

August 2007**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 12:35 P.M., **Wednesday, August 8, 2007** in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

PRESENT: Allan Curry, Chairman
Romney Rogers, Secretary
Ian Kemp, Trustee
Mark Burnam, Trustee
Richard Fortunato, Trustee
Dennis Hole, Trustee
Steve Cypen, Board Attorney
James G. Behrendt, City Controller
Lynn Wenguer, Administrator
Laurie DeZayas, Pension Aide
Renee Lipton, Recording Secretary

ABSENT: Michael Dew, Vice Chairman
Betty Burrell, Ex-officio

ALSO PRESENT: Fuzzy Larkin, President, Retirees' Assoc.
Bill Paton, Vice President, Retirees' Assoc.
Nancy Cone, Treasurer, Retirees' Assoc.
Jack Chew, Retirees' Assoc.

ASSET VALUE as of August 7, 2007: \$471,690,145.
Chairman Curry called the meeting to order at 12:35 P.M.

MINUTES: Regular Meeting, July 11, 2007. Chairman Curry made a correction to the minutes requesting that on Page 5 the following phrase be deleted "in 2002 from two or three employees". Mr. Rogers then made a motion to approve the minutes as corrected with Mr. Hole seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

BENEFIT REVIEW: POLICE DEPARTMENT – New Retiree: Anthony B. Vinson, Sergeant. Date of retirement July 20, 2007 with 20.21 years of credited pension service and 20.21 total years of service. Monthly pension benefit \$4,630.63 (100% Joint & Survivor).

New Retirees – Termination of DROP Retirement: Sharon L Andersen, Assistant Chief. Date of DROP retirement August 2, 2002 with 20 years of credited pension service and 25 years of total service. Termination Date August 1, 2007. Monthly pension benefit \$6,234.40 (Life Annuity). DROP account total \$449,929,36.

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Termination of DROP Retirement: Sam Pantaleo, Detective. Date of DROP retirement October 26, 2003 with 21.21 years of credited pension service and 24.98 total years of service. Termination date July 31, 2007. Monthly pension benefit \$3,816.98 (100% Joint & Survivor). DROP account total \$198,232.92.

Termination of DROP Retirement: Judith H. Waldman, Sergeant. Date of DROP retirement May 23, 2004. Credited pension service 23.80 with 27 total years of service. Termination date August 3, 2007. Monthly pension benefit \$6,172.18 (Life Annuity). DROP account total \$267,063.52.

DROP Retiree: Barbara J. Barrett, Police Officer. Date of DROP retirement August 1, 2007 with 20.48 years of service, monthly pension benefit \$4,034.75.

Requests for Lump Sum Refund: Benard Beck-O'Steen, Police Officer. Date of separation August 5, 2007 with 1.31 years of creditable service. Lump sum payment due \$5,154.75.

Joshua French, Police Officer. Date of separation July 19, 2007 with .97 years of creditable service. Lump sum payment \$2,980.50.

Eric Perez, Police Officer. Date of separation August 5, 2007 with 1.92 years of creditable service. Lump sum payment due \$5,869.63.

FIRE DEPARTMENT –DROP Retiree: Albert W. LeMay, Lieutenant/Paramedic. Date of DROP retirement August 10, 2007 with 20 years of service. Monthly pension benefit \$4,543.90 (100% Joint & Survivor).

Vested Retirement: Brian R. Swartout, Firefighter. Date of termination March 10, 2006 with 18.59 years of credited pension service. Monthly pension benefit (with 2%) \$4,148.59 (100% Joint & Survivor. Monthly pension benefit (without 2%) \$4020.39 (100% Joint & Survivor).

Survivor Death: Sylvia E. Fausset, dependent upon Charles Fausset. Survivor date of death July 29, 2007. No further benefits payable.

2% Firefighters' Benefit: Mr. Hole discussed who was entitled to the 2%. Mr. Kemp noted that, in his opinion, this benefit should be paid to those who were employed at the time the benefit was approved. The trustees, after careful consideration, decided that the contract would be reviewed as well as the ordinance that was in place at the time this benefit was approved.

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BENEFIT REVIEW (continuation): Mr. Rogers then made a motion to approve the Benefit Review as stated with Mr. Swartout receiving the benefit without the additional 2% at this time. Mr. Hole seconded the motion. The motion was approved by the Board with Mr. Kemp voting against the motion. A letter will be sent to Mr. Swartout explaining why he was not receiving this benefit. When the research is completed, it will be determined as to who is entitled to this 2% benefit.

BILLS:

Sawgrass Asset Management submitted a bill for management fees for the quarter ending 06/30/07 in the amount of \$77,196.

Northpointe submitted a bill for investment management fees for the quarter ended 06/30/07 in the amount of \$53,205.09.

Lee Munder Capital Group submitted a bill for investment management fees for the quarter ended 03/31/07 in the amount of \$49,857.66.

Lee Munder Capital Group submitted a bill for investment management fees for the quarter ended 06/30/07 in the amount of \$51,342.63.

Agincourt submitted a bill for investment management fees for the quarter ended 06/30/07 in the amount of \$48,254.75.

InTech submitted a bill for investment management fees for the quarter ended 06/30/07 in the amount of \$41,939.48.

The Boston Co. submitted a bill for investment management fees for the quarter ended 06/30/07 in the amount of \$40,342.10.

Standish Mellon Asset Management submitted a bill for investment management fees for the quarter ended 06/30/07 in the amount of \$11,849.74.

RhumbLine submitted a bill for investment management fees for the quarter ended 06/30/07 in the amount of \$7,031.98.

Atkinson, Diner, Stone, Mankuta & Ploucha, P.A. submitted a bill for professional services rendered in the amount of \$290.43.

Koch Reiss submitted a bill (with attached detail) for audit work for the period ended 12/31/06 in the amount of \$1,050.

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BILLS (continuation): Mr. Hole made a motion to approve payment of these bills as submitted with Mr. Fortunato seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

INPUT FROM ACTIVE & RETIRED

POLICE OFFICERS & FIREFIGHTERS: None.

ADMINISTRATOR'S REPORT: Letter from NorthPointe Capital dated July 25, 2007: Ms. Wenguer asked Mr. Pulos to comment on this letter. Mr. Pulos advised that NorthPointe has bought out Nationwide's interest in NorthPointe and it is necessary for each client to consent to the assignment by signing this letter.

Mr. Kemp made a motion to authorize the Chairman to execute this document and forward to NorthPointe as requested. Mr. Rogers seconded the motion. The motion was approved **UNANIMOUSLY** by the Board.

Letter from NorthPointe Capital dated June 5, 2007: Mr. Pulos reviewed this letter and stated that they were still governed by our non-U.S. guidelines.

Firefighters' Assignment Pay: Mr. Behrendt stated that he met with the City Attorney and Labor Relations to discuss this issue. He now has questions he needs to refer to the actuary. The trustees discussed the best way to advise the firefighters that 7% had not been deducted for rescue, crew chief and HazMat pay; therefore, these deductions will be started by the Finance Department very shortly. The Finance Department will take care of disseminating this information to the firefighters.

Me Too II: Mr. Cypen noted that orders were delivered to Judge Moe two months ago. As yet, he has not signed them. He also advised that he might ask for a conference with the judge to resolve this issue.

Letter from Cypen & Cypen dated July 23, 2007: Attached was a letter from Adorno & Yoss requesting a waiver from the Board of any conflict of interest or objection to them representing the City of Fort Lauderdale in the City of Fort Lauderdale Police and Fire Retirement System, et al adv. City of Fort Lauderdale, Florida due to the fact that they represented the Board against Sean Heckman. He recommended that the Board agree to this waiver.

Mr. Rogers made a motion that we agree to a waiver of any conflict of interest or objection to Adorno & Yoss representing the City of Fort Lauderdale. Mr. Burnam seconded the motion. The motion was approved **UNANIMOUSLY** by the Board.

Payroll Overpayments: The Agreement Letter has been signed and deductions are being made to T. Arter's checks.

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Payroll Overpayments (continuation): Joel Penney has agreed to refund approximately \$14,000 in 2007. The question of Academic Incentive Pay entitlement has been resolved because there was no pay due. Some questions are still in the process of needing a resolution.

October Meeting: Due to a conflict with the FPPTA and Bernstein Litowitz Conference, the October meeting has been changed to October 3, 2007.

Assistant Pension Administrator: The cost of Health Insurance was discussed. The Chairman is reviewing the applications and interviews will be set up.

Fiduciary Liability Insurance: Ms. Wenguer advised the trustees that quotations are expected in the next few days.

Service Survey: This survey is being worked on and will be completed when the Asst. Pension Administrator has been hired.

George Amberge Attorney's Brief: Mr. Cypen advised the trustees that he has received the brief and has given a copy to the Administrator. Mr. Cypen will respond as soon as he is able to.

Website: The website is ready. The Administrator will be trained to update the site as needed.

Summary Plan Description (SPD): The SPD is ready for printing. The Administrator is waiting for the Firefighter's 2% issue to be resolved. The contract will be reviewed to check the language that was in the original contract as to the intent.

Mr. Cypen left the meeting at 2:00 P.M.

ASSET CONSULTING GROUP: Mr. Pulos reviewed the Second Quarter that ended June 30, 2007. He discussed the credit concerns due to the Sub-Prime Mortgage area. Economic growth was moderate during the first half of this year, despite the ongoing adjustment in the housing sector. The Equity indices gained ground in the second quarter and for the year ended June 30, 2007. The largest gains in the second quarter were the Russell 1000 Growth with a 6.9% and the Russell 2000 Growth with 6.7%. The MSCI EAFE experienced the highest return with 27.5%. Growth outperformed value for the year and large cap stocks outperformed small cap stocks.

The total fund market value was \$483,300,000. as of the end of the second quarter. The total fund returned 3.2% outperforming both the blended index and the median peer group with a similar equity allocation. The one-year total return for the fund was 14.3%, ranking in the 43rd percentile amongst their peers with a similar equity allocation (less than 6% international equity).

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ASSET CONSULTING GROUP (continuation): Systematic's large cap value portfolio outperformed the Russell 1000 Value in the second quarter with a return of 6.1% versus 4.9%.

InTech's large cap core strategy underperformed in the second quarter relative to the S&P 500 index with a return of 4.0% vs. 6.3% for the index.

RhumbLine's large cap portfolio, which replicates the S&P 500 Index, matched the index return.

Sawgrass' portfolio underperformed the Russell 1000 Growth. Sawgrass received assets from the former manager, Essex. The turnover was 85% during the second quarter, which had a negative impact on the portfolio.

Lee Munder's Small Cap Value portfolio outperformed the Russell 2000 Value index by 370 basis points with a return of 6.0% relative to 2.3% for the index.

NorthPointe's Small Cap Growth portfolio outperformed the Russell 2000 Growth index with an 8.1% return versus 6.7%.

The Boston Company's International Equity Portfolio outperformed the MSCI EAFE index with a return of 7.0% relative to 6.7%.

Agincourt's portfolio matched the performance of the Lehman Brothers Aggregate index with a return of -0.6%.

Mellon's Aggregate Bond Index Fund underperformed the Lehman Aggregate's -0.5% return by 10 basis points.

After discussion of this Portfolio, Mr. Pulos recommended that the trustees look to replace The Boston Company because the team that had been hired by the Board has left the firm. He also suggested that the trustees meet to look at the strategic asset allocation for hedged equity that would be beneficial in this market using a multiple manager approach. Mr. Pulos to return on September 12, 2007.

Mr. Behrendt left the meeting at 2:25 P.M.

NORTHPOINTE CAPITAL SMALL CAP GROWTH FUND: Ken Hudson and Karl Knas noted that this firm is 100% employee owned. Their return since inception is 12.07% (gross) and 11.49% (net) with the Russell 2000 Growth at 11.46%. As of June 2007 the gross return was 0.55% and the net return was 0.48%. The Russell 2000 Growth was -0.57%. Their portfolio consists of companies

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NORTHPOINTE CAPITAL SMALL CAP GROWTH FUND (continuation): with manageable growth at attractive valuations. They seek to control risk through broad diversification. Their quantitative discipline is designed to avoid unintended sector bets.

Chairman Curry thanked Mr. Hudson and Mr. Knas for their report.

LEE MUNDER CAPITAL GROUP: Don Triveline and R. Todd Vinger advised the trustees that they now have \$4.7 billion dollars under management and their fund is closed to new investors. They noted that their style of investing is temporarily out of favor, but they look for down-side protection. Their performance as of June 30, 2007 is 10.4% year-to-date with the Russell 2000 Value Index at 3.8%. For the last quarter, their performance was 6.0% with the Russell 2000 Value Index at 2.3%.

Chairman Curry thanked Mr. Triveline and Mr. Vinger for their report.

THE BOSTON COMPANY: Jerry O. Navarrete noted that the Client Service Team listing was out of date since our Portfolio Manager and some of his team left the Boston Co. He advised the trustees that the Core Research Team was assisting the management team in managing the portfolio. The total portfolio earned 7.0% for the quarter and 28.8% for one year with MSCI EAFE earning 6.4% for the quarter and 27.0% for the year. He further advised the trustees that the portfolio team would be replaced in the long term. Mr. Pulos asked for information regarding the liquidity provisions and Mr. Navarrete stated that the fund would be out of the market for five days.

Chairman Curry thanked Mr. Navarrete for his report.

RhumbLine Letter dated July 6, 2007: Mr. Pulos addressed this letter by stating the Mr. Owen has been promoted to CEO and it was for informational purposes only.

New Business – Chairman’s cell phone bill: Chairman Curry requested that the Board consider some form of payment towards the additional cost of his monthly cell phone bill. After discussion, Mr. Kemp made a motion that a \$75 monthly stipend (paid quarterly) be approved and revisited at the end of the year. Mr. Fortunato seconded the motion.

After further discussion, Mr. Kemp withdrew his motion and Mr. Fortunato withdrew his second. The trustees then discussed having Chairman Curry consider getting a better plan.

Mr. Kemp then made a motion that Chairman Curry bring in his bill for the better plan and we will pay the difference between his old plan and this new plan. Mr. Burnam seconded the motion. The motion was approved by the trustees with Mr. Hole voting against the motion.

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FOR YOUR INFORMATION: No action.

There being no further business to be brought before the Board, Mr. Kemp made a motion to adjourn at 3:40 P.M. with Mr. Hole seconding the motion. The motion was **UNANIMOUSLY** approved.

Chairman

Secretary

