

March, 2008 Meeting



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 **12:40 p.m., Wednesday, March 12, 2008** 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
- Mark Burnam, Trustee
 - John San Angelo, Trustee
 - Richard Fortunato, Trustee
 - Dennis Hole, Trustee
 - Steve Cypen, Board Attorney
 - Lynn Wenguer, Administrator
- Laurie DeZayas, Recording Secretary

ALSO PRESENT:

- Gregg Gurdak, President, Retirees' Assoc.
- Fuzzy Larkin, Retirees' Assoc.
- Bill Paton, Vice President, Retirees' Assoc.
- Jack Chew, Director, Retirees' Assoc.
- Rick Schulze, Director, Retirees' Assoc.
- Frank W. Schueler, Retirees' Assoc.
- Carl Borino, Retirees' Assoc.
- Linda Soloman-Duffey, Retirees' Assoc.
- Al Scotti, Retirees' Assoc.
- Jim McDonald, Retirees' Assoc.

ASSET VALUE as of March 12, 2008: **\$453,491.031.**

Chairman Curry called the meeting to order at 12:40 p.m.

Chairman Curry tendered his resignation in open session from the City of Fort Lauderdale Police & Firefighters' Pension Board due to personal reasons.

Vice-Chairman Michael Dew expressed his remorse concerning Mr. Curry's resignation. Mr. Dew then proceeded with the meeting.

MINUTES: Regular Meeting, February 13, 2008. Mr. Hole made a motion to approve the minutes with Mr. Rogers seconding the motion. The motion to approve the minutes was approved **UNANIMOUSLY** by the Board.

BENEFIT REVIEW: POLICE DEPARTMENT - New Retirees: Doniel A. Acosta, Officer. Date of retirement January 8, 2007 with 16.69 years of credited pension service and 16.69 total years of service. Monthly pension benefit \$3,141.29 (Standard).

New Retiree (Termination of DROP Retirement): James J. Medley, Police Officer. Date of DROP retirement August 1, 2004, with 22.00 years of credited pension service and 25.60 total years of service. Termination date March 7, 2008. Monthly pension benefit \$4,352.65 (Life Annuity). DROP account total \$215,026.99.

Vesting: Derrick D. Bartlett, Police Officer. Last day worked February 16, 2008 with 18.05 years of service. Monthly pension benefit \$3,630.23 to commence December 26, 2008.

Beneficiaries (Retiree Death): Kathleen Farmer dependent upon Arthur Farmer. Date of retirement December 29, 1992. Monthly pension benefit \$4,159.29 for one year; reduced to (60%)

\$2,495.57 thereafter

June Grounds dependent upon Charles Grounds. Date of retirement February 1, 1983. Monthly pension benefit \$2,623.47 for one year; reduced to (60%) \$1,574.08 thereafter.

Retiree Death: Boris H. Sellers-Sampson. Date of retirement January 10, 1998. Retiree date of death March 3, 2008. No further benefits payable.

Request for Lump Sum Refund: Justin Martella, Police Officer. Date of separation January 25, 2008 with 1.844 years of creditable service. Lump sum payment due \$5,818.67.

FIRE DEPARTMENT - Request for Lump Sum Refund: Kevyn W. Marshall, Firefighter. Date of separation February 21, 2008 with 2.06 years of creditable service. Lump sum payment due \$7,191.42.

Mr. San Angelo made a motion to approve the Benefit Review with Mr. Hole seconding the motion. The motion was approved **UNANIMOUSLY** by the Board.

BILLS:

Systematic Financial Management submitted a bill for investment management fees for the period ending 12/31/07 in the amount of \$57,287.14.

Julius Baer Investment Management submitted a bill for investment management fees for the period ending 12/31/07 in the amount of \$15,554.63.

Atkinson, Diner, Stone, Mankuta & Ploucha, P.A. submitted a bill for professional services through 1/25/08 in the amount of \$2,586.50.

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

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS: Mr. Gregg Gurdak introduced himself to the Board. He is the new President of the Retirees Association. Vice-Chairman Dew congratulated Mr. Gurdak, and thanked past president Fuzzy Larkin for his years of service.

Mr. Gurdak asked if the Board had addressed the issue of social security numbers for Chapter 119. Mr. Cypen advised Mr. Gurdak that the necessary paperwork showing our compliance with the law has been sent to Tallahassee.

ADMINISTRATOR'S REPORT:

Northern Trust: Ms. Wenguer advised the Board of her negotiations with Northern Trust concerning our request for them to lower their fees. They provided a revised Custody Fee Schedule, which reduces custody fees by approximately 15%, as well as providing a tiered fee to account for future growth. Mr. Burnam reminded the Board that when Northern Trust first bid for this account, their fees were quoted at \$110,000. At this point they are actually coming in at \$180,000, so a 15% savings is still above what we were quoted initially.

It was decided that the Administrator will let Northern Trust know that the Board was not happy with the revised Custody Fee Schedule and ask them to lower their fee to 2.5 basis points flat. She also will ask them if they will offer Securities Lending with a guarantee of no loss.

Mr. Rogers made a motion to have Ms. Wenguer ask Northern Trust if they will do Securities Lending. Mr. Burnam seconded the motion. The motion was approved UNANIMOUSLY by the Board. If Northern Trust does agree to the 2.5 basis points we will go ahead and execute a contract for that amount retroactive to January 1, 2008.

Equity Long/Short Managers: Mr. Cypen advised that he has approved the contracts with K2 and that they are ready to be signed as of April 1, 2008.

Proxy Voting: Revised Proxy Voting Guidelines were presented after being updated by Jason Pulos. Mr. Hole questioned if clarification needed to be made in the second paragraph where it states "authority to investment managers". Mr. Cypen advised that the existing language is fine.

Motion was made by Mr. San Angelo, seconded by Mr. Fortunato, to accept and adopt the Proxy Voting guidelines. The motion was approved UNANIMOUSLY by the Board.

Securities Class Action Policy: The revised Securities Class Action policy was presented after being revised by Jason Pulos.

A motion was made by Mr. Hole, seconded by Mr. Fortunato, to accept the revised Securities Class Action policy. The motion was approved UNANIMOUSLY by the Board.

The Administrator advised the Board that this month we had received a settlement of \$186,480.29 from the WorldCom class action suit. She noted that this is the largest settlement to date we have received.

Wilton Manors 175 Monies: Mr. Cypen advised that according to the Division of Retirement, Wilton Manors has sworn that they meet the criteria so they are deserving of the monies. Mr. Cypen does not feel that anything will happen without litigation. City Attorney Bob Dunckel is looking into the matter. This item will be deferred to the next Board meeting.

Actuary's Special Cost Study: Vice-Chairman Dew brought the Board up to speed concerning proposals for collective bargaining for the current contract with the City he had received from Jack

Lokeinsky of the FOP. There were ramifications in the proposals that directly impact the Pension Board. He contacted both Randall Stanley and Board Attorney Steve Cypen to gain their input as to what direction the Board should go. Mr. Stanley's reply was received just prior to the Board meeting, so the Board had not had an ample opportunity to review the material. Mr. Cypen advised

that the information received from Mr. Stanley should be forwarded to the City. He reviewed the section that requires a contract between the Board and the City on certain things involving assumptions. He also noted that under the Statute there are no restrictions on the Board's ability to set assumptions; there are no time requirements. Mr. Cypen sent the contract to the Division of Retirement. They will study it and decide if they would approve such a contract.

After discussion, this item was tabled until the legal review is received from the Division of Retirement. At that time we will invite our actuary, Randall Stanley, to address the Board concerning this. Mr. Dew requested the Administrator to draft a letter to the City, with a copy to Jack Lokeinsky of the FOP and William Humphrey of the IAFF, expressing our sensitivity to this issue and what action the Board is taking. Upon our receipt of the response from the Division of Retirement we intend to have either a special Board meeting or, if timely, to be included in our next regular Board meeting, and that we urge the City to attend this meeting.

Vice-Chairman Dew questioned the Administrator concerning an item on the impact statement regarding 40 hours of overtime. Mr. Cypen explained that when City Attorney Bob Dunckel drew the amendment to the plan, he included everything that 99-1 required, such as 300 hours of overtime, and then said that these things won't be implemented until they can be paid for. Therefore, you never know what you have because the Ordinance doesn't change. There was enough money at some time to put in 40 hours, so because we had the money, we put in the 40 hours, however, since the Ordinance didn't change, there was no impact statement done. So when we complete the State report and show the 40 hours they are going to want to know where the impact statement is. Mr. Stanley included it, just to be cautious.

Pension Administrator: Vice-Chairman Dew advised the Board as to where the Hiring Committee was with the three applicants that were being invited in to interview with the Board for the Pension Plan Administrator position.

After a lengthy discussion, Mr. Hole suggested that a special meeting be held with the Administrator to reconsider her resignation and to discuss concerns between herself and the Board.

Ms. Wenguer had sent an e-mail recently to each Board member requesting their concerns and their input into the Administrator's job description. This information will be provided to her by the Board members by Friday, March 14, 2008. Mr. Cypen will draw up a contract once he has the terms and conditions. A special meeting was set to be held at 11:00 am, April 9, 2008, prior to the start of the regular Board meeting. Mr. San Angelo made a motion to extend the Administrator's existing contract for 120 days to August 31, 2008. Mr. Hole seconded the motion.

After further discussion, Mr. San Angelo amended his motion to extend the Administrator's existing contract to August 31, 2008 and to include one or two special meetings to discuss the terms and agreements of her contract. The motion was approved UNANIMOUSLY by the Board.

Vice-chairman Dew questioned Ms. Wenguer concerning the hiring of an Assistant Administrator and her present staffing needs. She will start the hiring process and begin looking at resumes.

Mr. Hole asked the Board to consider hiring Mr. Curry for a position for any extra needs there may be in the office. Mr. Rogers did not think that hiring Mr. Curry after his resignation from the Board would be viewed as appropriate and would foster loss of confidence by the Plan members. This issue will be revisited during the hiring process of an Assistant Administrator.

OLD BUSINESS:

RFP's: Ms. Wenguer handed out a draft of the completed RFP for an auditor. She will review the RFP's that are received and present three firms to interview with the Board.

Disaster Management Policy: A draft of the Disaster Management policy was reviewed. Ms. Wenguer advised the Board that we are coordinating with the City Emergency Management Team so we are in the loop to be advised as to what is happening in the event of a disaster. Mr. Fortunato expressed his concern about securing the hard computer drive with plan member's personal information. Ms. Wenguer explained that the personal information is not saved on her laptop computer but is on the external hard drive, which will need to be secured in a disaster situation.

Pension Overpayment Schedule: Mr. Cypen had told the Board that he had just received another check. The Peney's are expecting one more check from the Internal Revenue Service. At that point there will be a final balance and we can move forward with obtaining a Promissory Note. Ms. Wenguer advised the Board that in her conversations with the Peneys they have expressed that they are very committed to the repayment of this amount.

NEW BUSINESS:

Notice of Election: Notice of election to be posted for Mr. Curry's unexpired Fire Department term, which will end 12/31/2008. Election will be posted and held as quickly as possible.

The election for Chairman will be included on the April 9, 2008 meeting agenda.

Mr. Burnam noted that in looking at our monthly re-cap sheet our policy maximum for fixed income is 35% and we are over 35%. He would like to see the maximums and minimums at one point so that when we go over the max it will be reallocated. Ms. Wenguer will communicate this concern to Jason Pulos and this will be revisited at our May Board meeting when Mr. Pulos gives his report.

FOR YOUR INFORMATION: No action.

There being no further business to be brought before the Board, Mr. Rogers made a motion to adjourn the meeting at 3:25 P.M. Mr. San Angelo seconded the motion. The motion was approved UNANIMOUSLY by the Board.

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