

September, 2010



APPROVED
POLICE AND FIRE PENSION BOARD
REGULAR BOARD MEETING
WEDNESDAY, SEPTEMBER 1, 2010

Present

Michael Dew, Chairman
Ken Rudominer, Vice Chairman
Richard Fortunato, Secretary
Mark Burnam, Trustee
Dennis Hole, Trustee
Jim Naugle, Trustee
Steve Cypen, Cypen & Cypen, Board Attorney
Lynn Wenguer, Administrator

Absent

J. Scott Bayne, Trustee

Also Present

Amanda Cintron, Assistant Administrator
Laurie DeZayas, Pension Secretary
Liz Davila, Recording Secretary, Prototype, Inc.
Fred Nesbitt, Director of Media Relations
Gregg Gurdak, President, Retirees Association
Rick Schulze, Retiree's Association
George Farrell, Retiree's Association
Bill Paton, Retiree's Association
Linda Duffy, Retiree's Association
Fuzzy Larkin, Retiree's Association

Pursuant to authority of Ordinance C-00-34, Article II, this regular meeting of the Police & Firefighters' Pension Board convened at 12:31 P.M., Wednesday, September 1, 2010 in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

Communication to City Commission

There was consensus among the Trustees that the following items should also be communicated to the City Commission:

The Board received a letter from their actuary Stanley, Holcombe & Associates, clarifying that the inclusion of DROP Payroll, although not impacting the city contributions, it does reduce the city's contribution as a percentage of payroll, from 49% percent (as indicated in the Actuarial Report) to 42% of covered payroll. (Enclosure)

The Board also wanted to make sure that the Commission is aware of the Government Accounting Standards Board's (GASB) has issued a preliminary review statement that addresses the assumption rate for funding. The City, as the plan sponsor, would be negatively impacted by a change in the assumption ratings. The Board urged the City to contact National Conference on Public Employee Retirement Systems (NCEPERS) or go to their website for more information. The comment period closes September 17, 2010.

The meeting was called to order at 12:30 p.m. Chair Dew requested that any Trustees or guests raise their hands if they wished to address the Board.

MINUTES:

Regular Meeting August 11, 2010

Motion made by Mr. Hole, seconded by Vice Chair Rudominer, to accept the minutes as documented with corrections.

Mr. Hole noted the following corrections:

P.15, paragraph 4: "...termination window in statute" should be "...in Ordinance."

P.15, paragraph 7: "RFP meetings" should be "consultant RFP meetings."

P.15, paragraph 8: should note that when asked, the Administrator replied that checks were being received regularly.

Chair Dew noted the following corrections:

P.4, paragraph 2: clarify "when off-duty employment is undertaken" to "when Police off-duty employment..."; also correct "diverts into I-duty time" to "reverts to on-duty time."

In a voice vote, the motion passed unanimously.

RFP Committee Meeting August 10, 2010

Motion made by Vice Chair Rudominer, seconded by Mr. Fortunato, to accept the reading and the waiving of the minutes on the discussion of the RFP Committee. In a voice vote, the motion passed unanimously.

BENEFITS:

Fire Department:

New Beneficiary Tyler Coons

Motion made by Mr. Fortunato, seconded by Vice Chair Rudominer, for the benefits of the Fire Department as documented. In a voice vote, the motion passed unanimously.

BILLS:

PRISA II	\$35,510.29
Systematic	\$33,740.02
BNY Mellon	\$2,597.59
Ellen Schaffer	\$315.00
Holland & Knight	\$150.00

Motion made by Vice Chair Rudominer, seconded by Mr. Hole, for the payments of the bills as documented.

Ms. Wenguer requested that Systematic be removed from the list of bills to be approved, as she would like to discuss this bill separately.

Motion made by Mr. Fortunato, seconded by Mr. Naugle, to accept the payment of bills except for Systematic. In a voice vote, the motion passed unanimously.

Ms. Wenguer advised that the Board takes withdrawals on occasion in order to re-balance the fund. In the 3rd quarter of 2009, Systematic began adjusting the bill by pro-rating the withdrawals. In the next quarter, Systematic billed \$40,000 due to the withdrawals; Ms. Wenguer explained that she "only paid them based on our ending market value" as of 12/31/09. This is the second quarter in which Systematic has issued a bill including the pro-ration of the withdrawals. They have asked the Board to amend the contract, stating that it is "unclear in the contract" as to what the correct amount should be.

Mr. Cypen noted that generally you don't pro-rate except in cases of termination. Ms. Wenguer said in this case the bill should be \$29,337.54. She added that Systematic would like to add specific wording to the amendment of the contract. The contract does not have an end date.

Mr. Cypen said the contract is not ambiguous at all and the Board is operating under the ordinary course of business.

Motion made by Mr. Hole, seconded by Vice Chair Rudominer, to the payment of Systematic for \$29,337.54. In a voice vote, the motion passed unanimously.

Mr. Cypen stated the amended contract sent by Systematic would not be signed.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS:

Mr. Gurdak stated there was no news at this time. He advised there is a plan to extend the auxiliary membership at the January 2011 meeting.

COMMUNICATION DIRECTOR'S REPORT:

Chair Dew reported that he had met with a reporter from the *Sun-Sentinel* to provide an overview of the Retirement System's current plan, as well as information on pension reform. A PowerPoint presentation showing the changes and current conditions of the plan has been prepared for the City Commissioners. The presentation also includes information on pension reform, and shows the savings to the City and benefit to the plan. Copies will be provided at the next Board meeting for review and approval.

ADMINISTRATOR'S REPORT:

Stanley Holcombe & Associates Letter dated August 23, 2010

Ms. Wenguer said the Board had asked Mr. Stanley to recalculate the City's pension contribution as a percentage of payroll using the DROP payroll. If the DROP payroll is used, it would reduce the City's percentage, although the dollar amount would not be affected. The contribution rate would decrease from 49% to 43.5%.

The letter states that although payroll is \$61 million, it will increase by approximately 6%. People in the DROP program will not go up as much as those individuals already working, although Ms. Wenguer noted there is an inflation factor of 3.75%. She said the information in the letter was more for presentation purposes and does not affect the City's contribution, but provides a more realistic picture of the actual percentage of payroll the City contributes to the pension fund.

Chair Dew said this information should be included in the Board's Communications to the City Commission.

Systematic

This item was previously addressed.

DROP Program & Forms

Ms. Wenguer recalled that a Memorandum of Understanding must be entered into with the City with regard to how DROP distributions can be taken care of; this agreement has not yet been made.

Mr. Cypen added that hardship withdrawals have not been previously discussed.

Investment Consultant RFP

Ms. Wenguer reported the RFP Committee has narrowed the search down to four prospective consultants. They must now set a date to interview the four firms.

Chair Dew requested that this Item be tabled until Mr. Burnam joined the meeting.

Retirement Seminar

Ms. Wenguer said the Retirement Seminar will be held September 13-14, and approximately 22 individuals have signed up to attend so far. Chair Dew stated he would like the Trustees to attend the Seminar if possible so they can be introduced to the members.

Benefit Verification Letters

Ms. Wenguer said only three members have not responded. They have until September 15, 2010 to do so.

She continued that the City Ordinance should be amended to include additional items, such as change of beneficiary and 40 hours of overtime. Copies of the draft amendment were distributed to Board members. The draft will be presented at the September 7 City Commission meeting.

Mr. Cypen added that he had asked Assistant City Attorney Bob Dunckel to include IRS and MOU concerns, but Attorney Dunckel had declined. Chair Dew advised he had spoken to City Attorney Harry Stewart, who had some concerns regarding the determination letter. One such concern was that the City would be responsible for some additional funding. Attorney Stewart had planned to consult with Attorney Dunckel on this topic. Mr. Cypen advised the attorneys want to address this issue in a separate ordinance.

Mr. Cypen recalled that the Board's Communication to the City Commission in August had included a request that applications for both service-incurred and non-service incurred disability retirements not be accepted after 30 days from termination. There has not yet been a response to the Board on this item. He suggested that all such communications include the date on which the City Commission was first notified of an actionable item.

PENDING ITEMS:

New Business

Mr. Cypen said the Governmental Accounting Standards Board (GASB) has issued a preliminary statement that they are considering an action that would increase every employer's contribution "three and four times." The action could decrease the maximum assumption rate to 4%. A letter to GASB is being drafted on this issue. Mr. Cypen advised the Board to authorize Chair Dew or Vice Chair Rudominer to sign this letter when it has been reviewed. He felt the City should draft a letter as well, as they would be the body making the contribution. The deadline for responses is September 17.

Chair Dew stated this should be communicated to the City. Mr. Naugle added if an item isn't getting followed up on, the Chair could reach out to the Mayor to explain the request had been sent more than once.

Old Business: Schedule A

Ms. Wenguer informed the Board that they had received a letter of reminder that Errors & Omissions (E&O) insurance must be renewed. The requested documentation is being prepared.

Mr. Hole recalled that there had been previous discussion of amending the Board's fiscal year to coincide with that of the City. Chair Dew said Ms. Flynn had located the minutes from the City Commission's discussion of that issue and will forward them to Ms. Wenguer.

Ms. Wenguer reported that the Commission had seemed to respond favorably to this idea.

Investment Consultant RFP

Chair Dew stated the meetings have been very educational, as he has learned a good deal about the RFP process. He suggested that the Board schedule a separate meeting for the consultants' presentations, which should not coincide with the regular Board meeting. Following the presentations, if there is no consensus among members, they could meet again at a later date to vote on the candidates.

Mr. Burnam reported that roughly 17 prospective investment consultants had submitted bids; the four final candidates are ACG, Bogdahn, CapTrust, and Milliman. He advised allocating 20 minutes for each presentation, followed by 10 additional minutes to respond to questions. Ms. Wenguer suggested scheduling the presentations 45 minutes apart. Mr. Naugle recommended asking that presenters provide copies of any graphics they might use during their presentations.

Chair Dew said Ms. Wenguer would speak to the administrators of the four candidates and set up a series of questions. Ms. Cintron would contact the clients of these firms and ask why these firms were terminated. He stated this information should be available to the Board members prior to the presentation date.

Mr. Burnam thanked Mr. Hole, Mr. Bayne, and Chair Dew for their participation on the RFP Committee.

It was determined that the Board would meet at 8:30 a.m. on September 23rd to hear presentations.

Mr. Cypen briefly discussed the investment consultant candidates with the Board, stating that they are all qualified candidates.

There being no further business to come before the Board at this time, the meeting was adjourned at 1:19 p.m.

[Close Window](#)