

March, 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 12:30 P.M., Wednesday, March 14, 2007 in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

PRESENT:

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

ABSENT: Betty Burrell, Ex-officio

ALSO PRESENT:

- Fuzzy Larkin, President, Retirees' Assoc.
- Bill Paton, Vice President, Retirees' Assoc.
- Jack Chew, Director, Retirees' Assoc.
- Rick Schulze, Director, Retirees' Assoc.
- Mike Grady, Fire Dept.
- George Amberge, Fire Dept.
- David Carter, Local 765, Vice President
- Jason Pulos, Asset Consulting
- Mark W. Floyd, Attorney

ASSET VALUE as of March 12: \$479,182,030.

Chairman Curry called the meeting to order at 12:30 P.M.

MINUTES: Regular Meeting, February 14, 2007. Mr. Hole made a motion to approve the minutes as submitted with Mr. Fortunato seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

BENEFIT REVIEW: POLICE DEPARTMENT – New Retirees – Termination of DROP Retirements: Timothy D. Bronson, Sergeant. Date of DROP retirement March 5, 2002 with 20.68 credited years of service and 25.68 total years of service. Termination date March 4, 2007. Monthly pension benefit \$4,165.81. DROP account total \$300,069.90.

Gary G. Daughenbaugh, Sergeant. Date of DROP retirement April 21, 2002 with 22.21 credited years of service and 27.18 total years of service. Termination date April 9, 2007. Monthly pension benefit \$4,430.95 (100% Joint & Survivor). DROP account total \$317,622.90.

Vested Retirement: Frederick C. Bamonte. Date of termination February 11, 2006 with 14.22 years of creditable service. Monthly pension benefit \$1,556.18.

Vesting: Ian D. Sklar, Police Officer. Last day worked February 6, 2007 with 13.92 years of service. Pension benefit \$2,749.77.

Request for Lump Sum Refund: Jonathan M. Graham, Police Officer. Date of separation December 17, 2006 with .90 years of creditable service. Lump sum payment due \$2,600.83.

FIRE DEPARTMENT - New Retirees – Termination of DROP Retirement: Arthur J Frittelli, Driver/Engineer. Date of DROP retirement October 1, 2002 with 20.88 years of credited service and 25.29 total years of service. Termination date March 2, 2007. Monthly pension benefit \$3,987.99. DROP account total \$249,758.95.

Shane E. Morgan, Firefighter. Date of DROP retirement March 13, 2002 with 23.80 years of credited service and 27.80 total years of service. Termination date March 2, 2007. Monthly pension benefit \$4,089.03. DROP account total \$290,417.45.

William T. Nelson, Lieutenant. Date of DROP retirement April 1, 2004 with 22.64 years of credited service and 25.63 total years of service. Termination date March 17, 2007. Monthly pension benefit \$4,352.36 (100% Joint & Survivor). DROP account total \$212,731.97.

Juan M. Real, Driver. Date of DROP retirement May 9, 2004 with 24.14 years of credited service and 26.73 total years of service. Termination date March 16, 2007. Monthly pension benefit \$4,575.53 (100% Joint & Survivor). DROP account total \$174,599.12.

DROP Retiree: Alfred W. Dow, Driver/Engineer. Date of DROP retirement March 11, 2007 with 20.90 years of service. Monthly pension benefit. \$4,221.17.

Request for Lump Sum Refund: Juan Sanchez. Date of separation March 5, 2007 with 8.97 years of creditable service. Lump sum payment due \$36,977.29.

Motion was made by Mr. Dew to approve the Benefit Review with Mr. Kemp seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

BILLS: Northpointe Capital submitted a bill for investment management services rendered from 10/01/06 through 12/31/06 in the amount of \$29,649.05.

Lee Munder Capital Group submitted a bill for investment management services rendered from 11/13/06 through 12/31/06 in the amount of \$28,193.20.

Atkinson Diner Stone submitted a bill for legal services rendered from 11/29/06 through 1/25/07 in the amount of \$15,165.64.

Stanley, Holcombe & Assoc. submitted a bill for actuarial consulting services rendered through 2/21/07 in the amount of \$7,051.

Koch Reiss submitted a bill for professional services for the period ended 12/31/06 in the amount of \$650.

Cypen & Cypen submitted a bill for professional services rendered from 01/01/07 through 01/31/07 in the amount of \$314.78.

Mr. Hole made a motion to approve payment of these bills with Mr. Dew seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

ASSET CONSULTING GROUP – Jason Pulos reviewed six Open-End Real Estate Managers to enable the trustees to choose 3 – 4 firms for further interviews as follows:

American Realty Advisors

INVESCO Real Estate

JP Morgan Fleming

Morgan Stanley Real Estate Advisors

Prudential Real Estate Investors

RREEF America LLC

After a review of each fund's assets under management, number of underlying properties, liquidity and fee structure, Mr. Kemp asked Mr. Pulos to recommend three managers for interviews. Mr. Pulos recommended JP Morgan Fleming, Prudential Real Estate Advisors and RREEF America.

After discussion, Mr. Burnam made a motion to interview JP Morgan Fleming, Prudential Real Estate Advisors and RREEF America. Mr. Rogers seconded the motion. The motion was approved **UNANIMOUSLY** by the Board.

The trustees discussed the allocation of 5 – 10% of the portfolio and the changes that will need to be made to the Investment Guidelines. The presentations will be made at the May meeting and each presenter will be given a specific time allocation. Any policy changes will be discussed at the April meeting.

Chairman Curry thanked Mr. Pulos for this presentation.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS – Mr. Larkin thanked Ms. Wenguer, Mr. Hole and Chairman Curry for attending the retirees' meeting.

George Amberge: Average Monthly Earnings – Mark W. Floyd, Attorney at Law, on behalf of George Amberge questioned the methodology used in calculating average monthly earnings for retirement purposes. This issue had been brought before the Board on August 11, 2004. At that time, a letter from the actuary was reviewed and the Board agreed that the calculations were consistent and no further action would be taken.

Mr. Floyd reviewed a letter dated March 14, 2007 from his firm Mierzwa & Associates, P.A. in which he stated that their firm represents the Fort Lauderdale Professional Fire Fighters and they have been retained to represent George Amberge in connection with his contention that his calculation is incorrect. It is their belief that Mr. Amberge is being denied three days of earnings due to the method of calculation.

Mr. Floyd requested a formal hearing by the Board. Mr. Cypen noted that Mr. Amberge did not request a formal hearing within 30 days of the August 11, 2004 meeting. Mr. Floyd then requested that:

- 1) the Board take action to correct this problem or
- 2) grant Mr. Amberge a formal hearing or
- 3) the Board take action to deny to enable access to court action

After a lengthy discussion of this issue and review of the original ordinance for any language changes, a motion was made by Mr. Rogers to defer until such time as Mr. Cypen can produce a brief of facts and applicable law. Mr. Dew seconded this motion. After additional discussion, this motion and second were withdrawn.

George Amberge: Average Monthly Earnings (continuation): Mr. Cypen then requested that Mr. Floyd prepare a brief stating facts, legal citations of authority and legal documents. Mr. Floyd agreed to do this and after receiving this brief, Mr. Cypen will then prepare his brief. A time frame was discussed and agreement was that this be prepared in a timely fashion.

ADMINISTRATOR'S REPORT – Sawgrass Asset Mgmt. Contract: Ms. Wenguer advised that there was a problem in their Errors & Omission Insurance Coverage because they carried only \$5,000,000. and we required \$10,000,000 of coverage. Mr. Cypen stated that this contract had been prepared with the provision that they phase in the higher coverage as we have done in the past with other managers. Sawgrass is required to have \$7,500,000 coverage within one year and \$10,000,000 coverage within two years.

After discussion, Mr. Rogers made a motion to approve this contract with Mr. Dew seconding the motion. The motion was approved UNANIMOUSLY by the Board.

Fiduciary Liability Insurance: Mr. Cypen reviewed the Fiduciary Liability Insurance that the City of Fort Lauderdale has advised that the Board is covered by. Mr. Cypen's opinion is that this insurance does not cover the trustees. He then discussed

the companies that could provide this type of insurance and the approximate cost. He noted that an independent agent could aid the board in getting this coverage. Mr. Behrendt was asked if he could look into whether the city would give the Board a letter recognizing that the Board does not have this coverage and the city would be willing to take this risk. Mr. Behrendt will discuss this issue with Ms. Burrell and get a definitive answer whether it is economically feasible for the Board to not carry this insurance.

Office Lease: The lease has been completed with an increase of 3% per year for the next two years.

Academic Incentive Pay: The checks have been mailed. There were some problems that have been resolved. Calculations will now be prepared for the survivors.

Webmaster Designs: The trustees reviewed the proposals from Quinncom Web Design, IntuiCode, and 633ALLC.

After a discussion of these proposals, Mr. Hole made a motion to hire 633ALLC with the following conditions:

1. not to exceed \$4,000.
2. capability of inputting minutes on a timely basis
3. source code
4. final payment when up and running with the final acceptance

Mr. Rogers seconded the motion. The motion was approved UNANIMOUSLY by the Board.

Mrs. Wenguer was asked to get information on hosting and who will be the administrator.

Recording of Minutes: Discussion ensued as to the pros and cons of recording the minutes.

After discussion, Mr. Dew made a motion not to record the minutes starting as of the June meeting. Mr. Fortunato seconded the motion. Vice Chairman Dew and Mr. Fortunato voted for the motion with Chairman Curry, Secretary Rogers, Trustees Kemp, Burnam and Hole voting against the motion. Motion failed for lack of a majority.

Administrator Review of Office Staff: Ms. Wenguer discussed the need for additional office staff. She requested an Administrative Assistant position be created. She further stated that she was working on a job description for this position.

After discussion and review of staffing requirements by other boards of this size, Mr. Dew made a motion that an Administrative Assistant compensation package as well as a Job Description be prepared for Board review and approval to enable the administrator to start a search for a full-time Administrative Aide. Mr. Rogers seconded the motion. The motion was approved UNANIMOUSLY by the Board.

Me Too II Lawsuit: No news yet on the judge's decision.

Share Plan Erroneous Payment: Mr. Cypen stated that the law firm of Adorno & Yoss has been hired as per the motion at the February meeting.

Administrator's Annual Review: The Administrator's request for Health Insurance Benefits was discussed. It was noted that she would have to wait for open enrollment.

After discussion of her present benefits, Mr. Rogers made a motion to give the administrator a \$3,500. annual increase effective February 1, 2007. Mr. Hole seconded the motion. The motion was approved UNANIMOUSLY by the Board.

New Business:

The trustees requested the following:

Job Descriptions be prepared

Administrator's Annual Performance Review

Goals and Objectives

Survey to active employees and retirees (How are we doing?)

Mr. Dew made a motion to have the Administrator look for an evaluation system form to be used by the Board. Mr. Rogers seconded the motion. The motion was approved UNANIMOUSLY by the Board.

Mr. Hole made a motion that a survey be prepared for active and retired employees to find out their opinion of "How Are We Doing?". Mr. Fortunato seconded the motion. The motion was approved UNANIMOUSLY by the Board.

Mr. Hole requested the status of the non-active members share money. The administrator advised that all the money had been distributed except for one member whose money would be sent next week.

Prior Service Ordinance Change: The administrator to check on the status of this change.

Audit Report: The information has been sent to the auditors. They will be in the office in two weeks.

Summary Plan Description: The draft was given to the trustees. The administrator requested that comments be made within seven days.

Pre-retirement Seminar: The administrator will put in a request to reinstate this seminar.

FOR YOUR INFORMATION: No action.

There being no further business to be brought before the Board, Mr. Fortunato made a motion to adjourn at 4:30 P.M. with Mr. Dew seconding the motion. The motion was UNANIMOUSLY approved.

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