

**April, 2015**

POLICE AND FIREFIGHTERS' PENSION BOARD  
REGULAR BOARD MEETING  
888 South Andrews Avenue, Suite 202  
Fort Lauderdale, FL 33316  
Wednesday, April 15, 2015, 12:30 p.m.

Present

Michael Dew, Chair  
Ken Rudominer, Vice Chair  
Richard Fortunato, Secretary  
Jim Naugle, Trustee  
Jeff Cameron, Trustee  
Lynn Wenguer, Executive Director  
Steve Cypen, Cypen & Cypen, Board Attorney

Absent

Dennis Hole, Trustee  
Scott Bayne, Trustee

Also Present

Amanda Cintron, Deputy Director  
Laurie DeZayas, Pension Secretary  
Linda Logan-Short, Deputy Director/CFO  
John Herbst, City Auditor  
Kevin Schmid, CapTrust  
Bob Friedman, Holland & Knight  
Paul DeBold, Retirees' Association Vice President  
Jim Ingersoll, Retirees' Association President  
William Spodnik, Retirees' Association  
Jack Lokeinsky, FOP  
Rick Maglione, Police Department  
Rick Theiss, Retirees' Association  
Fred Nesbitt, Communication Director  
Lisa Edmondson, Recording Secretary, Prototype Inc.

Note: Items were discussed out of order.

ROLL CALL/CALL TO ORDER

Chair Dew called the meeting to order at 12:30 p.m. Roll was called and a quorum was determined to be present.

PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

The Pledge of Allegiance was followed by a moment of silence.

MINUTES:

Regular Meeting: March 11, 2015

Motion made by Mr. Naugle, seconded by Mr. Rudominer, to approve the minutes of the March 11, 2015 meeting. In a voice vote, the motion passed unanimously.

COMMENTS FROM PUBLIC

None.

NEW HIRES

Chair Dew recognized the new hires.

## BENEFITS

## FIRE DEPARTMENT:

New Retiree:	Kevin J. Kelly
New Retiree:	Timothy R. Boyle
(Term of DROP)	Richard S. Brown
	Thomas N. Connor
	William C. Findlan
	Michael P. Ondrejicka
New Beneficiary:	Lorraine Stuber

## POLICE DEPARTMENT:

Vested Retirement:	Robbie A. Blish
	Ryan C. Kennerson
New Beneficiary:	Lori Korn

Motion made by Mr. Rudominer, seconded by Mr. Fortunato, to approve payment of the benefits as stated. In a voice vote, the motion passed unanimously.

## BILLS:

Northern Trust	\$38,382.10
Foster & Foster	\$23,238.00
CapTrust	\$21,250.00
RhumbLine	\$20,634.00
Marcum	\$2,944.00
Klausner & Kaufman	\$1,475.00
Holland & Knight	\$330.95

Motion made by Mr. Rudominer, seconded by Mr. Fortunato, to approve payment of the bills as stated. In a voice vote, the motion passed unanimously.

INPUT FROM ACTIVE & RETIRED  
POLICE OFFICERS & FIREFIGHTERS

Mr. Ingersoll said they had never received information on 22 retirees who were due a 7% buy-out bonus, which he believed the Retirees Association requested in October 2014. Ms. Wenguer stated that she did not believe this request was made, but that she would provide the information. He also requested copies of correspondence between Mr. Klausner and the State Division of Retirement. Chair Dew stated Mr. Klausner had notified them that he was still working on it and they would receive a final determination in May. Mr. Friedman explained the in-service distribution issue to Mr. Ingersoll and Mr. Lokeinsky.

## CAPTRUST

Kevin Schmid

## Monthly Investment Review

Mr. Schmid stated in May he would provide the first quarterly report for 2015. He said so far this year, mid-caps, small caps and internationals had performed better than domestic equities. He anticipated a positive quarter.

## Small Cap Manager Update

Mr. Schmid said four managers would provide presentations and copies of the presentations would be provided to Board members before the meeting.

## Research Staff and Tools

Mr. Schmid reported they had hired a new research analyst in late February and two more would be starting soon. The firm's director of research had recently left the firm. They had also added the Mercer Insights research tool.

## COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt reported the annual report was ready to go to press. A member satisfaction survey would be included in the retirees' copies. Chair Dew stated some active members had requested a paper copy. Mr. Nesbitt said many Fire and Police employees moved a lot and paper copies would often be returned in the mail. Ms. Wenguer agreed and said they received "tons" of returned mail. She agreed to provide paper copies to be placed in firehouses and substations.

Motion made by Mr. Rudominer, seconded by Mr. Naugle to mail copies of the annual report to active members. In a voice vote, motion failed 2-3 with Mr. Rudominer, Mr. Fortunato and Chair Dew opposed.

#### EXECUTIVE DIRECTOR'S REPORT

Fort Lauderdale Retirees' Association Letter Dated 2/18/15

Ms. Wenguer had received no correspondence and would postpone this to the May meeting. Mr. Ingersoll asked for a copy of Mr. Klausner's correspondence and Chair Dew stated the Board must review it at a meeting first.

Chair Dew had asked Ms. Wenguer to determine how many retirees had retired prior to 1996 when the ordinance changed for the COLA and DROP. They were considering the possibility of providing them with a 13<sup>th</sup> check. Mr. Klausner was investigating this pursuant to the letter. Chair Dew stated this would involve approximately 400 retirees and beneficiaries.

Mr. Rudominer said he would rather make the benefit amount, instead of a date, the criteria because there might be someone who retired after 1996 who was still living below the poverty level.

#### Prior GERS Service

No discussion.

#### IRS Determination Ordinance Change Update

Mr. Lokeinsky had received a draft of "what the Pension Board felt would comply with the IRS determination letter" and a draft ordinance prepared by Assistant City Attorney Bob Dunckel and noted that there were differences in the proposed changed language in the different versions. This led him to determine it was an unfair labor practice for the City to change the ordinance without bargaining. He had notified the City that they would "seek any legal remedies if they enact an ordinance that wasn't bargained."

Mr. Friedman recalled his office had applied for a determination letter from the IRS in January 2009 on behalf of the pension plan and had received the letter from the IRS in January 2015. He said the changes submitted to the IRS were "proposed changes" to be accepted by the IRS before the City amended the ordinance. The City needed to act on the changes needed to comply with IRS requirements. There had been changes to the ordinance since the 2009 copy they had sent the IRS with changes, so they had reflected the tax law changes to the updated ordinance in the most recent draft.

Mr. Lokeinsky discussed the differences in the drafts. Mr. Rudominer stated the Board had submitted changes to the City to comply with the IRS determination letter and any changes subsequently made by the City Attorney were beyond the Board's control. Chair Dew said the goal had been to get the amended ordinance before the City Commission next week for a first reading, but it had been pulled because there was no guarantee the impact study would be complete in time, and now this issue had come up. Chair Dew asked Ms. Logan-Short if the City was ready to go through collective bargaining and get the ordinance passed within 90 days. Ms. Logan-Short stated the City's labor attorney had determined that this did not need to be collectively bargained but the City Manager agreed to meet with Mr. Lokeinsky and Mr. Bayne to discuss it. The ordinance would be on the Commission's May 19 agenda. Mr. Cypen remarked that it would be catastrophic if the City was wrong. Chair Dew stated he felt the Board's attorneys thought that this was a bargaining issue and the ball was now in the City's court. Mr. Lokeinsky agrees to meet with the City Manager.

#### In-Service Distributions

Mr. Cypen said Mr. Coleman had provided suggestions that neither Mr. Cypen nor Mr. Friedman felt were necessary. Chair Dew stated the situation was on hold to see how the City management team dealt with the unions.

Ms. Wenguer asked Mr. Cypen if the Board needed to do anything. Mr. Cypen said the thinking was that as long as they were working toward a solution it was fine but at some point “it’s going to be fish or cut bait and we’re going to have to pony up.” Mr. Friedman had completed the investigation of each affected member and Mr. Cypen stated the next step was to send them letters informing them of options. Mr. Friedman agreed to work with Ms. Wenguer on these notifications. Mr. Friedman explained that as the plan sponsor, the City was responsible to fix the in-service distributions issue. If incorrect 1099-Rs had been sent to members, the pension plan was responsible to reissue a corrected 1099-R to the IRS and the affected members. The plan would be subject to penalties for having delivered inaccurate 1099-Rs. Chair Dew wanted to inform the members as soon as possible, because they may need to take action immediately. Mr. Cypen suggested starting the work immediately and voting on the final distribution of the letters at their next meeting.

#### Annual Retirement Seminar Update

Ms. Wenguer reported there was a new date for the seminar, Friday, October 23rd.

#### IRS Resolution of DROP Issue

Mr. Cypen said determining how to treat the DROP had held up the qualification letters. The issue was how to determine taxability in relation to the 415 limitation cap. In a defined contribution plan, the limit was \$55,000 and for a defined benefit it was \$225,000. Mr. Cypen said it turned out that it was not an annual addition of , it was a transfer from the defined benefit plan to the defined contribution plan so there was no limit.

#### September and November Meetings

Ms. Wenguer stated they would discuss changing the dates for the September and November meetings next month.

#### PENDING ITEMS

##### New Business

None.

##### Old Business

##### Schedule A

No discussion.

#### Communications to the City Commission

No discussion.

#### FOR YOUR INFORMATION:

Stephen Cypen, Esq.  
Knight

Memorandum dated March 23, 2015  
Recapture Summary/Feb., 2015

There being no further business to come before the Board at this time, the meeting was adjourned at 1:32 p.m.

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