

February 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, February 11, 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
 Steve Cypen, Board Attorney (departed 3:15 p.m.)
 Lynn Wenguer, Administrator
 Rachel Maldonado, Assistant Pension Administrator
 Laurie DeZayas, Pension Secretary

ABSENT: John San Angelo, Trustee
 Michael Kinneer, Ex-Officio

ALSO PRESENT: Don Muller, Retirees' Assoc.
 Bill Paton, Retirees' Assoc.
 Gregg Gurdak, President, Retirees' Assoc.
 Jack Chew, Retirees' Assoc.
 A. Jason Whitby, Investor Solutions
 Shirley Whitby, Guest
 Mike Martin, Retirees' Assoc.
 J. Scott Bayne, Union President, IAFF Local 765
 Jason Pulos, Asset Consulting Group
 David Farrand, Cypen & Cypen

ASSET VALUE as of February 11, 2009: **\$365,889,104**

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

The Chair offered the Board's condolences to Mr. Cypen on the loss of his father.

MINUTES: Motion made by Mr. Hole, seconded by Mr. Fortunato, to waive the reading of the minutes for Regular Meeting, January 14, 2009, and approve them as a whole. In a voice vote, the **motion** carried unanimously.

BENEFITS REVIEW:

POLICE DEPARTMENT	BENEFIT TYPE	RETIREMENT DATE	TERM DATE	FORM OF BENEFIT
Mitchell Van Sant	Term of DROP	Feb. 1, 2004	Feb. 1, 2009	Standard
John E. Gonzalez	Vested Retirement	Feb. 27, 2009	Feb. 25, 2005	Standard
Laurence H. Lake	Refund Request		Dec. 30, 2008	Lump-Sum Refund
Jason L. Quatralo	Refund Request		Jan. 21, 2009	Lump-Sum Refund
Marion C. Wolfe	Retiree Death	Mar. 1, 1973	Dec. 12, 2008 (DOD)	New Beneficiary (Carlene R.

Patricia Paulson	Survivor Death		Dec. 19, 2008(DOD)	Wolfe) No further benefits payable.
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FIRE DEPARTMENT	BENEFIT TYPE	RETIREMENT DATE	TERM DATE	FORM OF BENEFIT
Ralph Diaz	Retirement	Feb. 25, 2009	Feb. 25, 2009	100% J&S
Thomas J. Lanzi	Term of DROP	Apr. 11, 2004	Feb. 15, 2009	100% J&S
William Ledegang	Term of DROP	Apr. 1, 2004	Feb. 15, 2009	100% J&S
Stephen Pritchard	Term of DROP	Feb. 15, 2004	Feb. 14, 2009	Standard
James P. Sheehan	Term of DROP	Mar. 5, 2004	Mar. 4, 2009	Standard

Motion made by Mr. Hole, seconded by Mr. Burnam, to waive the reading of the benefits and approve them as a whole. In a voice vote, the **motion** carried unanimously.

BILLS:

Sawgrass submitted a bill for management fees through the period ending 12/31/08 in the amount of \$48,711.00.

Lee Munder submitted a bill for management fees through the period ending 12/31/08 in the amount of \$33,939.75.

Agincourt submitted a bill for management fees through the period ending 12/31/08 in the amount of \$33,873.65.

NorthPointe Capital submitted a bill for professional services rendered through 12/31/08 in the amount of \$30,079.92.

InTech submitted a bill for professional services rendered through 12/31/08 in the amount of \$25,647.52.

Artio Global Investors submitted a bill for management fees through the period ending 12/31/08 in the amount of \$15,360.32.

RhumbLine submitted a bill for management fees through the period ending 12/31/08 in the amount of \$4,424.36.

Northern Trust submitted a bill for custodial fees through the period ending 12/31/08 in the amount of \$26,290.24

Stanley Holcombe submitted a bill for professional services rendered through the period ending 11/19/08 in the amount of \$4,688.00.

Stanley Holcombe submitted a bill for professional services rendered through the period ending 12/31/08 in the amount of \$1,760.00.

Ellen Schaffer submitted a bill for professional services rendered for the period ending 2/1/09 through 2/1/10 in the amount of \$784.00

Motion made by Mr. Burnam, seconded by Mr. Rudominer, to waive the reading of the bills and approve them as a whole.

Chairman Dew inquired about renegotiating the fees paid to NorthPointe since they have continually fallen short over the last few years. The Board discussed it but felt it would not be appropriate to ask for a reduction due to the terms of the contract. However, they were not opposed to exploring fee modification from this point forward, or having NorthPointe replaced.

Mr. Hole brought to light that the Board currently has no policy in place by which to put managers on probation. Mr. Burnam argued that NorthPointe was chosen because they outperformed the benchmark tremendously, and are therefore expected to be “doing something different” versus the index.

Returning to the original motion to approve the bills as a whole, the **motion** carried in a vote of 4-1, Mr. Dew dissenting.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS AND FIREFIGHTERS: Association President Gregg Gurdak asked about the Academic Incentive Pay (AIP) checks. The Administrator confirmed that the checks had gone out Feb. 1 as scheduled. Mr. Gurdak noted that he had specific questions that he would address with Ms. Wenguer at a later date. He also announced that the Annual Meeting was to be held at the POA on Sunday 2/15/09 at 1:00 P.M., followed by the luncheon on Monday 2/16/09. Finally, he mentioned the addition of the Retirees’ Legislative Branch for the FPPTA.

ADMINISTRATOR’S REPORT – AIP: The Administrator informed the Board that she is working with the Finance Director on having the City process the AIP checks with the monthly pension benefit. The department is receptive; however there has been no final confirmation.

Retirement Seminar: The Assistant Administrator reported the available dates in June. The only consecutive days available at the Commission Chambers were Thurs. June 25 and Fri. June 26. The Board felt that those dates were too late in the month and could result in poor attendance due to summer vacations. The Board agreed that September would be a better month for the seminar after all. Ms. Maldonado would confirm some dates in September with the City and report back to the Board the following month.

Investment Seminar: Chairman Dew addressed possible dates for the Investment Seminar hosted by the money managers. At the request of some managers, and also at Mr. Pulos’s suggestion, November was deemed a very busy month for most managers. The Board discussed possible dates in December and January. The preferred dates were Dec. 3rd and 4th. The Administrator would look at venues and pricing for that time of year and report back to the Board in March.

Revisions and Status Updates: Ms. Wenguer reported that the latest versions of the approved budget, Administrator’s Evaluation, and the office calendars were available. A discussion followed on which items should be added to the calendars and the purpose of the various calendars produced by the office.

Age Discrimination Case: Mr. Cypen reported that the plaintiffs in the Age Discrimination case against the City filed a notice of appeal.

Letter From Pomerantz: Based on the monetary amount recoverable for the Plan, Pomerantz recommended that the Board not seek lead plaintiff status. **Motion** made by Mr. Rudominer, seconded by Mr. Hole, to accept the recommendation and not proceed as lead plaintiffs. In a voice vote, the **motion** carried unanimously.

Administrator’s Evaluation: Mr. Hole reported that he had given input on the previous draft of the evaluation and was not sure if his suggestions were incorporated. He questioned the weighting of the ranked items. Mr. Dew said that the City’s HR department advised that each question should be rated equally. Mr. Hole also wanted to insert a sentence in the evaluation notifying the Trustee that the Administrator Job Description was attached.

Class Action Recoveries: The Administrator reviewed copies of recent recoveries to the Plan due to litigation. She also reported that, unfortunately, most amounts could be miniscule.

Audit Progress: The Administrator reported that Rachlin began working on the audit on Monday, February 9. The City confirmed that they could not supply trial balances until the end of February. Rachlin still maintained that the Plan is on course to meet the March 15th deadline set by the Florida Division of Retirement.

QUARTERLY INVESTMENT REPORT – Jason Pulos, Asset Consulting Group: Mr. Pulos distributed various booklets and packets addressing questions that the Board had sent to him beforehand.

He began with a Capital Markets update. Mr. Pulos also discussed the flooding of the Treasury market as evidenced by an increase of 14.7% in 2008. U.S. Equity markets were down 37%, with Small Cap faring better, down just 33.8%. International Markets were down 43%, with the emerging markets the most contributing factor to that. The Financial sector was the worst sector last year, down 57%. Even Consumer Staples, which usually fare the best regardless of the economy, were down 17%.

Mr. Pulos discussed how the decline of one year has had a big impact on long-term numbers. He reviewed the S&P's performance relative to major occurrences in 2008.

He reported that the Fund was down a total of 22%, a vast improvement over other plans in the similar universe. The Plan was in the top quartile of Public Funds in public arenas. Performance was "right on top of the policy index." The most contributing factor to the Plan beating the benchmark over the second half was the Long/Short Equity; there was significant protection in K2. Also, the Hedge Fund performance provide both investment and operational due diligence.

Mr. Pulos discussed the evaluation of money managers. He said that all accounts get a quarterly review of holdings and firm statistics. They also undergo a monthly review of their performance. If monthly performance is consistently sub-par, it results in a heightened watch where the firm statistics are reviewed more frequently.

NorthPointe's performance was reviewed in detail. Mr. Pulos noted that, in certain periods of time, they enjoyed significant excess. Since they have high beta relative to the benchmark, then they have the potential to also have significant underperformance if they are down. From an investment standpoint, the realization is that NorthPointe has not changed its approach. Historically, NorthPointe has had very good returns. The Board also mentioned that they were upset that NorthPointe had not mentioned the issues surrounding Emcore to the Trustees.

Mr. Pulos reviewed the history and structure of Asset Consulting Group and how it affects the services they are able to offer today. He also reviewed the recent history of the Fund's asset allocations and rebalancing. High-yield bonds were discussed. The Board asked the Administrator to research whether they are allowed to invest in these, as permitted by the State.

Mr. Cypen left the meeting at 3:00 p.m.

OLD BUSINESS – Non-Service Incurred Disability Offset: Chairman Dew mentioned the Non-Service Incurred disabilities and their offsets, as detailed in the Ordinance. He wanted the Board to consider the following items: how these were going to be pursued, making a decision to go from this point forward and not make retro adjustments, and how to effect an Ordinance Change to do away with offsets. Mr. Fortunato felt that the Unions would be pursuing ordinance change to get rid of offset in the October negotiations. Mr. Rudominer voted to table the conversation until the March meeting, since Mr. Cypen was not available to advise on the next steps.

Motion made by Mr. Fortunato, seconded by Mr. Rudominer, to adjourn the meeting at 3:30 P.M. There being no further business brought before the Board, the motion carried unanimously.

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