February, 2013

POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
WEDNESDAY, FEBRUARY 13, 2013, 12:30 P.M.

Present
Michael Dew, Chair
Ken Rudominer, Vice Chair
Richard Fortunato, Secretary
J. Scott Bayne, Trustee
Jeff Cameron, Trustee
Dennis Hole, Trustee
Jim Naugle, Trustee
Steve Cypen, Cypen & Cypen, Board Attorney

Also Present
Amanda Cintron, Assistant Administrator
Laurie DeZayas, Pension Secretary
Douglas R. Wood, Finance Director
John Herbst, City Auditor
Steve Schott, CapTrust
Clay Lindsey, Eagle Asset Management (via conference call)
Chih-Pin Lu, Eagle Asset Management (via conference call)
Lisa Edmondson, Recording Secretary, Prototype, Inc.

Walter Courtney, President, Retirees' Association
Fred Nesbitt, Director of Media Relations
Paul DeBold, Retirees' Association
Bill Paton, Retirees' Association
George Farrell, Jr., Retirees' Association
Linda Soloman-Duffey, Retirees' Association
Frank Colleran, Retirees' Association
Rick Schulze, Retirees' Association
Gregg Gurdak, Retirees' Association
Michael Salzano, Vice President, Local 765

Communication to the City Commission

The Plan finished 2012 with a 12.1% return on investments, net of fees.

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 13, 2013, in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

Pledge of Allegiance / Moment of Silence

Chair Dew called the meeting to order at 12:30 p.m. and roll was called. All present recited the Pledge of Allegiance and observed a moment of silence.

MINUTES: Regular Meeting: January 9, 2013

Motion made by Vice Chair Rudominer, seconded by Mr. Naugle, for the waiving of the minutes as documented [as corrected].

Mr. Hole noted the following corrections:
P.9, paragraph 3: add that Mr. Heinrichs also stated the preparation of page 6A would be included in the fees.

P. 14, Administrator's Report: a report of class action/SEC filings was generated by the Administrator, per Mr. Hole's request at the October 2012 meeting. This report included the amounts of money received.

In a voice vote, the motion passed unanimously.

NEW HIRES:

Chair Dew stated that there have been eight new hires by the Fire Department and one new hire by the Police Department, as documented in the members' information packets.

BENEFITS:
Police Department:

New Retiree (Term. of DROP):	Rodrick L. McGowan
DROP Retiree:	Randy Pelham
Vested Retirement:	Paul J. Ostrikis
	Ian Sklar
Lump Sum Refund:	Joseph S. Damiano

Fire Department:

DROP Retiree:	Douglas F. Farley
Lump Sum Refund:	Andrew R. Orndorff

Motion made by Mr. Bayne, seconded by Mr. Fortunato, for the approval of benefits for the Police and Fire [Departments]. In a voice vote, the motion passed unanimously.

Chair Dew noted that the Informal Service-Incurred Disability Hearing has been postponed until the March Board meeting.

BILLS:

Lee Munder Capital	$55,042.72
Eagle Asset Mgmt.	$49,162.78
Sawgrass Asset Mgmt.	$36,083.00
Boyd Watterson	$34,916.00
Systematic	$27,183.75
InTech	$21,846.47
RhumbLine	$11,829.00
Northern Trust Co.	$32,793.63
Ellen Schaffer	$862.00
Holland & Knight	$300.00

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

Mr. Hole requested more information of the Holland & Knight charge listed on p.36. Mr. Cypen said this referred to an income tax requirement that survivor benefits not exceed a certain percentage. It was noted that the new pension software would make this calculation in the future.

Chair Dew asked for an update on the $300 charge for the IRS compliance review, as noted on p.35. Mr. Cypen said he could not estimate a completion date for this report, although he noted that the review has completed the corrections phase and is now awaiting qualification.

In a voice vote, the motion passed unanimously.

Mr. Cypen pointed out that the second item billed by Eagle Asset Management (p.25) should be removed from the documentation of bills.

Motion made by Mr. Hole, seconded by Vice Chair Rudominer, to reconsider the vote [regarding payment of bills]. In a voice vote, the motion passed unanimously.

Mr. Cypen explained that when Eagle Asset Management had received funds from the Plan on December 5, 2012, they had not invested these funds, which resulted in a significant loss to the Plan.

Mr. Schott stated that CapTrust received a call from Eagle on Friday, February 8, to report a trading error: Eagle had received the third installment from the pension obligation bond funds, but did not invest this money. He had then informed Mr. Cypen and Chair Dew of the issue. Mr. Schott asserted that CapTrust's position is that the Board must be made whole with regard to this error. Eagle's annual fee is $227,600, based upon current assets.

He continued that Eagle's proposal to CapTrust was to waive two to three quarterly fees; however, this would not equal the amount lost due to the trading error. CapTrust made it clear they were not negotiating on behalf of the Plan. Mr. Schott stated that Eagle's approximately of the estimated loss to the Plan was $182,914.

In a voice vote, the motion to reconsider passed unanimously.

Motion made by Mr. Hole, seconded by Mr. Bayne, to approve all the bills except for Eagle. In a voice vote, the motion passed unanimously.

Mr. Bayne asked if the discussion of Eagle's error should continue in a shade meeting. Mr. Cypen advised that a shade meeting cannot be convened unless litigation has been filed.

Mr. Cypen continued that Eagle's offer of two quarters' fees was not negotiable, and the Plan should be reimbursed at 100%. Reimbursement may be made either through credit or an up-front payment, although he counseled that he was not in favor of the credit method, as no investments could be made with these funds if they were not reimbursed up front.

Mr. Schott added that he had received a response from RFI with respect to the trading error. The response stated that losses due to Eagle's error must be covered by Eagle. He had not yet spoken to the Plan's custodian, Northern Trust, with regard to the issue. He concluded that the Plan is due reparation for the mistake.

Mr. Hole requested clarification of the industry norm with regard to an investment timeline. Mr. Schott replied that this would be based upon the asset class: for Eagle's asset class, he estimated that five days would be a reasonable time frame in which funds should be invested following receipt. Mr. Cypen added that had the market declined sufficiently to mean there would have been no loss to the Plan, Eagle could have argued that there would be no damages; however, there have been measurable damages that must be repaid.

Chair Dew requested Mr. Cypen's legal opinion and recommendation. Mr. Cypen stated that the Board must decide whether or not they wish to continue the relationship with Eagle Asset Management, as this will be a key factor in determining if the Board will accept a credit on the fees. If they retain Eagle, he estimated that it would take approximately five months to receive full credit for the error.

Chair Dew asked if it would be possible to engage in a conference call with Eagle representatives and settle the issue at today's meeting. Mr. Cypen confirmed this. He reiterated that Eagle's offer had not been for repayment of the full amount owed, but had comprised roughly two-thirds of the full amount; he had advised the firm that this offer was unacceptable.

The Board discussed the time frame in which Eagle could have been expected to invest the pension obligation funds once they had received them. Mr. Cypen said it would not be inappropriate to state that Eagle should have invested the funds immediately upon receipt.

Mr. Schott advised that he would not recommend firing Eagle based upon this mistake alone. He pointed out that they are a relatively new manager that had experienced an excellent quarter, and he did not feel the error was indicative of a systemic problem.

Mr. Bayne stated that he was not comfortable informing Eagle that they would maintain the firm as a manager unless they reimbursed the Plan up front. Mr. Cypen said if the Board elected to terminate the relationship at a later date, they would retain the right to collect the money they are owed.

After further discussion of what the Plan would be owed, based upon zero to five days in which Eagle could have invested the funds, it was determined that the total owed to the Plan would be between $215,000 and $182,000. Mr. Cypen advised that it would be a fair calculation to assume the mistake did not involve a grace period, and the Board could reasonably ask for $215,000. If the total fees incurred by today's date were removed from the calculation, the amount for which the Board would ask would be $162,000.

Mr. Schott informed the Board that he had received an email from Eagle that could be perceived as "trying to muddy the waters" by stating there was an issue with the notification process. Mr. Cypen replied that Eagle could argue notification of investing was not properly given, as their contract states this notice will be provided by the Board through the Chair or Vice Chair; he observed that notice was not given in this manner. He pointed out, however, that the Board has never given notice in this manner.

At this time the Board engaged in a conference call with Clay Lindsey and Chih-Pin Lu of Eagle Asset Management.

Mr. Lindsey explained that Eagle had discovered the issue the previous week when reconciling the account to the December 31, 2012 date. The funds received on December 5, 2012 had not been invested, which Mr. Lindsey stated was due to an ongoing upgrade in the firm's operations; this was a one-time issue and was not expected to recur. The funds were invested immediately upon discovery of the error, and he had reached out to CapTrust to inform them of the error and discuss potential next steps.

Mr. Lindsey continued that Eagle had showed no funds were received from the Plan as of December 5, with the last previous allocation of funds arriving on October 3; at this time, an email had accompanied the funds, stating that the Plan would add $6 million to Eagle's allocation over the course of the next three months. Contributions were expected on October 4, November 5, and December 5, 2012. Mr. Lindsey said he had notified Eagle's operations department to expect these incoming funds, with a letter of authorization. He advised that no fax was received with the contribution that arrived on December 5.

He concluded that Eagle hoped to arrive at a middle ground with the Board and make up for the funds lost due to their error, which he said would have totaled roughly $189,000 for the period between December 5, 2012 and February 5, 2013. Eagle proposed to waive its management fees for the next two quarters, which would equal approximately $56,000.

Mr. Cypen asserted that after CapTrust had reviewed the appropriate figures, the Board's position was that the loss equaled $215,000. He explained that the Board is concerned with its fiduciary responsibility in the current economic climate, and did not wish to engage in any compromise that did not recoup its loss very quickly. He added that in the event the Board's relationship with Eagle continued, future fees would be paid.

Mr. Lindsey stated that Eagle had reviewed prices from December 5, 2012 and compared them with what was paid on investments as of February 5, 2013. Eagle had determined that this amount was $189,000. Mr. Schott explained that CapTrust's figures were based upon the index and were gross of fees. Mr. Lindsey said Eagle's calculation was based upon investments already made in the Plan's portfolio, and what these investments would have earned if the additional funds had been invested on December 5, 2012.

Mr. Cypen advised that the index should be used to determine what the payment would have been, and reiterated that $215,000 was the appropriate figure for a starting point. He stated that the fee covering the time period from January 1, 2013 to February 14, 2013 could be credited; the balance should then be paid by Eagle.

Mr. Lindsey asked if the Board would be willing to accept a waiver of fees for a longer time period in order to receive full credit for the mistake. Mr. Cypen replied that one option the Board could consider was forgoing the fee for the month of February as part of the credit. This would mean cash would only be charged for the period beyond March 1, 2013.

Mr. Lu, attorney representing Eagle Asset Management, stated that the Board should be aware that Eagle did not take the position that the transaction was handled properly: although they had received an email from CapTrust with regard to the funds, they had not received notice from the Plan itself on the Administrator's letterhead. He stated that this could constitute a risk for the Plan. In addition, Mr. Lu said he and Mr. Lindsey were not presently authorized by Eagle to discuss any type of cash payment, but are only authorized to discuss a waiver of management fees for a given period of time.

Mr. Cypen asked if the waiver to which Mr. Lindsey referred would be for $215,000. Mr. Lindsey replied that their authorization to discuss a waiver only went up to $189,000, which would constitute approximately 3.5 quarters' worth of management fees. The accrued quarter, which is already in play, would be included in this offer of a waiver: no bill would be due to Eagle until the end of 2013.

Mr. Cypen asked if the Eagle representatives could consider a waiver of $215,000. Mr. Lindsey reiterated that this amount was outside the range of what he was authorized to discuss at this time. He said Eagle's documentation showed that from the period of December 5, 2012 through February 5, 2013, the investment in the Plan's portfolio, at existing ratios, would have totaled $189,000. Mr. Cypen pointed out that Mr. Schott's figures for the same time frame, which were calculated using the index, totaled $215,000.

Mr. Cypen asked if Eagle's portfolio for the Plan had performed significantly poorly against the index used in Mr. Schott's calculation during the two-month period. Mr. Lindsey said there was some underperformance during this time period. Mr. Cypen pointed out that the discrepancy would suggest an underperformance of $26,000 against the index, and asked if Eagle could ascertain whether or not they could get authority to discuss more than what they had offered today.

Mr. Lu said Eagle would do their best to reply as promptly as possible; he advised, however, that the index does not allow for consideration of variables, which would need to be properly assessed against the value and did not account for the cost of trading or the actual timing of the investment by the portfolio manager. For this reason, he did not believe $215,000 was a realistic figure, as it was based upon "what could have been done." Mr. Cypen responded that when a mistake was made, the entity responsible for the error did not receive the benefit of taking these considerations into account.

Mr. Lu advised that Eagle's position did not include the admission of a mistake, and reiterated that the normal Plan authorization for investment was not sent. He concluded that Eagle valued its relationship with the Board, and hoped to resolve the issue amicably. Mr. Cypen stated that the Board would wait to hear further from Eagle, and the issue would appear on next month's meeting agenda.

The conference call with Mr. Lindsey and Mr. Lu was concluded at this time.

Chair Dew asked what the Board's next steps should be. Mr. Cypen recommended that the Board consider the consequences of any actions they might elect to take, as well as what they were attempting to accomplish: if they wanted to continue the relationship with Eagle, he suggested that they arrive at either the full number or a compromise number and decide upon an offsetting conclusion.

Mr. Bayne commented that while the index had been used to arrive at the $215,000, he also understood how Eagle could arrive at $189,000, based upon what the investment would have earned. Mr. Fortunato recalled that three separate transfers of funds from the pension obligation bond had been made to Eagle, and asked if a fax was used for the two previous transfers. Mr. Cypen and Mr. Schott confirmed this.

Mr. Cypen continued that publicity of the issue would be in the Board's favor, particularly if it proceeded to the level of litigation, as the result could be loss of business for Eagle.

Mr. Schott commented that if the 70 basis point fee was adjusted for two months, which would total $36,000, this could account for the $189,000 figure proposed by Eagle. He reiterated, however, that the discrepancy between the two figures was the result of a different way of looking at the issue, and stated that CapTrust did not make any recommendation that would not result in the Plan being made whole. Mr. Bayne noted that because Mr. Schott's figure was a gross number and Eagle used a net number, the amount proposed by Eagle did not seem unreasonable.

Mr. Schott estimated that the total proposed by Eagle would take two additional quarters to achieve if the Board opted for a waiver of fees. Mr. Cypen asserted that the total would equal "almost four quarters" of waived fees.

Mr. Bayne said he was not comfortable with opting for a waiver of fees alone, as the money would have come into the Plan and been reinvested; accepting a waiver would be the same as accepting 0% interest on any gains this reinvestment might have earned. Mr. Schott advised that he would not recommend taking no interest. Mr. Cypen suggested that the Board might agree to $189,000, but with the loss of use of funds and interest, the total might be closer to $215,000. He noted that it was possible Eagle's insurance would cover the amount owed to the Plan, although it was not likely they would make a claim for it.

Vice Chair Rudominer asked if a request for cash would mean cash up front or into the Plan's account. Mr. Cypen said the Board would be able to decide how any cash payment would be used. Chair Dew said the funds would belong in the Plan's account with Eagle, as this was where the Board had opted to invest it, unless they chose to terminate the relationship. Mr. Cypen advised that in his experience, clients have "never gotten cash" as a result of errors such as the one under discussion.

Chair Dew recommended that the Board accept the $189,000 figure and allow Mr. Cypen to continue to negotiate how it would be accepted. This would make the Plan whole against their actual losses. Mr. Schott said while he had arrived at a different figure, he did not believe $189,000 was inaccurate.

Mr. Bayne said if a waiver of future fees was accepted, he would also like to see returns collected on the money accrued by the Plan. This would mean calculating the returns as if the $189,000 was currently in the Plan, and Eagle would pay this interest in the future until the Plan is made whole with regard to this interest. This would be the same as assuming the money would have been invested if it had been received as cash. Chair Dew pointed out that it was not possible to predict what might lie ahead in the market, and what the results of reinvestment might have been.

Motion made by Mr. Fortunato, seconded by Vice Chair Rudominer, to get back the $189,000 figure through credits and fees.

Mr. Bayne stated that he would feel the Plan would be made whole if consideration was given to what the result of investing the money would have been, based on losses or gains.

Mr. Wood observed that if the City owes money to the Plan but has not yet paid it, they are charged 7.50%. He suggested that this rate of return might be applied to the proposal, which would result in an additional $13,000-$14,000. Mr. Cypen said if the motion passed, he would attempt to collect interest on the $189,000, including the assumption rate.

In a voice vote, the motion passed 6-1 (Mr. Bayne dissenting).

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS:

Walt Courtney, President of the Retirees' Association, thanked the Board for its assistance in getting the remarriage clause passed. He also thanked Mr. Wood for his work with the Association's dues.

Mr. Wood called the Board's attention to a memo from his accountant, which lists errors in timeliness and accuracy made by Northern Trust dating back to September 2012. He explained that at present, the firm's statements to the City are neither timely nor accurate, which means the statements provided to the Board's auditors will also be flawed.

Mr. Naugle asked if an RFP for a new custodian would be appropriate. Mr. Wood replied that this may be an alternative the Board might wish to consider.

Mr. Schott commented that whether the Board elected to remain with Northern Trust or seek another custodian, he could provide recommendations with regard to more timely performance, as well as additional enhancements. He concluded that CapTrust has seen more robust performances from other custodians.

Vice Chair Rudominer asked if the Board should have its City audit updated based upon the information provided by Mr. Wood. Mr. Wood said now that the pension obligation bond has been issued, it may be necessary to revisit this audit. He clarified that the $6 million discussed in the memo has been located; the difficulty seems to lie with Northern Trust's statements.

Mr. Cypen suggested that the Board could ask Mr. Schott to perform due diligence on Northern Trust, including a visit to the custodian. Chair Dew agreed, stating that if the errors from September have not yet been resolved, the result could cost the Plan money. Mr. Cypen offered to contact Northern Trust as well. Mr. Schott said while reaching out to the custodian is not included in CapTrust's job description as consultant, he would be willing to contact Northern Trust in order to assist the Board with this issue.

Vice Chair Rudominer asked what the process of changing custodians would involve. Mr. Schott replied that this would be a major change. Mr. Wood said he is awaiting a final response and finding from Northern Trust, after which time the City may proceed with corrective action if it is necessary. He advised that the issue may be with alternative investments, which are not traded on the stock market. Mr. Cypen said he did not feel it would be possible for the Board's auditors to confirm the value of assets in the Plan without confirmation by Northern Trust.

Mr. Naugle proposed inviting a representative of Northern Trust to the next Board meeting in order to provide an update and explain the discrepancies. The Board members agreed that this would be a good idea in addition to Mr. Schott's due diligence.

CAPTRUST: Monthly Investment Review Steve Schott

Mr. Schott said the fourth quarter performance had been positive, as well as the year-end performance. He explained that the return on Treasury bills during the last quarter had been extremely low, with an annual figure of nine basis points for the year. This suggests that Treasuries were approaching an all-time low as of December 31, 2012. He advised that this means fixed income assets are experiencing a tailwind: if rates increase, there is likely to be a loss in the bond portfolio. He cautioned the Board to expect this in the short term, but added that fixed income would act as a stabilizer if the markets retract. He concluded that the current level of fixed income in the Plan continues to be appropriate.

Mr. Bayne left the meeting at 2:00 p.m.

Mr. Schott pointed out that the stocks that were up in the most recent quarter are traditionally considered to be lower-quality stocks. Discrepancies between growth and value are slightly lower during the current quarter. He advised that this is representative of the cyclical nature of the market, and emphasized that the Plan will be able to ride through these cycles.

He continued that large cap was up 16% for the year, although it was flat during the last quarter. International made 6.6% for the quarter and was up 17% for the year, although it is atypical for international to outperform domestic. Mr. Schott noted that indexing does well in strong upward markets, particularly when large cap outperforms active managers. He recalled that a higher proportion of assets were indexed when the pension obligation bond funds were added to the Plan, but active managers remain in the Plan as well to preserve gains during upward markets.

He pointed out that the 10-year figure does not show any combination that has earned more than 6.52%: most pension plans in the U.S. have fallen short during recent difficult market cycles. The return for the quarter was 12%.

Mr. Schott noted that the Plan has a good mix of risk and non-risk assets. While InTech has been a good long-term manager, they have recently lost their CEO and remain on a watch list. Rhumbline's large cap fund is in line with the S&P. He pointed out that the current market is not good for Sawgrass, and CapTrust recommends giving them the full market cycle to recover. Systematic has had a good year but is down for the quarter, although they have added value since inception.

Chair Dew requested more information on CapTrust's recommendation regarding Sawgrass. Mr. Schott explained that studies show active managers in the top quartile will spend one-third of their time underperforming. It is also important to recognize that Sawgrass is performing as expected during the current upward market conditions. He concluded that they are comfortable giving Sawgrass more time to improve.

He continued that Systematic appears to be the best active manager at present. Eagle Asset Management is up 2% for the current quarter; they tend to outperform in downward and sideways markets. Lee Munder is a good long-term performer and a higher quality manager that is expected to preserve capital during difficult market conditions. Lazard has been an excellent manager, providing good added value since inception. Thornburg has underperformed for the quarter, as it is also a higher quality manager. Agincourt has had a good quarter, although Mr. Schott recommended revisiting this manager to make sure no additional risk is being taken. He concluded that all returns are net of fees.

Real estate has added a great deal of value for the year, with Prudential up 14% for the year. Entrust, which was added in October, is also performing well, and the Pimco All Asset Fund has also been a good addition, outperforming during the past quarter.

Mr. Hole asked if Pimco's size could make it unmanageable. Mr. Schott noted that the All Asset Fund is where money is taken from as the Plan funds other alternative investments. He added that investing the pension obligation bond funds over a period of three months resulted in adding value to the portfolio, as the markets improved over the three-month period.

Mr. Cypen asked how inception dates are determined for composite funds. Mr. Schott said these dates reflect decisions made by previous consultants rather than information added by CapTrust. He offered to look into this further for clarification.

Chair Dew noted that the Plan's revised investment policy does not mention the index fund. Mr. Schott said active managers and indexed managers were not separated within the policy. Chair Dew advised that it would be helpful for this information to be included as well as large cap, core, value, and growth managers, particularly if rebalancing is required in the future to remain within policy. Mr. Schott said this information is not typically broken out, as it does not reflect a type of management.

COMMUNICATION DIRECTOR'S REPORT:

Mr. Nesbitt stated he had nothing to report.

ADMINISTRATOR'S REPORT:

Final Order of Dismissal – Cypen & Cypen

Mr. Cypen explained that this was the amount of the settlement to be paid to retiree Frank Colleran's attorney. It includes the cost of litigation, as well as all fees and expenses incurred, by order. The cost of the settlement is $4000.

Chair Dew asked if the Board had previously agreed to pay this amount. Mr. Cypen confirmed this, stating that the amount could be added to the Agenda under Bills.

Motion made by Vice Chair Rudominer, seconded by Mr. Hole, for the Final Order of Dismissal to be added to the bills. In a voice vote, the motion passed unanimously.

Motion made by Vice Chair Rudominer, seconded by Mr. Hole, for the payment of the bill.

Chair Dew asked if the case is now concluded. Mr. Cypen confirmed this as well.

Vice Chair Rudominer requested an explanation of the Order. Mr. Cypen advised that Mr. Colleran had filed suit against the Board, incurring a certain amount of fees. Mr. Cypen had ultimately determined that Mr. Colleran was correct. A shade meeting was held, in which a claim was made for $7000 in fees. The amount of fees was settled at $4000. He concluded that the way to end the case was to dismiss the case and pay the fee. The end result of the case will be a quasi-judicial hearing on the merits of the case before the Board.

Frank Colleran, retiree, asked if his case would appear on the following month's Agenda. Mr. Cypen replied that the case is pending a determination of Mr. Colleran's position by special counsel. Special counsel had provided an opinion when the Florida Supreme Court case intervened, and the case was held in the bosom of the court until a ruling was made in January. When the ruling is final, a final opinion will be delivered.

Chair Dew advised that the Board would also like to resolve the issue as soon as possible.

In a voice vote, the motion passed unanimously.

Service Provider Evaluation Cypen & Cypen

Chair Dew recommended that the members complete their evaluations and forward them to the Chair, who would then discuss the results with the provider and with the Board.

Employee Handbook

Ms. Cintron reported that this is in process.

Investment Workshop

Ms. Cintron stated that invitations to this Workshop have been sent to City officials, and an Agenda was provided to the Board. She recommended that any members with specific questions who wished to see a response in writing send their questions to Kevin Schmid of CapTrust in advance.

NEW BUSINESS:

None.

OLD BUSINESS:

Chair Dew stated that a comment had been made at a previous meeting regarding the payment of bills by the City's Finance Department. He advised that Mr. Wood had addressed this issue and an audit was performed; the result showed that there was no delay, as the average time frame for bill payment was two to three weeks.

Mr. Hole said there had been discussion at a recent FPPTA meeting regarding commission recapture, and asked if Mr. Schott felt the Board should consider this. Chair Dew asked if this would involve CapTrust only, or if each manager would be involved. Mr. Schott replied that from an investment point of view, he had concluded that there was no real benefit. He did not feel the process would add the value suggested by proponents of this practice, as it is already in the managers' interest to seek the best execution.

Mr. Cypen commented that he felt this practice would be done away with or substantially amended in the near future. Mr. Schott reiterated that he would not recommend recapture, as CapTrust has not seen it add significant value. Chair Dew asked if it would be appropriate to ask each manager about recapture. Mr. Schott said CapTrust would ask this.

It was determined that the communication to the City Commission would include the 12.1% return on investments, net of fees.

Chair Dew asked if it would be possible to determine what has been earned with the monies from the pension obligation bond. Mr. Schott said he would calculate these figures and communicate them to Mr. Nesbitt so they can be included in a future press release.

Mr. Nesbitt thanked the Board members for attending the recent Budget Advisory Board meeting.

There being no further business to come before the Board at this time, the meeting was adjourned at 2:45 p.m.

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