

October 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, October 14, 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
 Ken Rudominer, Trustee
 Richard Fortunato, Trustee
 Jim Naugle, Trustee
 J. Scott Bayne, Trustee
 Steve Cypen, Cypen & Cypen, Board Attorney
 Lynn Wenguer, Administrator
 Rachel Maldonado, Assistant Pension Administrator
 Laurie DeZayas, Pension Secretary

ALSO PRESENT:

Michael Kinneer, Ex-Officio Member
 Carey S. Pack, CEO, BNY Convergenx Group Christian E. Kraus, BNY Convergenx Group
 John Dargis, City Employee Relations
 Bill Paton, Retirees' Assoc.
 George Farrell, Jr., Retirees' Assoc.
 Harry Wood, Retirees' Assoc.
 Linda Solomon-Duffey, Retirees' Assoc.
 Rick Schulze, Retirees' Assoc.
 Fuzzy Larkin, Retirees' Assoc.
 Jack Chew, Retirees' Assoc.
 Fred Nesbitt, Director of Public Relations
 Jack Lokeinsky, Fraternal Order of Police
 Gregg Gurdak, President, Retirees' Assoc.
 David Farrand, Attorney, Cypen & Cypen

ASSET VALUE as of October 13, 2009: \$393,874,881

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

Communications to City Commission:

- As of 9/30/09, the year-to-date rate of return for the Plan has increased by 13%.
- Chairman Dew has addressed the Commission/Mayor on Pension Ordinance amendments including: reinstatement of COLA clause, removing remarriage penalty for widows, refining language for Police O/T, extending trustee term to 4 years.
- The Board would like the Commission to review the Pension Protection Act of 2006 (PPA) and the Heroes Earning Assistance & Relief Tax Act of 2008 (HEART) to ensure that the City is in compliance with its provisions.
- The Board would like the Commission to review Senate Bill 538 to ensure that the City is in compliance with its provisions.

MINUTES: Motion made by Mr. Bayne, seconded by Mr. Fortunato, to waive the reading of the minutes for Regular Meeting, September 2, 2009, and approve them as a whole. Mr. Hole noted a typographical error on page 3 that changed the word 'not' to 'no'. With no further discussion, the motion carried unanimously.

BENEFITS REVIEW:

FIRE DEPARTMENT	BENEFIT TYPE	RETIREMENT DATE	TERM DATE	FORM OF BENEFIT
Michael J. Grady	Term of DROP	10/1/2004	9/30/2009	Standard
Paul Schultz	Term of DROP	10/10/2004	10/9/2009	100% J&S

Donald C. Morton	DROP Retirement	9/30/2009		100% J&S
Steve M. Thomas	DROP Retirement	10/25/2009		Standard
POLICE DEPARTMENT	BENEFIT TYPE	RETIREMENT DATE	TERM DATE	FORM OF BENEFIT
Samuel H. House	Term of DROP	10/1/2004	9/30/2009	100% J&S
Janice M. Jordan	Term of DROP	8/23/2009	10/2/2009	100% J&S
Joel G. Maney	Term of DROP	9/26/2004	9/25/2009	100% J&S
Gregory Ridenour	Term of DROP	9/23/2004	9/22/2009	100% J&S
Michelle Burgess	DROP Retirement	10/18/2009		100% J&S
Lisa Cahir	DROP Retirement	10/4/2009		Standard
Douglas Hartman	DROP Retirement	10/18/2009		Standard
Summer Carriman	Request for Refund	10/6/2009		Lump-Sum Refund
Jean Carlo Lopez Castanon	Request for Refund	9/29/2009		Lump-Sum Refund
Shlomo Lawrence	Request for Refund	10/1/2009		Lump-Sum Refund
Christian Lopez	Request for Refund	10/5/2009		Lump-Sum Refund
Joseph McIntosh	Retiree Death		9/6/2009 (DOD)	New Beneficiary(Connie McIntosh)
Ramon Tindall	Retiree Death		9/23/2009(DOD)	New Beneficiary(Sandra Tindall)
Vera Green	Survivor Death		7/15/2009(DOD)	NO BENEFITS

Motion made by Mr. Hole, seconded by Mr. Rudominer, 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:

- Systematic for management fees through 9/30/2009 in the amount of \$41,895.34.
- Northern Trust Co. for custodial fees through 9/30/2009 in the amount of \$22,711.55.
- Stanley Holcombe for professional services through 9/03/2009 in the amount of \$12,447.00.
- Asset Consulting Group for consulting services through 9/30/2009 in the amount of \$10,625.00.
- Holland & Knight for professional services through 9/3/2009 in the amount of \$329.00.
- Holland & Knight for outstanding invoice through 3/27/09 in the amount of \$250.00.

Motion made by Mr. Rudominer, seconded by Mr. Fortunato, to waive the reading of the bills and approve them as a whole. Mr. Burnam noted the change on the Northern Trust bill in the Board's favor since converting to a fee-based contract. Mr. Hole also noted that according to his bill, Mr. Stanley stayed within his quoted amount for the project with the State. Mr. Rudominer inquired about the Systematic prorated charges. The balance earned prorated interest based on the day that money was withdrawn. In a voice vote, the **motion** carried unanimously.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS: Mr. Gurdak asked about any news in reference to the COLA clause being reinstated. Chairman Dew reminded Mr. Gurdak that the issue will not be addressed until the negotiations between the City and the unions come to close.

Mr. Gurdak also updated the Board on the status of the consulting for FPPTA. FPPTA is working with the Retirees' Association and hope to begin operations at the end of the year.

ADMINISTRATOR'S REPORT – Randall Stanley's Letter: Ms. Wenguer presented with the Board with a letter from Randall Stanley detailing the differences between the audit and actuary report. The Board requested this a few months before.

Frank Colleran: Mr. Colleran did not attend the October meeting so the discussion on his formula and will be postponed and added to the agenda until he is present.

Investment Seminar: Ms. Wenguer presented the preliminary agenda for the Investment Seminar in December and asked for the Board's suggestions. Mr. Hole asked why Intech was not on the agenda. The question was deferred until the conference call with Jason Pulos.

Mr. Burnam agreed to select a speaker to address a general topic of interest.

Notice of Elections: The Administrator reported that the notices of elections were sent out and nominations are due by October 31, 2009 for the seats currently occupied by Mr. Dew and Mr. Bayne. The Board also discussed Mr. Burnam's seat, which the City must consider for next year.

ACTUARIAL IMPACT STATEMENT, John Dargis, Ft. Lauderdale Employee Relations:

Mr. Dargis submitted a letter to the Board requesting that they consider splitting the cost for an actuarial impact study conducted by Randall Stanley with the Police & Fire unions. Due to the current negotiations, the Mayor and City Commission asked Mr. Dargis to present this to the Board in order to assess the financial impact of the various options and proposed changes in benefits.

Mr. Jack Lokeinsky, FOP President, addressed the Board to express his unwillingness to contribute funds for this study. Mr. Lokeinsky said FOP had spent more than \$50,000 during the previous negotiations to conduct studies and seminars with the help of City attorney Robert Klausner and actuary Randall Stanley, in an effort to keep the pension from being closed. Mr. Lokeinsky cited the January 6, 2009 Commission meeting minutes where the City approved an actuarial budget of \$159,000 to be paid to Jose Fernandez at Cavanaugh. He asked that a public records request be made if necessary to prove that there are funds from this line item on the City's budget available to be applied to Stanley Holcombe for the proposed impact study.

Motion made by Mr. Naugle, seconded by Mr. Fortunato, to authorize Randall Stanley to address the issues set forth in Mr. Dargis' letter of October 12, 2009, at the sole cost of the City, in a contract to be arranged between the City and the actuary, provided that a copy of the study will be given to the Board upon its release. In a voice vote, the **motion** carried unanimously. Not being authorized to agree to the motion, Mr. Dargis said he would report back to the City on the Board's decision.

BNY MELLON CONVERGEX, Presentation: Mr. Carey Pack and Mr. Christian Kraus made an impromptu visit to the Board. Chairman Dew asked them to speak briefly to the Board. They introduced themselves and discussed the service they provide including commission recapture.

ASSET CONSULTING GROUP, Jason Pulos (via telephone): Mr. Pulos first reviewed the asset allocation and plans for portfolio transition and rebalancing. He summarized the sources and uses necessary to triple the target weighting in international investing as well as slightly increasing the target for Long/Short Equity. The source of funds and reductions would primarily come from the Large Cap investments and less so from the Small Cap. He gave a detailed description of monthly cash flow needs for the plan and how we can expect to meet that as well as the new targets. He cautioned the Board that the changes will not occur overnight.

In a discussion on GTS, Mr. Pulos felt that the upcoming transition that involves moving 12 or 13 percent of the assets could benefit from a transition manager like GTS. He discussed the differences between GTS and a broker like BNY Convergenex. A broker presents multiple bids from a single source that estimates the commission costs in transitioning. Mr. Pulos admitted that he spent some time understanding GTS' operations. Their service is completely different in that they oversee the transition but they are not the executing broker. Therefore, they solicit bids from multiple brokers and select the one who could provide the best execution at the most reasonable commission. Mr. Pulos concluded that he would feel comfortable if the Board decided to employ the services of GTS.

Motion made by Mr. Rudominer, seconded by Mr. Burnam, to accept the rebalancing as presented in the modified proposal by Mr. Pulos. In a voice vote, the **motion** carried unanimously.

Motion made by Mr. Fortunato, seconded by Mr. Rudominer, to initiate a one-year contract with GTS as transition manager, provided the contract is approved by Mr. Cypen. In a voice vote, the **motion** carried with Mr. Burnam dissenting. Mr. Burnam felt that the Board should use GTS on a per case basis.

Mr. Hole asked about InTech's absence from the agenda for the Investment Seminar. Mr. Pulos said they would be present but that there was not a specific topic they had to address. The Board agreed to discuss TIPS in November.

ADMINISTRATOR REVIEW: The Board received a packet related to the Administrator's review. That packet included the job description, current contract, goals and objectives for the year, and a salary survey. Mr. Hole expressed concern for the weight given to the salary survey that was put together by an Administrator from another plan. He thought that the plans listed were mostly "heavy hitters", allowing the average Administrator salary to be higher than what he believed it actually is. Chairman Dew reported Ms. Wenguer's score of 60%, which puts her performance at above average.

The Board asked that the salary survey be redone with notes whether the Administrators identified are 3rd party administrators or any other special detail that would be significant. Mr. Bayne also requested a Total Compensation Package for all Administrators listed. Due to the absence of the Mr. Dew at the November meeting, this item will be discussed again in December.

OLD BUSINESS – Retirement Seminar: Ms. Maldonado confirmed that all was on track for the seminar on October 29 & 30. The citywide emails had been sent and RSVP's from active members were coming in.

Pension Verification Letters: Ms. Wenguer discussed the 3 letters that were still outstanding.

After some discussion, Chairman Dew suggested that the Board wait until the November meeting to see if there was any change in the status of the letters. At that point, a third letter will be mailed and next steps would be discussed at the December meeting.

NEW BUSINESS – Public Records Policy: Mr. Hole provided a copy for the Board to view and asked that this be implemented as a policy. Mr. Cyphen advised that the policy must be adopted and noted if the Board intends to charge a service cost for a job that takes more than a reasonable amount of time to complete, which is usually 15 minutes. He also emphasized that we are not obligated to copy documents for which the Plan is not a custodian of (i.e. City ordinance changes.)

Placement Agents Disclosure: Ms. Wenguer reported that all responses were received and all of the managers confirmed they do not use placement agents.

Credit Cards: The Administrator clarified that the cards will not be used until a policy for their use is created. Our current travel policy will remain but does not currently discuss the use of Board credit cards. After determining that the use of the credit cards will not be mandated, Mr. Naugle and Mr. Hole expressed that they were not interested in using one.

Securities Litigation Interviews: The Board asked that Mr. Hole and Ms. Wenguer schedule the top 3 for interviews for up to 10 minutes in December.

SPD: The Administrator confirmed receipt of the copies and that they will be distributed. She noted that she did not count retirees among the recipients of the SPD but it is also available online.

Age Discrimination (Lerman Case): Mr. Hole and Mr. Cyphen confirmed that the denial of the DROP case was upheld.

Quarterly Newsletter/Magazine: Mr. Nesbitt reported Dave Williams, a Plan Administrator in the Hollywood area, is willing to offer his services to put together a newsletter for the Board. The Board agreed to inquire about the fee and possibly pursue this avenue in the near future.

Quarterly Budget Discussion: Ms. Wenguer pointed out that the actuarial budget was overextended as was expected. Most other items seemed to be right on target at 75% expenditures with only the Miscellaneous Operating Expenses over 100%.

Out-of-State Disability: The Board confirmed that, in reference to an upcoming disability for a person who does not live in Florida, they will not cover travel or lodging expenses. Also if a doctor performing an IME charges a fee to have a person or advocate attend the appointment, that fee will also not be covered by the Board.

Michael Kinneer's Conference Attendance: Mr. Hole asked the Board to consider sending the Finance Officer to FPPTA or other such conferences that would expose Mr. Kinneer to investing for a public pension fund. As he sits also on the GERS Board, the expense to send Mr. Kinneer would be split between the two boards. The Board agreed to only be concerned about sending him to FPPTA and Division of Retirement conferences, with all costs being divided with GERS.

Commission Bullet Points: The following bullets were approved to share with the Commission:

- YTD Rate of Return numbers
- Ordinance changes
- PPA and HEART Act
- Senate Bill 538.

Motion made by Mr. Burnam, seconded by Mr. Fortunato, to adjourn the meeting at 3:10 P.M. With no further business brought before the Board, the **motion** carried unanimously.

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