

**February, 2010****POLICE AND FIRE PENSION BOARD****REGULAR BOARD MEETING****FEBRUARY 3, 2010****Attendance**

Michael Dew, Chair

Ken Rudominer, Vice Chair

Richard Fortunato, Secretary

J. Scott Bayne

Mark Burnam

Jim Naugle

Dennis Hole

Steve Cypen, Cypen &amp; Cypen, Board Attorney

Lynn Wenguer, Administrator

Laurie DeZayas, Pension Secretary

Liz Davila, Recording Secretary, Prototype, Inc.

**Also present:**

Lynda Flynn, Interim Director of Finance/Treasurer

John Abrams, Retirees' Association

Tim Bronson, Retirees' Association

Bill Paton, Retirees' Association

Fuzzy Larkin, Retirees' Association

Jack Chew, Retirees' Association

Fred Nesbitt, Public Relations

Linda Soloman-Duffy, Retirees' Association

Gregg Gurdak, Retirees' Association President

John Jackson, Asset Consulting Group, Inc.

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 3, 2010 in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

**Communications to the City Commission**

By unanimous consensus, the Board announced that Chair Dew would make a presentation at the March 2, 2010 City Commission meeting regarding the ordinance changes. Police and Fire Pension Board February 3, 2010 Page 2

Motion made by Mr. Hole, seconded by Mr. Bayne, to waive the reading of the minutes for Regular Meeting, January 13, 2010, and approve them as a whole. With no further discussion, the motion **passed unanimously**.

**BENEFITS REVIEW:**

**FIRE DEPT:**

**New Retiree: Donald E. Jobin (Termination of DROP)**

**POLICE DEPARTMENT:**

**DROP Retiree: Stanley H. Ragin**

Motion made by Mr. Bayne, seconded by Mr. Hole, to accept the benefits of the Police and Fire as documented. In a voice vote, the motion **passed unanimously**.

**Bills:**

Sawgrass Asset Mgmt.	\$47,466.00
Lee Munder	\$40,638.90
Systematic	\$37,976.30
Artio Global Investors	\$34,233.19
Northern Trust Co.	\$24,716.51
NorthPointe Capital	\$22,688.73
InTech	\$22,425.69
BNY Mellon	\$5,375.21
RhumbLine	\$4,459.65
Stanley, Holcombe	\$4,939.00
Stanley, Holcombe	\$2,035.00
Thomas Goldschmidt	\$4,455.00
Michael Feanny, M.D.	\$1,350.00
Ellen Schaffer	\$784.00

**Motion** made by Mr. Rudominer, seconded by Mr. Fortunato, to waive the reading of the bills and approve them as a whole. In a voice vote, the **motion** passed unanimously.

Mr. Hole asked Ms. Wenguer if the handwriting was hers on pages 11 (the bill from Lee Munder), 23, and 24 (bill from Stanley, Holcombe), as the corrections were not initialed. Ms. Wenguer verified she handwrote the corrections. Mr. Hole asked Ms. Wenguer to explain the Service Purchase Calculation. Ms. Wenguer explained that those are employees who returned to work within the year, they are allowed to come back and they had to repurchase, with the City's cost included.

Mr. Hole inquired about page 25 (bill from Thomas Goldschmidt), asking if there was correspondence with Dr. Goldschmidt. Ms. Wenguer said she had corresponded with him and that eleven hours were used to prepare the report and to review the document, so the bill is correct.

Mr. Hole said page 26 has a social security number listed in the top, right-hand corner that needs to be redacted.

Ms. Wenguer brought attention to the bills from Lee Munder and Systematic. These two companies take an adjustment for monies coming out and doing summary balancing. "When these companies take money out, they indicate what our value was, but when money is placed back in, they fail to adjust the other way." Ms. Wenguer has written to Systematic in the past and explained that they need to be consistent with their adjustments. Ms. Wenguer was surprised to see they adjusted improperly and indicated that she corrected their mistakes and her corrections are noted on the bills. Ms. Wenguer indicated she is going to address Lee Munder in the same manner she addressed Systematic.

## **QUARTERLY PERFORMANCE REVIEW**

A presentation was made by John Jackson from Asset Consulting Group.

The following is a summary of Mr. Jackson's presentation:

1. In 2008, risk associations were "punished severely"
2. In March of 2009, there was a rebound in the market taking advantage of some of the riskier assets
3. Small caps further down are outperforming large caps
4. Growth stocks are outperforming the value stocks
5. The value indexes tend to have an "over weight" in financials versus growth indexes, which tend to have an "over weight" in information technology
6. For the year, out-performing sectors were information technology
7. Consumer discretionary and materials were more cyclical portions of the market
8. Within the fixed income market, in 2008 those who only held treasuries were "punished severely"
9. In 2009, high-yield corporate bonds really "took off"
10. Consistent with the equity markets, riskier assets paid off better than risk adverse assets.
11. For the quarter, the S&P 500 was up 6%, and in one year, up 26.4%.

Across the equity spectrum there are double-digit returns for 2009.

1. EAFE was up 32.5% for the year, outpacing the S&P 500, helped in large part by the weakening dollar.
2. MSCI was up 42.2%; a significant allocation (approximately 22%) in emerging markets. This has been the best year for MSCI since 1999.
3. Unemployment at 10% is a persistent problem and tends to lag any rebounds in the economy.
4. Another drag on the economy is the write downs in the real estate markets that have yet to occur, particularly in the commercial sector.
5. The total portfolio return is 2.5%, lagging the policy index of 2.9%.
6. The median public fund is at 3.3%.
7. Over the last year, there has been a 15% absolute return, lagging the Policy Index by about 30 basis points. This is due largely to the allocation differences taking place throughout the year, as well as the hedge funds exposure.
8. For the 2-year return, the policy indexes are down 5.7% versus the portfolio, which was down 5.3%, giving a 40 basis point out performance.
9. Over the 3-year period, there was an out performance of .7%, versus the benchmark, which was down 1.9%.
10. Over the 5-year period, the account is up 80 basis points, based on the fee review that Mr. Pulos performed.

Mr. Jackson confirmed these figures are gross of fees. Mr. Cypen said per State Statute, this should reflect net of fees.

Discussion continued regarding the funds that deduct their fee directly from investments, instead of billing them. It was determined that the only managers who deduct their fees, instead of submitting a bill, are those which are required to do so based on the financial vehicle they utilize.

Chairman Dew asked the Board if they would be interested in having a representative from the Dow Jones Index do a presentation about subscribing to the index. The Board instructed the Monitor to analyze the index and give a recommendation to the Board.

The Board was concerned with underperformance of the Fund and concluded they would further discuss these concerns with Mr. Pulos.

#### **INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS:**

Chairman Dew indicated that, at the recommendation of current City Commissioners, he will make a presentation regarding the ordinance changes at the March 2, 2010 Commission Meeting. Police and Fire Pension Board February 3, 2010 Page 5

The Annual Meeting of the Retiree's Association will be held on February 14<sup>th</sup> at 1:00 P.M.

**ADMINISTRATOR'S REPORT** - Assistant Pension Administrator: Ms. Wenguer reported that the current Assistant Pension Administrator has taken another position in the City, and that position is now open. The Administrator suggested re-naming the position to "Pension Benefits Manager" or "Pension Benefits Specialist" in order to more accurately reflect the job description, which is primarily supportive, but also includes running the office in the absence of the Administrator. Chairman Dew instructed Ms. Wenguer to "go through the same process hiring this position as they did with their last hire and keep the job title the same."

**Education & Training Policy:** Ms. Wenguer asked if there were any changes that needed to be made. The following changes were recommended.

**Collision Waiver Damage.** Mr. Cypen suggested the language in section 8, under the heading "Rental Car" be changed to reflect that Collision Damage Waiver insurance will be reimbursed in the event it is not covered by either the credit card company or the rental car agency.

**Miscellaneous Expenses.** Ms. Wenguer stated, in section 9, under the heading "Miscellaneous Expenses," "A payment for miscellaneous expenses will include," be crossed out. It will now read, "All other incidental expenses are the responsibility of the member." Phone Expense

Reimbursement. There was a discussion as to the necessity of reimbursing phone expenses. It was determined that phone expenses will be reimbursed only in the event cell phone coverage is not available. **Mileage Reimbursement.** Mr. Hole suggested in section 7, under the heading "Mileage," that mileage reimbursement should be changed to cover the distance from home to the destination if the employee resides within the tri-county area, or from City Hall to the destination, whichever is closer. **Signature Lines.** Mr. Hole requested that when the document goes to the final form, lines should be added to the bottom for the Chairperson's signature and the date. Meal Allowance. Mr. Hole asked for clarification in section 4, under the heading "Meals," of the "After" and "Prior to" times.

**2010 Budget :** Ms. Wenguer submitted a revised budget. Chairman Dew suggested reallocating \$5,000 from salaries to clerical. Mr. Cypen asked for clarification on the Police and Fire Pension amount spent for legal services fees. Ms. Wenguer said she would research those figures.

Motion made by Mr. Rudominer, seconded by Mr. Naugle, to make the following amendments to the approved budget: 1) take \$5,000 from salaries, 2) add \$5,000 to clerical, and 3) keep \$50,000 for legal services. In a voice vote, the motion passed unanimously.

#### **Credit Card Policy:**

1. Mr. Hole would like the title on number 8, line 2, of the Retirement System Credit Card Policy, to be changed to coincide with education and training policy.
2. Mr. Hole requested item 21 be changed to reflect that variations and amendments to the policy can be made with majority approval of the Board.

#### **Public Records Policy:**

1. Mr. Hole asked that this be a standalone item and that lines for signature and dates be placed at the bottom of the page.
2. Mr. Cypen suggested that items 6 & 7 take out the term "half hour" and use "30 minutes" in an effort to be more consistent with the language.

**PENDING ITEMS****NEW BUSINESS:**

1. **MR. BAYNE'S RELIEF TRIP TO HAITI** – Mr. Naugle recognized Mr. Bayne's recent 12-day relief trip to Haiti.
2. **IMPACT STATEMENT:** Mr. Fortunato asked about an Impact Statement from Randall Stanley. Chairman Dew indicated this is already in progress. Mr. Bayne said the Police Department has signed off on their article and the Fire Department has not. The Fire Department is working through the language and both articles are conceptually the same. Ms. Wenguer indicated that she would like to speak with whomever is writing the articles. Mr. Bayne said the attorneys involved right now are Bob Dunckel from the City and Bob Klausner involved with the language of the article. George Tucker is representing the Fort Lauderdale Police Union and Bob Sugarman is representing the Firefighters' Union.

**OLD BUSINESS:** Schedule A: Mr. Hole asked if the City made the additional required contribution from November. Ms. Wenguer indicated that they have not. Ms. Wenguer introduced Lynda Flynn, Interim Director of Finance/Treasurer to the Board. Police and Fire Pension Board February 3, 2010 Page 7

**FOR YOUR INFORMATION:**

**GTS** –Letter has been received. Ms. Wenguer stated she has received the State Street contract and is the process of finalizing the contract with the bank.

**With no further business to conduct, the meeting was concluded at 2:56 P.M.**

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