

June 2009



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, June 10, 2009 in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

PRESENT:

Michael Dew, Chairman
 Mark Burnam, Vice Chairman
 Dennis Hole, Secretary
 J. Scott Bayne, Trustee
 Jim Naugle, Trustee
 Richard Fortunato, Trustee
 Steve Cypen, Cypen & Cypen, Board Attorney
 Lynn Wenguer, Administrator
 Rachel Maldonado, Assistant Pension Administrator
 Laurie DeZayas, Pension Secretary

ABSENT:

Ken Rudominer, Trustee

ALSO PRESENT:

Duane Mathis, Manager, Marcum Rachlin
 Jerry Chiocca, Partner, Marcum Rachlin
 Fred Nesbitt, Director of Public Relations
 Randall Stanley, Stanley Holcombe & Assoc.
 Fuzzy Larkin, Retirees' Assoc.
 Bill Patton, Retirees' Assoc.
 Jack Chew, Retirees' Assoc.
 Gregg Gurdak, President, Retirees' Assoc.
 Linda Solomon-Duffey, Retirees' Assoc.

ASSET VALUE as of June 9, 2009: \$363,879,968

Chairman Dew called the meeting to order at 12:30 p.m.

MINUTES: Motion made by Mr. Hole, seconded by Mr. Naugle, to waive the reading of the minutes for Regular Meeting, May 12, 2009, and approve them as a whole. Chairman Dew noted two corrections. On page 3, he asked that "overtime" be added to the discussion on FOP minimums. Also, on page 4, he noted that the description "press person" for Mr. Nesbitt was inadequate. Mr. Nesbitt was given the official title of "Director of Public Relations at no cost to the Fund." With no further discussion, **the motion** carried unanimously.

BENEFITS REVIEW:

POLICE DEPARTMENT	BENEFIT TYPE	RETIREMENT DATE	TERM DATE	FORM OF BENEFIT
Robert J. Carter	Retirement	July 1, 2009	June 30, 2009	Standard
Nathaniel Jackson	Term of DROP	May 4, 2007	June 5, 2009	Standard
Lee Spector	Term of DROP	May 27, 2006	June 8, 2009	Standard
Jack R. Gee, Jr.	DROP Retiree	June 26, 2009	June 25, 2014	Standard
Gary Mailloux	Request for Refund		June 15, 2009	

Motion made by Mr. Fortunato, seconded by Mr. Bayne, to waive the reading of the benefits and approve them as a whole. In a voice vote, the motion carried unanimously.

BILLS: The following bills were submitted:

- Prudential for management fees through 3/31/09 in the amount of \$26,035.84.
- Stanley, Holcombe & Associates for actuarial consulting services through 5/29/09 in the amount of \$20,768.00.

- Rachlin LLP for professional services rendered during the audit in the amount of \$19,500.00.
- Cypen & Cypen for professional services rendered through 5/11/09 in the amount of \$560.96.

Motion made by Mr. Hole, seconded by Mr. Fortunato, to waive the reading of the bills and approve them as a whole. In a voice vote, **the motion** carried unanimously.

2008 ANNUAL AUDIT, Marcum Rachlin: Jerry Chiocca, partner, and Duane Mathis, manager, of Marcum Rachlin addressed the Board regarding the 2008 Annual Audit. Mr. Chiocca first informed the Board that as of June 1, 2009, Rachlin merged with Marcum and, as such, the name of the firm had been changed.

Mr. Chiocca reviewed the Financial Statements and the Governance letter. He encouraged the Board to focus on the Management Discussion and Analysis from pages 3 through 7, as he felt that it was a concise and simple explanation of the happenings of the Plan during 2008. He also reviewed the Compliance report. Mr. Chiocca said that there were no control deficiencies or significant material weaknesses identified during the audit.

The Board asked questions about certain discrepancies that were found. In some instances, language had to be clarified. Also, the date for the end of the year differed from the date used on the actuary's report by one day. Finally, there was an issue with the DROP balance and its earnings.

Motion made by Mr. Fortunato, seconded by Mr. Bayne, to accept the audit with the corrections noted. Rachlin reported that the final draft would be handed in the following week on Monday or Tuesday. In a voice vote, **the motion** carried unanimously.

Mr. Chiocca thanked Ms. Wenguer for her assistance in getting his team the information needed to complete the audit. Mr. Naugle asked about the late completion of the annual audit. Mr. Chiocca said it was due to two factors. First, at the time that the Board chose to use Rachlin, Rachlin had already laid out its schedule of audits for the year. Second, he reported that the City was late in getting the firm trial balances and other relevant information to them. When asked what would rectify the process for the coming 2009 audit, Mr. Chiocca felt that the process should begin two to three months earlier.

2009 ACTUARIAL REPORT, Stanley Holcombe & Association: Randall Stanley reported that he was honored to present the 7th evaluation to the Board. He suggested that the newer trustees refer to page 12, exhibit 1, to assist them in understanding the evaluation.

Mr. Stanley discussed the City's contributions as well as the Unfunded Actuarial Liability. The Board also reviewed the retirement assumptions with Mr. Stanley, the Actuarial Asset Value as compared to the market, and how the smoothing of assets is applied.

Mr. Stanley was not aware that the COLA had sunset, so COLA was included in his report. Mr. Cypen suggested that the report be supplemented with a letter excusing the calculations affected by COLA. Mr. Stanley said he did not intend for his report to be a draft, but would amend the report however the Board saw fit. Mr. Hole also noted a difference of five active members (896 vs. 901) between the Annual Audit and the Actuary report.

The Board discussed that the late completion of the audit affected the accuracy of the Actuary Report. Mr. Stanley was working from a draft of the audit, which he says he does most years and for many plans that he works with. Unfortunately, Rachlin made some changes that impacted Mr. Stanley's formulas.

There was concern that the state may question the State Report because of the aforementioned discrepancies. Mr. Stanley felt sure that the most the state would require would be a letter of explanation as an amendment to the report. Chairman Dew asked that a letter be sent to Ms. Wenguer explaining the differences between the audit and the actuarial report. Ms. Wenguer would forward the letter if it were requested.

Motion made by Mr. Hole, seconded by Mr. Naugle, to approve the actuarial report, with the discussed addition of a letter regarding the COLA. In a voice vote, **the motion** carried unanimously.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS: Mr. Gurdak asked about the change in tax rates for retirees. Ms. Wenguer informed him that the change was based on a decision at the Federal level and was therefore a mandated change that went directly to payroll. The pension office is not involved that change.

Mr. Gurdak also asked about the \$3000 for private health insurance. Right now, this allowance is only applicable for the City's insurance. Mr. Cypen said that according to Senate Bill 538, it could be broadened to other carriers if the Board allowed it. However, the issue must be added to the agenda.

ADMINISTRATOR'S REPORT – Summary Plan Description (SPD): **Motion** made by Mr. Naugle, seconded by Mr. Hole, to approve the SPD. In a voice vote, **the motion** carried unanimously.

Police O/T and Early Retirement: The Administrator reported that in her discussion with the local FOP President Jack Lokeinsky, he was adamant that the FOP was only interested in pursuing additional overtime hours. Nothing else will be considered until that is achieved.

Pension Benefit Verification Letters: Ms. Wenguer provided a comprehensive list of sources used by PBI for the death audit. Based on this list, the office held off sending verification letters because of the expense. Due to the fact that certain states do not file specific reports, the Board asked the Administrator to provide a list of members who live outside of the states covered by PBI.

NorthPointe Fee Proposal: Motion made by Mr. Burnam, seconded by Mr. Hole, to approve the proposal letter from NorthPointe. In a voice vote, **the motion** carried unanimously.

Administrator Annual Review: The Chairman asked that the trustees' evaluation of the Administrator be turned in for the July meeting. Since the Administrator job description should have been attached with the evaluation, Ms. Wenguer will e-mail it to the trustees.

July Meeting Date Change: Due to conferences and vacations, the July meeting date was changed from Wednesday, July 8 to Wednesday, July 15, 2009. The meeting will start at 12:00 P.M.

FPPTA Magazine: In the list of the General Membership of the FPPTA, the Fort Lauderdale Police & Fire Retirement System was not listed. FPPTA claimed that the Plan had not paid its membership fee. It turned out that they applied the P&F payment to GERS in error. They apologized for the mix-up.

OLD BUSINESS -Auditor: Once the Board has received the final draft of the 2008 audit, there will be a discussion at the July meeting on continuing with Rachlin for the 2009 audit.

Standard Operating Procedures: A draft will be available for the Board to review at the July meeting.

Retirement Planning Seminar: The Assistant Administrator reported sending out invitations and most of the speakers already confirmed their attendance. That agenda will be ready for the Board to review at the July meeting.

Commission Meetings: Due to a situation requiring his attention at work, Chairman Dew was not able to make the meetings he had scheduled with the Commission in June. He has rescheduled them for the first week of July. There he will address the following: COLA, the term of trustees, overtime for Police, and the remarriage penalty for widows.

Motion made by Mr. Naugle, seconded by Mr. Hole, to approve the SPD. In a voice vote, the motion carried unanimously.

NEW BUSINESS – Press Release: Mr. Nesbitt submitted the first press release to the Board. There was some discussion on the number of active members and whether they included those in the DROP. With clarification on the number of active members, the release will be posted on the Web and distributed to the City Commission, as well as specific media contacts.

IRS Survey: Mr. Hole asked if the Plan had been selected to participate in the IRS survey. The Pension office has received no survey.

Division of Retirement: Mr. Hole discussed attending the Division of Retirement conference. Chairman Dew asked that as trustees attend conferences, they bring back copies of the materials or workbooks distributed. That copy should be kept at the pension office in order to build up a library that the trustees can use as reference.

International Investing: Now that the Board is allowed to invest up to 25% in international markets, Mr. Burnam will work with Mr. Pulos on amending the Investment Policy in time for the July meeting.

Placement Agents: Mr. Cypen explained "placement agents" and reported that they were banned in New York. He recommended putting this on the next agenda for discussion to ensure money managers make full disclosure concerning involvement with placement agents.

State Report: Ms. Wenguer relayed that the report is completed and signed. It would be sent out the following day via overnight mail.

Motion made by Mr. Burnam, seconded by Mr. Bayne, to adjourn the meeting at 3:15 P.M. With no further business brought before the Board, the motion carried unanimously.

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