

November 2008**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, October 1, 2008** in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

PRESENT: Mark Burnam, Vice Chairman
 John San Angelo, Trustee
 Dennis Hole, Trustee
 Ken Rudominer, Trustee
 Richard Fortunato, Trustee
 Steve Cypen, Board Attorney
 Lynn Wenguer, Administrator
 Rachel Maldonado, Assistant Pension Administrator
 Laurie DeZayas, Pension Secretary
 Michael Kinneer, Ex-Officio
 Romney Rogers, Secretary (*Arrived 12:35 p.m.*)
 Michael Dew, Chairman (*Arrived 2:25 p.m.; Departed 2:35 p.m.*)

ALSO PRESENT: Harry Wood, Retirees' Assoc.
 Fuzzy Larkin, Retirees' Assoc.
 Bill Paton, Retirees' Assoc.
 Jack Chew, Retirees' Assoc.
 Linda Soloman-Duffey, Retirees' Assoc.
 Gregg Gurdak, President of Retirees' Assoc.
 Rick Schulze, Retirees' Assoc.
 Robert Cammarota
 Jeff Justinak, Assistant Chief FD

ASSET VALUE as of November 10, 2008: **\$390,746,198**

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

MINUTES: Regular Meeting, October 1, 2008. Mr. Hole made a motion to waive the reading of and approve the minutes, with Mr. San Angelo seconding the motion. With no discussion, the Board approved the motion **UNANIMOUSLY**.

BENEFITS REVIEW:

POLICE DEPARTMENT	BENEFIT TYPE	RETIREMENT DATE	TERM DATE	FORM OF BENEFIT
Michael P. Dietz	Term of DROP	Sept. 1, 2004	Oct. 30, 2008	Standard
Edward Jackson	DROP Retirement	Oct. 19, 2008	Oct. 18, 2013	Life Annuity
Juan C. Ho	Vested	July 8, 2016	Nov. 2, 2008	Standard
Michael E Sanner	Refund		Oct. 30, 2008	Lump-Sum Refund
Elizabeth Johnston	Survivor Death		DOD: 10/23/08	No further

FIRE DEPARTMENT	BENEFIT TYPE	RETIREMENT DATE	TERM DATE	FORM OF BENEFIT
Daniel R. Hanes	Term of DROP	Nov. 29, 2003	Nov. 2, 2008	Standard
Robert E. Edgar	Term of DROP	Jan. 2, 2004	Oct. 24, 2008	100% J&S
Steven E. Paine	Term of DROP	Dec. 1, 2003	Oct. 3, 2008	100% J&S

Mr. San Angelo made a motion to waive the reading of and approve the benefits. Mr. Fortunato seconded the motion. The Board approved the motion **UNANIMOUSLY**.

Mr. Rogers joined the meeting at 12:35 p.m.

The Administrator introduced Michael Kinneer to the Board. Mr. Kinneer is the new Finance Director for the City and as such, is an ex-officio member.

BILLS:

Sawgrass Asset Mgmt submitted a bill for management fees rendered through the period ending 9/30/08 in the amount of \$52,446.00.

Lee Munder submitted a bill for management fees through the period ending 9/30/08 in the amount of \$44,813.65.

Systematic submitted a bill for management fees through the period ending 9/30/08 in the amount of \$37,842.66.

NorthPointe submitted a bill for professional services through the period ending 9/30/08 in the amount of \$37,792.36.

InTech submitted a bill for management fees through the period ending 9/30/08 in the amount of \$31,280.86.

Northern Trust submitted a bill for custodial fees through the period ending 9/30/08 in the amount of \$28,198.62.

Artio Global submitted a bill for management fees through the period ending 6/30/08 in the amount of \$22,106.66.

PRISA submitted a bill for management fees through the period ending 9/30/08 in the amount of \$21,935.41.

Artio Global submitted a bill for management fees through the period ending 9/30/08 in the amount of \$18,968.39.

Stanley Holcombe & Assoc submitted a bill for "Me Too II Activity" through 10/20/08 in the amount of \$16,481.00.

Standish Mellon submitted a bill for professional services through the period ending 9/30/08 in the amount of \$8,949.83.

Rhumblin submitted a bill for management fees through the period ending 9/30/08 in the amount of \$5,873.43.

Dr. Grossman submitted a bill for a review of Ms. Van Sant's medical records on 7/18/08 in the amount of \$1,500.00.

Ellen Schaeffer submitted a bill for consulting and programming services on 10/9/08 in the amount of \$183.75.

Mr. Hole reminded the Board of the suggestion made to have the Administrator initial the bills upon review, as opposed to using a check mark.

There was discussion on the fact that Artio had two charges pending that spanned six months. The Administrator explained that due to staff changes at Artio's billing department, the bill for the quarter ending 6/30/08 was just sent to the office as it had not been sent earlier.

Mr. Hole also wanted to clarify what the bill from Dr. Grossman was related to. It was explained that it is for an upcoming disability review for Firefighter Kimberly Van Sant.

Mr. Hole made a motion to waive the reading of and approve the bills. Mr. Rogers seconded the motion, which was approved **UNANIMOUSLY** by the Board.

STANLEY, HOLCOMBE, & ASSOC.: There was a discussion on Randall Stanley's contract. Mr. Cypen clarified the terms and the fee structure. Mr. Fortunato made a motion to accept the contract, with Mr. Hole seconding the motion. The Board approved the motion **UNANIMOUSLY**.

INFORMAL DISABILITY HEARING – Robert Cammarota: Mr. Cypen reminded the Board what occurred at the October Board Meeting concerning Mr. Cammarota. Mr. Cammarota's application for a Service-Incurred disability application was denied at an informal hearing.

Mr. Cammarota was given a 30-day window to decide if he wanted to proceed with a Formal Disability Hearing. Instead, Mr. Cammarota contacted the Pension Office and submitted a new application for a Non-Service Incurred Disability, which would require him to meet the two criteria of "total" and "permanent."

Mr. Hole made a motion to approve Mr. Cammarota's application for a Non-Service incurred disability. Mr. Rogers seconded the motion. Mr. Cypen clarified that "total" disability referred to whether he was able to work for the Fire Department, as opposed to a medical definition of total incapacitation. By virtue of a job not being made available to him by the Fire Department, Mr. Cammarota is considered totally disabled for purposes of his application.

A discussion ensued because Mr. Cammarota was not present for the vote. His attendance was not required, however, he told Ms. DeZayas that he thought he would attend the meeting. The vote was postponed while Ms. DeZayas tried to contact Mr. Cammarota and determine if he was en route to the meeting.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS AND FIREFIGHTERS:

Retirees' Association President Gregg Gurdak asked about the Me Too II calculations. The Administrator explained the intricate details that are involved for each affected Member, and that they are working on trying to get the payments processed in the next 2-4 months.

Mr. Rogers asked for the number of members affected and the range of the benefit. The Administrator said there were close to 100 people affected by Me Too II. The average retroactive benefit was \$35,000, ranging from almost \$4,000 to almost \$60,000.

Mr. Rudominer made a motion to send a letter to the Members that stated distributions will be made by the first quarter of 2009 and with no specific monetary amounts, since they are still being finalized. Mr. Hole seconded that motion. The Board approved the motion **UNANIMOUSLY**.

Ms. DeZayas reported that Mr. Cammarota's number was not taking incoming calls.

ADMINISTRATOR'S REPORT:

Me Too II: The Administrator addressed the Board concerning requests from Members for lists of Me Too II parties. Ms. Wenguer said she continues to receive requests, even from some who are not affected. However, she stated that she will not distribute any lists until the Board's actuary has determined the final amounts.

Mr. Hole added that emails are going out from a select group of retirees in which the Board is being criticized. Mr. Hole contended that quite a bit of the information is incorrect and he asked Mr. Gurdak if he could address the issue with the retirees. Raymond Edmundson, the head of the FPPTA, received these emails as well and had called

Mr. Hole about them. Mr. Gurdak insisted that he has spoken to them but there is nothing he can do to control the actions of the retirees.

Customer Service Survey: The Assistant Administrator presented the results of the Customer Service Survey through a summary of the responses and visual charts for a number of the questions. Ms. Maldonado explained the pitfalls of the survey as well as the successes. She offered some techniques to improve the process for the next time around.

Mr. Hole inquired if there would be a follow-up letter sent to the Members discussing the survey. The Administrator said she intended to post it to the Web site.

Also, one main concern Members seemed to have is the delay in posting the minutes. It was agreed that education is needed in that area. The reason minutes are not posted immediately after any Board meeting is that the Trustees must approve the minutes at the next Board meeting after a review. Before that time, it is not considered an official record. Therefore, the minutes are always posted one month behind. Mr. Rudominer agreed to include this in his newsletter.

Mr. San Angelo felt that the response rate was poor at 34 percent. Based on the amount of work it took to produce the surveys and tally the results, he suggested that a survey be conducted every 2 to 3 years instead of yearly.

The Board discussed their impressions and when they thought the follow-up should be. Mr. Fortunato made a motion to do the Customer Service Survey every three years. Mr. Rudominer seconded the motion and the Board passed it **UNANIMOUSLY**.

Budget Discussion: Ms. Wenguer presented the third quarter budget. She noted that the telephone charge was doubled because the City did not bill the previous year in a timely manner. Also the supplies allotment was large due to the purchase of a computer for the Assistant Administrator. The actuarial budget for 2008 was only meant for the annual evaluation. It did not allow for the special cost studies and experience negotiations that occurred with the City. Mr. Rogers suggested that the actuarial budget for 2009 be moved up to \$40,000 so that if any special projects come up, we will not fall over our budget.

Investment Workshop: Ms. Wenguer talked about the overall success of the Investment Workshop, noting some difficulties with the venue. She asked the Board for their impressions.

Mr. Hole noted that the notification letter went out late and so did not give enough notice to intended attendees. Mr. Burnam said it was difficult to see the PowerPoint presentations due to the set up of the room and the print on the book was small as well, which made it difficult to follow along. Finally, all agreed that there was quite a bit of sales pitching going on. The Board agreed that it would be beneficial to hold this once a year, thereby allowing the selection of money managers at quarterly investment meetings to be more strategic.

Trustee Seats: The Administrator announced that Mr. Rudominer and Mr. Fortunato ran unopposed, and therefore will each serve another 2-year term through 2010. The rest of the trustees at the December Board meeting will decide the 7th seat Trustee, currently occupied by Mr. Hole.

Evaluation Process: The Administrator spoke to the Chairman the day before the meeting. He reported that the structure of the Administrator's evaluation continues to progress. However, he was not currently focusing on it, since it is not due until June 2009.

OLD BUSINESS: Office Lease: The landlord was waiting for a quote from the office on the kitchen remodel. However, the Administrator reported that the Home Depot does not remodel commercial kitchens. Therefore, the landlord has agreed to bear the cost and hire a contractor, which nullifies the credit he was going to apply to the lease for the cost of the kitchen.

Claims from Northern Trust: The Administrator reported that she has access to review claims on-line. She has asked Northern Trust for a contact person to discuss their reports. Northern Trust maintains that they have not failed to file any documents.

Administrator's Vacation Usage: Ms. Wenguer submitted a quarterly report of her vacation usage through September 2008. **175 Monies:** Ms. Wenguer reported that the Board's actuary is working on the figures, which she felt would be available for the December statements. She reported to the Board that the amounts should be very similar to last year's amounts per individual.

Auditor Engagement Letter: Ms. Wenguer reported that the letter had been signed.

Premium Tax Monies: Mr. Hole explained how the insurance premium tax for 175 monies is related to new construction. Mr. Kinneer promised that he would look into it and report back.

COLA Sunset: There was no new progress to report concerning the COLA Sunset.

IRS Retirement Age & Qualification Letter: Mr. Fortunato brought up for discussion that the IRS seemed to be imposing a minimum age for retirement of 50 years old. Mr. Cypen clarified that it is a topic of discussion at the IRS. He gave background information on the issue. In May of 2007, the IRS enacted a regulation that was supposed to go into effect in January 2009. It would change the old rule that said a retirement system could determine the age of its Members. The new regulation said that a plan must have a "definitely ascertainable age that is consistent with (a) particular industry." It was determined that police officers, and firemen, should retire no earlier than 50 years of age. That would mean that retirement thresholds like "20 & Out" would no longer be permissible.

This first became an issue because PPA allowed for in-service distributions for the first time. Mr. Cypen said that if this regulation were to be put into action, any Plan that wanted to qualify under the IRS would have to amend their age of retirement. The regulation was deferred to 2011 due in part by enormous pressure from NCPERS & other groups. Mr. Cypen felt that it will probably never come to pass.

Mr. Cypen reported that the work on the qualification letter continues and we are still expected to go in "Cycle C."

NEW BUSINESS: City COLA for Office Staff: The Administrator asked the Board whether a 5% COLA that was given by the City Commission to the active city employees applies to the office staff: Laurie DeZayas and Rachel Maldonado.

Mr. Hole stated that decisions that affect the staff fall within the authority of the Administrator. The Board agreed that they did not want to weigh in on the decision. Mr. Hole indicated that this kind of increase is separate from a merit increase. Mr. Rogers said these decisions should all work within the budget.

Conference Report: At the request of the Chairman, the Administrator reported on the Bernstein & Litowitz conference. The conference centered on the status of the economy.

Cammarota Disability Vote (Continued): The vote to approve Mr. Cammarota's application for Non-Service Incurred Disability took place. The vote was split 3-3 with Mr. San Angelo, Mr. Rudominer, and Mr. Fortunato in opposition. Mr. Rogers, Mr. Hole, and Mr. Burnam were in favor of granting the disability. With the absence of Mr. Dew, Mr. San Angelo moved to table the vote. Mr. Hole seconded the motion and the Board approved it **UNANIMOUSLY**.

Ms. Wenguer asked if the Board was therefore willing to consider another disability application that was scheduled for the December meeting, in addition to voting on Mr. Cammarota at the same meeting. The Board members agreed to place the next disability on the December agenda, as long as the next applicant understood that there was a possibility she would not be heard that day.

Fund Performance: Mr. Burnam brought to the Board's attention that a fund fell below the policy minimum. There was a discussion on whether action should be taken, if in fact Jason Pulos had not already addressed the issue. It was unsure if Mr. Pulos waited for the Board's direction on a situation like this, or if he took action on his own. Ms. Wenguer will call Mr. Pulos to clarify if the corrections are made immediately or month-to-month. Chairman Michael Dew joined the meeting at 2:25 p.m.

Cammarota Disability Vote (Revisited): Upon the arrival of Chairman Dew the motion to grant Mr. Cammarota's disability application was taken off the table. Mr. Rudominer moved to reconsider the vote and Mr. San Angelo seconded the motion. The motion was approved **UNANIMOUSLY**.

Mr. Dew was informed that the vote was split. Mr. Dew gave his opinion on why he felt that Mr. Cammarota's disability application should be accepted. There was additional discussion followed by a roll call vote. Mr. Cammarota's disability application was approved, with Chairman Dew, Mr. Rogers, Mr. Rudominer, Mr. Hole, and Mr. Burnam in favor. Mr. San Angelo and Mr. Fortunato dissented.

Chairman Dew left the meeting at 2:35 p.m. There was additional discussion on the Fund performance.

There being no further business brought before the Board, Mr. Hole made a motion to adjourn the meeting at 2:40 P.M. Mr. Rudominer seconded the motion. The Board approved the motion UNANIMOUSLY.

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