

May, 2010

**POLICE AND FIRE PENSION BOARD
REGULAR BOARD MEETING
WEDNESDAY, MAY 12, 2010**

Michael Dew, Chairman
Ken Rudominer, Vice Chairman
Richard Fortunato, Secretary
J. Scott Bayne, Trustee
Mark Burnam, Trustee (Left at 3:36 p.m.)
Dennis Hole, Trustee
Jim Naugle, Trustee (Left at 4:09 p.m.)
Steve Cypen, Cypen & Cypen, Board Attorney
Lynn Wenguer, Administrator

Also present:

Amanda Cintron, Assistant Administrator
Laurie DeZayas, Pension Secretary
Liz Davila, Recording Secretary, Prototype, Inc.
Bob Dawson, Friend of Trustee Hole
Tim Bronson, Retirees' Association
John Abrams, Retirees' Association
Mike O'Connor, Retirees' Association
Rick Schulze, Retirees' Association
George Farrell, Retirees' Association
Fuzzy Larkin, Retirees' Association
Jeff Justinak, Acting Fire Chief
Linda Soloman-Duffey, Retirees' Association
Fred Nesbitt, Retirees' Association
Jason Pulos, Asset Consultant Group
Robert Soto, Fire Department
Bill Paton, Retirees' Association
Nicole Mannarino, Marcum Rachlin
Tammy Goldstach, Marcum Rachlin
Mike Salzano, Vice President of Local Union
Jack Chew, Retirees' Association
Lynda Flynn, City Interim Finance Director

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, May 12, 2010 in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

Communication to City Commission

An audit was performed by MarcumRachlin and there were no significant findings.

MINUTES:

Regular Meeting April 14, 2010

Motion made by Mr. Hole, seconded by Mr. Rudominer, to waive and accept the minutes from the April 14, 2010 regular meeting.

Chair Dew asked that on page seven, second paragraph, the third sentence be changed to read, "The survivor remarriage was proposed and discussed and will be resubmitted by Chairman Dew when he has the opportunity to readdress it with the City Commissioners on an individual basis."

Chair Dew called the question. In a voice vote the motion carried unanimously.

Benefits Review:**POLICE DEPARTMENT****Lump Sum Refund:** Andrew Toy**FIRE DEPARTMENT****DROP Retiree:** Robert F. Hoecherl
David R. Pugh
Gregory A. Wilson**New Beneficiary:** Florence Fowler**Lump Sum Refund:** Luis A. Cofresi, Jr.

Motion made by Mr. Rudominer, seconded by Mr. Bayne to accept the Police and Fire benefits as documented. In a voice vote, the motion carried unanimously.

BILLS:

Artio Global Investors	\$51,507.16
Sawgrass Asset Mgmt.	\$49,342.00
Lee Munder	\$42,640.44
Systematic	\$40,918.31
Agincourt	\$37,611.55
NorthPointe Capital	\$23,988.02
InTech	\$20,421.54
MarcumRachlin	\$18,000.00
Stanley, Holcombe	\$8,475.00
RhumbLine	\$4,097.00
Crain Communications	\$1,115.00
Holland & Knight	\$375.00
Holland & Knight	\$250.00

Motion made by Mr. Rudominder, seconded by Mr. Fortunato, to accept the bills as presented.

Mr. Hole referenced the \$375.00 charge from Holland & Knight and asked Ms. Wenguer if the Board was paying the bill on time. Ms. Wenguer said the Board is paying the bill on time and that it goes to Mr. Cypen's office for approval first. Mr. Cypen said that he changed the process and now the bill goes directly to the Pension Office. Ms. Wenguer said that as soon as she receives the bill it is placed on the list to be paid.

Chair Dew called the question. In a voice vote, the motion carried unanimously.

QUARTERLY PERFORMANCE REVIEW: Asset Consulting Group

Chair Dew invited Mr. Jason Pulos to present the Quarterly Performance Review. Mr. Pulos passed out the Quarterly Report and Strategy Review to the Board members.

The following are highlights from Mr. Pulos' Quarterly Review presentation:

Equity Index Returns

There have been significant rebounds since from the one-year period in March of 2009.

Fixed incomes recovered in the one-year period from March of 2009 - March of 2010.

Across equity markets returns are at 50%+.

Non-U.S. Equity outperformed U.S. Large Cap Equity

MSCI ACWE is up 62% versus the S&P 500, which is up about 50%.

Small cap outperformed large cap, and value outperformed growth.

Indices that were down the most in 2008-2009 performed the best over the 9- month period. This upturn does not indicate the companies or stock are better, their price increased the most.

Difficult period for active, fundamental based managers to keep up on a relative basis with the benchmarks.

On a 5-year basis, the difference between non-US and US is dramatic. Non-U.S., as measured by the ACWE, is up 6.6% annualized over a 5-year period, the S&P 500 and abroad is up about 2%.

Equity Sector Returns

For the trailing one-year:

Financials is up 80%

Industrial is up 68

Consumer Discretionary is up 67%

For the current quarter, the best performing sectors are Financials and Industrial.

Over a 5-year period the positive areas are Energy and Information Technologies, although they have not done as well over the last year.

International Index Returns

The Fund's two managers, Artio and Thornburg, are opportunistic non-U.S. equity managers which means they will opportunistically move into Emerging Markets, and those markets can fluctuate. The managers can have as much as 30% of their portfolios in Emerging Markets.

The best geographic area for the quarter is Japan, although the manager's expectations for growth in Japan are not very promising.

Currency benefited substantially during the quarter relative to the dollar and the euro.

International returns are negative for the quarter.

Fixed Income Index Returns

The story is the same with the fixed income index returns, those that were down the most in 2008, are up the most in 2009.

The Barclays aggregate, which is the broad U.S. investment grade benchmark for the year, is up 7.7%, driven primarily by price improvements outside of treasuries.

Treasury component for the year was negative for the quarter.

The Barclays Capital Universal is a broader benchmark that includes high-yield and non-U.S. bonds and that was up 10.4% on a trailing one-year basis.

Fixed Income Market Environment

For the year, the entire investment-grade aggregate benchmark for Fixed Income is up 7.7%.

The components for that benchmark includes the following:

U.S. Treasuries

Government Related

Corporate Investment Grade Bonds

Mortgage Backed Securities

Commercial Mortgage Backed Securities

Asset Backed Securities

High Yield (Corporate)

The best performing areas are Corporate, up 23.8%, and Commercial Mortgage Backed Securities, up 42.81%.

Commercial Mortgage Backed Securities make up a small portion of that benchmark, Treasuries and Agencies make up the largest percentage of the aggregate benchmark.

Treasuries make up 30% of that benchmark.

The Plan's manager, Agincourt, was able to add value by not just buying what is in the benchmark.

In the last year, there has been opportunity for active bond managers to add significant value because they do not have to own what is in the index.

Going forward, Mr. Pulos will talk more about having an active approach towards bonds.

Inflation

There has been concern about inflation, Mr. Pulos will address that and discuss strategies.

Mr. Pulos stated that Asset Consulting Group's outlook for inflation has subdued for the next three to six quarters, but with the issuance of treasuries and borrowing of the government, it should be a concern with investors going forward.

There are "Inflation Hedges," worked into the Plan's portfolio.

Equities comprise 60% of the Plan's portfolio and those should perform better from inflation.

Treasuries will be impacted the most from inflation.

Monthly Indices Report

2008 was a difficult year, 2009 has been better.

3-year numbers across equity markets continue to be negative.

5-year numbers across equity markets are positive, but nothing, with the exception of emerging markets, has generated a return above a 7.5%, or 8% range.

10 year the numbers across equity markets show that the only asset class that performs above an 8% return, is Emerging Markets, up 10%, and the next best is private real estate, or the NCREIF up over 7%.

From a U.S. versus non-U.S. perspective, broad U.S. markets measured by the S&P 500 is still negative on a 10-year basis.

The S&P Equal Weighted is higher than the S&P 500 on a 10-year basis, indicative of smaller companies outperforming larger companies.

Active managers are tending to buy things they believe are depressed in price, but have the potential to grow.

Pension Portfolio

The beginning value of portfolio in April of 2009 was just over \$345M.

Net additions for the last year is negative over \$12M, which is indicative of the net cash flow from the portfolio.

1-year return on investment is positive \$89.5M, less \$12M net cash flow, as of the beginning of April 2010.

Year-to-date, the portfolio has grown slightly under \$14M on a return, net additions are negative \$8.4M.

The outflow has been regular, while the inflow has been irregular.

End of March 2010, the portfolio stands just under \$423M.

Total portfolio 1-year return is up 26.9%.

Policy index up 28.4%.

Policy index is a blend, because the policy index changed in the course of the year.

Although the policy index changed in August of 2009, the implementation changes, particularly in regards to International, did not take place until December of 2009.

Relative to peers, the portfolio is in the 74th percentile and much of the differential has to do with the international allocation.

International allocation amongst the peer group it is at 15%. The portfolio is there now, but for the period in discussion, it was not there.

The differential relative to the policy index for the 1-year basis is primarily explained by less conservative position of the portfolio.

Mr. Pulos asked the Board members to reference City of Fort Lauderdale Total Portfolio Attribution and note that the policy index is static and does not change based on how your portfolio is being implemented.

The second quarter of 2009 underperformed by 1.5%, due to underweight equities.

The third quarter of 2009 is roughly in-line with the policy index.

The predominate differential relative to the policy index is Equity Long/ Short.

Allocation effect and implementation effect are things that need to be taking into consideration when reviewing the total portfolio attribution.

Mr. Hole asked how there is a positive value if the portfolio return for International is lower than the benchmark.

Mr. Pulos said because they are comparing to the beginning of your weight, the average weight of International throughout the year is 9.3%, relative to the beginning of the target of 7.3%, so it is slightly overweight. Mr. Pulos stated that relative to peers, over the last 5-10 years, the portfolio has had about 10% less of International Equity and that area has performed 5% better on average.

Fixed income was positive relative to the policy benchmark.

Real estate was positive because it was underweight.

During the third and fourth quarter, cash was being held for rebalancing and cash needs, so there was not a need to sell as much at the end of every month.

There is no cash component in the policy benchmark, so the cash piece would have about a 59 basis point impact.

The differential this attribution explains is 191 basis points all in. The portfolio trailed the policy index by 150, the other 41 basis points that is not explained by allocation is explained by timing of cash-flows. The portfolio picked up 41 basis points through the timing of movement of money, specifically at the end of 2009.

It is important understand that although the terms "under-perform," or "out-perform," are being used in regards to the policy index, the Plan is being implemented in a slightly different way and the realities of what is happening may be different than what the policy index explains.

The largest factor is the hedged equity component held back returns in a year when the equity markets were up significantly. Mr. Pulos said he would not classify that as "underperformance," he would say the market is doing what he would expect it to do. In a market that is going up, this component is in place to protect the portfolio from things like what happened in 2008.

In regards to 1-year rolling one period ending March of 2010, the portfolio is up 27%, which is 3.5 times the target long-term return, slightly trailing the policy index.

Mr. Pulos said he has read the Board's previous minutes and understand that the Board has questioned the peer group Asset Consulting Group uses. Mr. Pulos reported that Asset Consulting Group uses ICC, which is comprised of 17 independent consulting firms who aggregate of their client portfolio data, representing close to \$1.3T in assets with multiple sponsor-types, and looking at public funds across America. Within this group, the number of observations will increase as more plans report.

Mr. Hole asked if there is any advantage with going with another off the shelf company like ISS, PSN, or Wilshire. Mr. Pulos said that at a total fund level, they are similar. ICC includes State Street, so they have a robust database for information. Mr. Pulos said that on a 1-year basis there have been some discrepancies in the construction of the universe that would place the Fund in a lower percentile, but over time it evens out.

Chair Dew asked how the Fund compares to other municipality funds throughout the country and conveyed to Mr. Pulos that it is challenging to gauge the performance of the Fund relative to peers. Mr. Pulos said there should not be a large discrepancy on the total fund level and added that if the Board is looking at other universes, the factor that makes the biggest difference is asset allocation. Mr. Pulos stressed that a universe will not tell the whole story because each fund has their own guidelines and benchmarks.

Mr. Cypen asked if there is a sub-universe of just Florida. Mr. Pulos said Asset Consultant Group has looked at universes that include only Florida in the past and they have concluded that their observations are not robust enough.

Mr. Pulos reminded the Board that on a 10-year basis, relative to the policy index, the Fund has outperformed by 130 basis points. Mr. Pulos said that Board is "trying to get there with less risk," and, "In a market environment where the market was going straight down, you outperformed your policy index and you significantly outperformed others that are taking on more risk."

Mr. Hole said he understands that the portfolio is conservative, but he becomes concerned when there are five managers ranking from 71-99.

Mr. Pulos said that the some of the managers who have performed terribly in the past are outperforming this year.

Mr. Pulos does not believe that any of the managers are consistently underperforming. Mr. Pulos used Sawrass as an example of one of the managers who performed well in the past, but has not done as well recently. Mr. Pulos said that in the two years they have had Sawgrass as a manager, they had one good year and one bad year. Mr. Pulos said the manager they are monitoring the closest is Northpointe. Of all the managers, they will have the highest beta and the most sensitivity to movements in the market. Their organizational challenges are mitigating and their performance has turned around, but we want to make sure it continues.

Mr. Rudominer stated that the portfolio under performed by 2% last year and asked what steps should be taken to make sure that does not happen again.

Mr. Pulos said he would not expect the portfolio to exceed the policy index in a year like 2009 because of Long/Short Equity allocations. Mr. Pulos asked the Board to take into consideration, not just returns, but also risk objectives. From a risk objective point of view the portfolio has lower risk than the policy index. From a returns standpoint, over a 1-year period, the portfolio has outperformed the primary objective by 3.5 times, with less risk than the asset allocation would suggest.

Mr. Rudominer said that Mr. Pulos explained why the portfolio under performed, but again asked what the Board can do to make sure that does not happen again.

Mr. Pulos stated there are objectives, other than "returns", that need to be taken into consideration. One of these objectives is risk management. If the Board manages the portfolio from quarter to quarter, or year to year, and the goal is to remain right at the policy index, the Board would need to invest in index funds and not take any money in, or out. Mr. Pulos said that the changes the Board has made to the portfolio has exposed them to less risk and the performance relative to policy index is coming from where it should come from, 3.5% is coming from Long/Short Equity, which is lowering the volatility of the overall portfolio.

Mr. Cypen said, "Isn't the bottom line that in good markets and up markets, they are going to under perform and in down markets and bad markets they are going to over perform?" Mr. Pulos said Mr. Cypen is correct and added that he does not understand how the Board can say their portfolio is underperforming. The difference between the return of the policy benchmark and the return of the portfolio is explained by

how the Board is implementing. The Board is meeting, or exceeding their risk objectives and significantly meeting their return objectives. Mr. Pulos stressed that the objectives need to be measured over a longer period of time. Over a longer term, the portfolio has outperformed in terms of allocation. Unfortunately, over the most recent time period, the markets in general have not generated returns sufficient to meet the required return objective, but the portfolio has outperformed what the asset allocation would suggest and has done so with lower risk.

Mr. Pulos said that Asset Consulting Group does not envision a double-dip recession. Gross Domestic Product growth will likely remain positive, corporate profits are likely to increase. On the other side, inflation is likely to remain subdued because consumers have not begun spending. The ability for consumers to spend in mass will remain subdued as long as there is significant unemployment.

Mr. Hole asked Mr. Pulos' opinion on global inflation.

Mr. Pulos said he believes that other parts of the world are facing similar conditions as the United States.

Developed Europe may be in worse shape than the United States. In terms of global growth Mr. Pulos believes there will be a lot of dispersion among markets and believes that the dollar may rally in the near term.

Mr. Pulos said that the Board has done a number of things in the last several years to position the portfolio, from a strategic standpoint, to have a more attractive risk return profile. The Board has also positioned the portfolio to be more dynamic in how managers can approach things.

Mr. Pulos said that the Board can considering easing back into real estate, although there are technical factors with respect to the funds because the funds the Board has invested with have redemption queue. The redemption queues are beginning to go down, but the Board does not want to be in a position to fund other people's cash needs. That being the case, Mr. Pulos said they have been reluctant to rebalance back into these funds. Chair Dew asked if there is a magic queue number. Mr. Pulos said, "zero." Mr. Pulos said now is the time for the Board to begin thinking about easing back into real estate and at the end of June they will have greater visibility to see where the market is heading. Mr. Pulos said ideally the Board would want to buy back into real estate at a cheaper valuation.

Mr. Hole asked Mr. Pulos to respond to the question Chair Dew had a few months ago, in reference to the Dow Index. Mr. Pulos said they have spoken with them and he is unsure of the Board's expectations from the Dow Index. The Dow Index is available to Asset Consulting Group, they may be used for measurement, but the primary issue is making sure the index is the most appropriate. Mr. Pulos explained that when a manager is hired by the Board, Asset Consulting Group works with that manager to determine the most appropriate index, based on the Board's strategy. Typically, for managers, the Russell Indexes are used more appropriately and are better reflections. Mr. Pulos thinks the Dow is trying to tell the Board that they can earn more money with them. They are not a manager and it appears that they are trying to sell their plan by asking sponsors to ask their managers to purchase their analytics. Chair Dew asked Mr. Pulos if he thought using the Dow Indexes is something that will be advantageous. Mr. Pulos said that it is not relevant to the portfolio structure. Mr. Cypen said that typically a manager suggests an index and then the Board decides whether, or not to use that benchmark. Chair Dew said that if the Board has a presentation from the Dow Index, he wants the Board to be prepared. Mr. Burnam said if we are up 40.3% for the year, it doesn't matter if we are comparing the Dow, or the S&P, or Wilshire, it does not affect our performance, it just becomes added noise.

Mr. Hole told Mr. Pulos that the investment guidelines call for a quarterly report from our consultant, whether we have to make a divestiture, or if there are any scrutinized companies that you show. Mr. Pulos responded that he does not have that with him, but the Board is not invested in any companies, only in funds. Mr. Cypen asked Mr. Pulos to submit a letter to that effect. There was discussion as to when Mr. Pulos is required to submit this letter and Chair Dew requested that he submit the letter immediately.

Mr. Pulos said that, if the Board would like, he can return with manager details on information and strategy. The Board agreed that they would like Mr. Pulos to return with that information. Mr. Cypen asked Mr. Pulos to clarify exactly what he is going to bring to the Board. Mr. Pulos said that typically, with this Board, he has brought information on five, or six candidates, then the Board discusses those candidates and asks two, or three of them to come in to be interviewed.

Chair Dew wondered how this action will correlate with the RFP. Mr. Cypen said the two actions will run parallel. Mr. Pulos said that Asset Consulting Group still works for the Board, so they will do whatever the Board requests. Mr. Rudominer stated that any information Mr. Pulos brings to the Board is valid regardless of the direction the Board takes with the RFP.

Chair Dew asked Mr. Pulos to come back to the Board in July.

Mr. Pulos said he would provide a short list and educational materials to the Board members before his presentation in July.

2009 Pension Plan Audit: Marcum Rachlin

Nicole Mannarino, from Marcum Rachlin, made a presentation regarding the completed Pension Plan Audit.

Ms. Mannorino reported that Marcum Rachlin reviewed the Plan's financial statements and issued an unqualified audit opinion. Auditors reviewed the Plan's system of internal controls, as well as an overview of the various laws and regulations, and Ms. Mannarino reported there were no significant findings.

Ms. Mannarino asked the Board members to review the Statement of Plan Net Assets and note that as of December 31, 2009, the Plan had approximately \$417M in net assets held in trust for Pension benefits, increased from \$379M in December of 2008. The most significant component of the Plan's net assets is total investments. As of December 31, 2009 the Plan's total investments were about \$396M.

Ms. Mannarino directed the Board to look at the Statement of Changes of Plan Assets, which shows the results of the activity of the Plan from January 1, 2009 - December 31, 2009. The Plan's net assets increased in 2009 by approximately \$37M, as compared to a significant decrease in Plan assets in 2008 of approximately \$121M. Most significant component of that is the net appreciation or depreciation in the fair value of the investments. This year, due to more favorable economic conditions than in 2008, the Plan had a net appreciation, or increase in fair value of investments, of about \$45M. In 2008, the Plan had a net depreciation, or decrease in fair value of investments of about \$171M.

Mr. Hole directed Ms Mannarino to page 20, note 5 of the audit and asked if it is necessary to reference cost of living adjustment, when it expired in July 2008. Mr. Cypen suggested that the audit either make no reference to COLA on page 20, or say, "Because the COLA expired on July 15, 2008, the only COLAs which are available are granted by the City on an ad hoc basis."

Mr. Cypen asked Ms. Mannarino to direct him to the page where the risk factors are listed. Ms. Mannarino directed the Board to page 16, note 3 of the audit, where there is discussion about the various risk factors including interest rate risk, credit risk, custodial credit risk and foreign credit risk. Mr. Cypen said he has run into issues regarding categorizing the ratings of various fixed incomes and asked where he can find that information. Ms. Mannarino directed Mr. Cypen to the bottom of page 17. There was a discussion between the Board members, Ms. Flynn and Mr. Pulos and it was determined that the only time the auditors would need to provide a detailed list of fixed income ratings is in the event that there is a downgrade in a rating that brings the portfolio below and A rating. Mr. Cypen stated that the auditor should ascribe what happens if, after purchasing legally, the fixed income becomes downgraded and can no longer be held under the policy.

Mr. Burnam directed the Board to page 10 and asked Ms. Mannarino if the Fund has a negative cash flow. Ms. Wenguer replied that the Fund does have a negative cash flow. Mr. Cypen said that outflows are a measure of the net value, not the performance of the Fund.

Mr. Burnam stated that since there are more retirees than workers, the Fund is starting out at -3% every year. Mr. Hole said that employee contributions have gone up 1.5% this year. Mr. Burnam asked if there is anytime that the contributions exceed the benefits taken. Ms. Wenguer said that scenario happens in a younger plan, or when City makes a contribution. The City is apprehensive to make a contribution because of the unfunded liability that they amortize.

Mr. Cypen suggested making a motion to accept the documentation, with corrections.

Mr. Naugle stated that he did not receive the audit documentation before the meeting and would like an opportunity to review before voting.

Ms. Mannarino briefly reviewed the letter that was submitted with the audit documentation and stated that the only difficulty the auditors had was that they did not receive the trial balances from the City of Fort Lauderdale Finance Department until on, or around April 13th, making it difficult to meet the Board's timeline. Chair Dew informed Ms. Mannarino that the City has been in a transition period with many Finance Directors and thanked Ms. Flynn for her efforts with the Board.

Chair Dew said he received a letter from the Division of Retirement stating that the audit documentation needed to be submitted by March 15th.

Ms. Wenguer said that waiting one month, so the Board members may review the audit documentation, is not going to make a big difference. Ms. Wenguer has given the numbers to the actuary and her plan is to submit the Annual Report without the audit documentation. Then, at the next meeting, the Board will have the actuary report and the audit documentation.

Chair Dew asked the Board members to review the documents and bring them back with the necessary changes. Mr. Cypen advised the Board members to treat the documents as confidential documents.

Motion made by Mr. Rudominer, seconded by Mr. Fortunato to defer approving the audit documentation until next month, allowing the trustees to read the documents. In a voice vote, the motion passed unanimously.

Service-Incurred Informal Disability Hearing for Robert Soto (item heard out of order):

Mr. Cypen said that the Board members should have received a package of documentation regarding the Service-Incurred Informal Disability Application from Mr. Robert Soto. Mr. Cypen stated it is the Board's responsibility to decide if the application reflects that Mr. Soto's injury meets the following three criteria:

Total
Permanent
Service-Incurred

Motion made by Mr. Hole, seconded by Mr. Naugle, that the application from Robert Soto for service-incurred disability be denied as it does not meet any of the three required criteria.

Mr. Cypen said the major question is whether, or not, the Board wants to have a formal hearing, or defer and allow Mr. Soto the opportunity to bring his lawyer to a continuance of the informal hearing?

Chair Dew said that he would like to see more documentation and allow Mr. Soto to bring his attorney back to the informal hearing.

Chair Dew called the question.

In a roll call vote, Mr. Hole, Mr. Naugle, and Mr. Rudominer voted yes, with Chair Dew, Mr. Fortunato, Mr. Burnam, and Mr. Bayne dissenting, the motion does not carry.

Motion made by Mr. Naugle, seconded by Mr. Bayne to continue the informal hearing and give Mr. Soto a chance to obtain counsel, as well as allow the Board to obtain any other documents, including the contract from Cumberland County, and any documentation that may exist in which a supervisor from the City of Fort Lauderdale Fire Department may have approved this specific trip.

Chair Dew opened the floor for discussion and asked Mr. Naugle if his intention is so there can be full disclosure at the next informal hearing. Mr. Naugle said his intention is that there is full disclosure from Maine as well. Mr. Bayne said that passing this motion would give both the Board and the applicant an opportunity to obtain whatever is needed at this point.

Chair Dew called the question. In a roll call vote, the motion passed unanimously.

Ms. Wenguer advised the Board members they may contact her if they need any information regarding this case and then asked when she should schedule the next informal disability hearing for Mr. Soto.

Chair Dew told Mr. Soto that he may speak with Ms. Wenguer if he has any questions.

Mr. Hole brought up that, within the application he received, Mr. Soto's social security number is mentioned on pages 9, 32,79,182, and 183.

Ms. Wenguer asked the Board their opinions on receiving agendas and other paperwork for the Board meetings digitally, via a memory stick, instead of receiving hard copies. Mr. Hole, Mr. Cypen, Mr. Naugle and Mr. Fortunato said they would prefer to receive hard copies.

Mr. Hole asked the Board if they could recall passing a policy regarding a specific time period, or window, to apply for disability. Chair Dew stated he vaguely remembers the policy, but cannot recall exactly what the policy states. Chair Dew asked Ms. Wenguer to review the previous minutes and make sure the policy Mr. Hole is referencing is placed in the policy handbook and provided to the Board members.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS: None.

ADMINISTRATOR'S REPORT**SPD Addendum**

Ms. Wenguer brought an addendum to the SPD to be approved by the Board. The DROP portion, contribution, and the extension dates have changed, so there is a need to update the document.

Mr. Cypen said the only grammatical correction he sees is on page 38, "who's" needs to be changed to "whose."

Mr. Bayne asked if on page 38 the statement, "The accrued DROP earnings may be distributed either in a lump sum, or rolled over to an eligible recipient," was decided by the Board. Ms. Wenguer said she took the language straight from the ordinance. Mr. Bayne said he was

under the impression that the intent of the ordinance was to give retirees the option to take out partial lump sums, perhaps on a quarterly basis. Mr. Cypen said the way the ordinance is written, it is one lump sum. Chair Dew said he was told that the option to distribute the lump sum amount on a quarterly, or bi-annual basis was a decision that the Board could make. Mr. Cypen said that if the ordinance says, "a lump sum," then the ordinance should be interpreted exactly as it says. Chair Dew asked Mr. Cypen what happens when the retirees roll over the lump sum. Mr. Cypen said it is treated as a lump sum and is rolled over to an IRA. Mr. Bayne said that contradicts the purpose of the ordinance because now the Pension Plan will not receive the benefit of the retirees keeping their money in the Fund.

A conversation took place between the Board members and Mr. Cypen in regards to the intent of the ordinance. The consensus with the Board members was that the intent of the ordinance was to allow those younger than 59.5 to take partial lump sum benefits and leave some of their monies in the Plan, as opposed to taking out one lump sum benefit and withdrawing all of their monies from the Plan. The entire Board was in agreement that once the retiree turns 59.5 years old, they will be required elect either a lump sum distribution, or a rollover.

Mr. Burnam left the meeting.

Ms. Wenguer asked Mr. Cypen if the Board has the authority to distribute partial payment lump sum benefits to retirees, even if it is not clear in the ordinance. Mr. Cypen said that the Board does not have the authority to do that. Mr. Naugle said the ordinance says it "is distributed no later than member attaining 59.5 years old," then after 59.5 there are two choices. Mr. Naugle said it is unclear as to what the choices are for those who are not yet 59.5 years old.

Mr. Cypen said the SPD is not the law and the Board needs to determine what the law says, so they can rightly administer. The Board continued to discuss how to address administering the funds to those who are not yet 59.5 years old. Mr. Cypen suggested adding language to the ordinance that states they are able to administer DROP funds, prior to members reaching the age of 59.5, in any way that is allowable by law, with methodology established by the Board of Trustees.

Motion made by Mr. Hole, seconded by Mr. Rudominer, to defer the approval of the SPD Addendum until the Board has received ordinance clarification from the City Attorney. In a voice vote, the motion carried unanimously.

Mr. Hole asked Ms. Wenguer if she brought a report outlining the DROP administrative costs. Ms. Wenguer said she is still working on the report and she will have a formal item on the subject next month.

Investment Consultant RFP

Ms. Wenguer reported that the Investment Consultant RFP was placed in the publication of Pensions & Investments and was sent out via email blasts to several people. Ms. Wenguer has not received any formal responses, but has received a lot of questions about the RFP.

Ms. Wenguer said that Mr. Burnam previously raised the issue of excluding brokerage firms and indicated to Ms. Wenguer that he felt it was unfair to exclude them. The current RFP specifically excludes brokerage firms. Chair Dew asked Mr. Cypen the advantage of using a brokerage firm. Mr. Cypen said the advantage of using a brokerage firm is that they carry a high amount of insurance. The disadvantage of going with a brokerage firm is conflicts of interest, soft dollar arrangements, and potential litigation. After a brief discussion, it was determined that the RFP will remain as approved, excluding brokerage firms.

Chair Dew asked Ms. Wenguer to send Mr. Burnam an email requesting dates he is available to attend the review of the RFP responses so the meeting can be properly noticed.

DROP Software

Ms. Wenguer reported that they have gotten started on the DROP Software, anticipating that it would be approved.

Many people have already switched over. Mr. Bayne asked if they are switched over immediately, or if are switching over as of July 18th. Ms. Wenguer said they are signing as of July 17th. New people went in as of April 18th and about 30 people have switched over, effective July 17th.

Ms. Wenguer said they need the new software and that it is going to be three, or four tiered. Ms. Wenguer told the software administrator that the Board thought paying 15% for annual support was too high. The administrator agreed to drop it to 10%. The estimated number of support hours is 20-25.

Mr. Bayne asked if the software would be affected if the Board receives a different interpretation of the ordinance from the City Attorney. Ms. Wenguer stated the software functions are specifically for putting people into DROP, not for monthly distributions.

Motion made by Mr. Bayne, seconded by Mr. Hole to accept Ms. Ellen Schaffer's software proposal. In a voice vote, the motion carried unanimously.

Pension Newsletter

Mr. Nesbitt stated that he is planning on creating the Annual Pension Newsletter printing four-color, on an 11 inch x 17-inch page that, when folded, becomes a self-mailer. This newsletter will be used to relay pertinent information, as well as collect email addresses. A quarterly newsletter will be posted on the website.

Mr. Nesbitt has received several quotes and suggested to the Board that they approve the use of Park Road Printers who had the lowest bid of \$1,063.00, to print 2,000 copies of the Annual Pension Newsletter. Mr. Nesbitt said about 1,800 of those newsletters will be sent out in first class mail and the remaining 200 will remain in the Pension Office. The price does not include postage. Mr. Nesbitt estimates that postage will be around \$750.

Motion made by Mr. Naugle, seconded by Mr. Hole to approve Park Road Printers as the printer for the Annual Pension Newsletter. In a voice vote, the motion carried unanimously.

Chair Dew recommended that Ms. Wenguer take the money out of the printing budget to print the newsletter and take the postage for the newsletter out of the postage budget.

Fort Lauderdale Office Space

Mr. Naugle passed out a list of commercial listings to the Board and said the Pension Office's lease runs until Feb 28, 2013. The Board is paying is \$25.10 gross for a full service lease. The management company for the building is advertising the same price for other office space in the building. Since the current lease is valid, there is not much point in asking them to lower the rent, or trying to negotiate a longer lease and reduce the rent.

Mr. Naugle suggested scheduling a discussion to possibly lower the lease, or consider new office at the February of 2012 Board Meeting. Mr. Naugle stated that, for the most part, there has not been a lot of complaining about the office space and a key positive to remaining at the current space is the amount of City parking across the street that the Board may be able access.

Ms. Wenguer said that the only complaint she has had is that she can hear the person in the office behind her. Ms. Wenguer has complained several times and the room has been soundproofed, but his voice is still carrying through to her office.

Chair Dew stated his purpose in discussing the possibility of obtaining a new office space is because, with the declining real estate market, he thought it would make sense to see if there is a building the Board can purchase for it's needs, and possibly lease out to other businesses as well. Mr. Naugle said he believes there is still a lot of room for prices to decline and that the 2012-2013 timeframe will be an ideal year to look at commercial buildings.

Mr. Bayne asked if it would be possible to discuss obtaining land with CRA to build a structure. Mr. Naugle said that construction costs are higher than what it costs to purchase a building. Mr. Cypen said that the Board might not want to go through the construction process and stated there would be accounting challenges if Board was to own a building. Chair Dew stated he would still like to explore the possibilities. Mr. Naugle recommended re-visiting this item a year in advance of the lease expiring and judging market conditions at that point.

Mr. Rudominer asked what purchase price the Board can afford based on the amount of rent they are currently paying. Mr. Naugle said around \$500,000.

Chair Dew asked that this item be brought back to the Board in six months. Mr. Naugle agreed with him and offered to bring a chart that shows the downward trend of the dollar per square foot for office buildings. It is Mr. Naugle's opinion that those numbers will continue to fall.

Mr. Hole asked Ms. Wenguer if she brought a calendar and timeline to the meeting. Ms. Wenguer said she handed them out.

Administrator's Annual Review

Chair Dew mentioned that Ms. Wenguer's annual review is coming up and asked the Board members to justify any "outstanding" marks they give to her. Ms. Wenguer encouraged the Board Members to contact her if they have any questions, or if they need her to gather any information.

Mr. Naugle left the meeting.

Ms. Wenguer said that the price for a projector has come down considerably and she believes she can purchase one for a couple hundred dollars. Ms. Wenguer told the Board she would like to purchase a projector and a small screen, so those individuals who make presentations can easily plug in their laptop and make their presentations. Ms. Wenguer will bring a formal proposal to the next Board meeting.

Ms. Wenguer said that Comcast came to the Pension Office, installed Internet and the City was very upset. The City said they would not allow Comcast to interface with the City computer. The Comcast technician showed Ms. Wenguer that the Comcast Internet speed is 500x's faster than the City's connection. The City says they plan to change the speed of their Internet connection within the next six months. Ms. Wenguer said the Pension Office is continuing to use the Comcast connection, but they are not interfacing with the City server.

Mr. Hole asked Mr. Cypen if he received the status update from Holland & Knight that the Board paid \$125 for in March. Mr. Cypen said he gave the status update in April and, although he did not bring a copy with him, he believes that they are waiting to hear from the qualification section.

Chair Dew reminded the Board, in regards to the Administrator's Annual Review, if they have any "outstanding 5's", or "2's," to please justify those scores with words. The reviews need to be turned into the Pension Office by June, so Chair Dew can meet with Ms. Wenguer by July 1st.

Ms. Wenguer recognized and thanked Ms. Cintron for her efforts with the DROP - every single person who came into the Pension Office received a new spreadsheet outlining their new benefit. Chair Dew said that he has also received many comments from individuals who have come to the Pension Office expressing their appreciation for the warmth and clarity the staff extended to them.

ADJOURNMENT

Motion made by Mr. Fortunato, seconded by Mr. Rudominer, to adjourn the meeting at 4:16 p.m. In a voice vote, the motion carried unanimously.

[Close Window](#)