairman by acclamation.

Secretary – Mr. Kemp nominated Mr. Rogers for the position of Secretary. Mr. Dew made a motion to close nominations. Mr. Hole seconded the motion. The motion was approved UNANIMOUSLY by the Board. There being no further nominations, Mr. Rogers was elected Secretary by acclamation.

ASSET CONSULTING GROUP: Jason Pulos reviewed the three broad investment types of equity, fixed income and real assets such as real estate and hard assets. He further discussed the composition of each asset type. The current portfolio structure consists of the following Large Cap Value (Systematic 16.1%), Equity Core (Intech 9.1% and Rhumblin 8.8%), Growth (Essex 11.1%), Small Cap Value (Lee Munder 5.5%, Small Cap Growth (Northpoint 5.5%) and International Equity Core (Boston Co. 4.6%).

Fixed Income Intermediate High Quality (Mellon 19.2% and Agincourt 19.1%).

Mr. Pulos discussed rates of return due to volatility and the fact that it takes a larger return to make up for a loss. He further discussed various asset allocation mixes and the return for each mix. He also summarized the February 2006 Asset Allocation Study. Hedge Fund strategies were also reviewed. Mr. Curry asked if Mr. Pulos had a time line to implement this strategy.

Mr. Pulos made the suggestion to increase international investments to 7%; taking these funds from the Systematic portfolio by rebalancing. The trustees discussed long/short and real estate investment. Mr. Pulos suggested that he bring core real estate managers to be interviewed.

After further discussion, Mr. Dew made a motion to increase the international investments to 7% and to reallocate the funds from the Systematic portfolio. Mr. Burnam seconded the motion. The motion was approved UNANIMOUSLY by the Board.

Mr. Pulos then stated that the next step would be to interview two or three real estate managers. At the February meeting

discussion will be held on different asset class mixes. The February meeting would be an educational one on strategy and policy changes. The trustees discussed hiring a real estate company for core management for 5 – 10% of the portfolio (\$25,000,000 - \$50,000,000).

Ms. Wenguer and Mr. Pulos have discussed a policy change to accommodate \$6,000,000 to \$7,000,000 for quarterly expenses.

After discussion, Mr. Burnam made a motion to have Mr. Pulos make a recommendation as to which manager's portfolio to take these funds and to set up a disbursement account of \$7,000,000. Mr. Kemp seconded the motion. The motion was approved UNANIMOUSLY by the Board.

ACADEMIC INCENTIVE PAY: Ms. Wenguer advised that due to the complicated nature of these calculations, she has sent this information to the actuary who is working on these calculations. She further advised that she has set up a bank account and checking account. As soon as the calculations are completed, the checks will be cut. This will be the retroactive amount and once a year in December or January, annual checks will be cut for those who retired prior to 2002.

ADMINISTRATOR'S ANNUAL REVIEW: The trustees discussed health insurance for the Administrator. Ms. Wenguer advised that she withdrew her application for insurance but would like to have this approval should she have a change in circumstances. The cost of this insurance was discussed. Due to some confusion as to the cost because the quote did not take into account the amount the city pays, Mr. Behrendt offered to research this and bring the information back to the next meeting.

Terms of employment were discussed and well as a contract for the administrator. The administrator will provide the trustees with a complete listing of all benefits she receives. She was also asked to provide a detailed report of other administrators as to salary, hours of work, days off, size of pension office and staffing. She was also asked to include her staffs salary and benefits in her report.

Webmaster: The Administrator has two Webmasters working on proposals that will be provided to the trustees as soon as she receives them.

Recording of Minutes: Will be discussed at the next meeting.

Share Plan Overpayment: A letter has been sent requesting repayment within 30 days. Mr. Cypen to advise of the next step to be taken if the money is not returned within the 30-day period. This will be discussed at the next meeting.

Fiduciary Liability Insurance: Mr. Fortunato asked if the trustees were covered by this insurance. This issue will be reviewed and the City's policy will be reexamined. The administrator advised that there was a letter from the city explaining the coverage and she will research this and bring it back to the board.

Annual Budget: Ms. Wenguer was asked to prepare a yearly budget as she has done in the past.

ASSET CONSULTING: Mr. Pulos discussed the fact that Essex's performance has lagged and they have had an organizational turnover. He discussed 7 managers who were selected for consideration for replacement of Essex. These managers were Brown Investment Advisory, Chase Investment Counsel, Enhanced Investment Technologies (INTECH), Loomis, Sayles & Co., Navellier & Associates, Sawgrass Asset Management and Waddell & Reed Asset Management. The trustees reviewed the batting average, the beta, the alpha and the up/down capture of each manager.

After some discussion, Mr. Burnam made a motion to interview Waddell & Reed, Sawgrass and Navellier. Mr. Hole seconded the motion. The motion was approved **UNANIMOUSLY** by the Board.

Police Overtime Contribution – 40 hours: Mr. Behrendt advised that implementation of this benefit has been delayed. It should be in place in 3 – 4 weeks and will be retroactive to January 1. There was additional discussion of whether each person will be entitled to 40 hours or less.

FOR YOUR INFORMATION: No action.

There being no further business to be brought before the Board, Mr. Dew made a motion to adjourn at 4:10 P.M. with Mr. Fortunato seconding the motion. The motion was UNANIMOUSLY approved.

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