

## November, 2014



POLICE AND FIREFIGHTERS' PENSION BOARD  
REGULAR BOARD MEETING  
888 South Andrews Avenue, Suite 202  
Fort Lauderdale, FL 33316  
Wednesday, November 12, 2014, 12:30 p.m.

### Present

Michael Dew, Chair  
Ken Rudominer, Vice Chair  
Scott Bayne, Trustee  
Richard Fortunato, Secretary  
Dennis Hole, Trustee  
Jim Naugle, Trustee  
Lynn Wenguer, Administrator  
Steve Cypen, Cypen & Cypen, Board Attorney

### Absent

Jeff Cameron, Trustee

### Also Present

Amanda Cintron, Assistant Administrator  
Laurie DeZayas, Pension Secretary  
Linda Logan-Short, Deputy Director of Finance and CFO  
Kevin Schmid, Cap Trust  
John Herbst, City Auditor  
Jim Ingersoll, Retirees' Association President  
Paul DeBold, Retirees' Association  
Rolando Rivera, Police Officer  
Thor Lockhart, Police Officer  
Al Scotti, Retirees' Association  
Bruce MacNeil, Retirees' Association  
Ann Lindie-MacNeil, Retirees' Association  
Glen Galt, Police Captain  
Charles Livingston, Retirees' Association  
Jason VanChoff, disability applicant (by phone)  
Lisa Edmondson, Recording Secretary, Prototype Inc.

Communications to the City Commission  
None.

Note: Items were discussed out of order.

### ROLL CALL/CALL TO ORDER

Chair Dew called the meeting to order at 12:30 p.m., roll was called, and a quorum was determined to be present.

### PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

The Pledge of Allegiance was followed by a moment of silence.

### MINUTES:

Regular Meeting: October 15, 2014

Mr. Bayne clarified pg. 7 he was referring to 185 money.

Motion made by Mr. Naugle, seconded by Mr. Hole, to approve the minutes of the October 15, 2014 meeting. In a voice vote, the motion passed unanimously.

Special Meeting: October 22, 2014

Motion made by Mr. Bayne, seconded by Mr. Rudominer, to approve the minutes of the October 22, 2014 meeting. In a voice vote, the motion passed unanimously.

#### NEW HIRES:

Chair Dew recognized the new hire.

#### COMMENTS FROM PUBLIC

None.

BENEFITS: POLICE DEPT.:	DROP Retiree:	Andrew R. Pallen
	Lump Sum Refund:	Antonio A. Arias
	New Beneficiary:	Janet Hedlund
Service Incurred Disability Application:		Jason VanChoff

Motion made by Mr. Rudominer, seconded by Mr. Naugle, to approve payment of the benefits as stated. In a voice vote, the motion passed unanimously.

#### BILLS:

Agincourt	\$55,696.24
Eagle	\$52,250.44
Northern Trust	\$39,734.82
Sawgrass (9/30/14)	\$26,371.00
Sawgrass (6/30/14)	\$25,954.00
InTech	\$17,271.72
Lee Munder	\$9,151.25
Klausner, Kaufman	\$375.00
Holland & Knight	\$250.00
Klausner, Kaufman	\$1,075.00
Holland & Knight	\$1,335.00

Mr. Bayne referred to the Klausner bill and asked if it included the review of Ms. Wenguer's prior service. Ms. Wenguer agreed to call Mr. Klausner and Chair Dew stated they would pay only \$125.

Mr. Bayne asked if they were keeping a tab on what the in-service distributions legal reviews were costing. Ms. Wenguer recalled that initially, the City had indicated they would pay the fees but had subsequently denied they would pay. Mr. Bayne wanted to keep track of the costs and Ms. Wenguer agreed to do so.

Ms. DeZayas explained the difference in the Holland and Knight bill on page 38 and what was being paid.

Motion made by Mr. Bayne, seconded by Mr. Rudominer, to approve payment of the bills as stated. In a voice vote, the motion passed unanimously.

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

Mr. DeBold thanked the Board for holding the special meetings to consider reallocation of funds to hopefully increase returns. He remarked that some retirees were experiencing delays with their dues payroll deduction. Ms. Wenguer agreed to ask Ms. Logan-Short if she could look into this.

#### SERVICE INCURRED DISABILITY APPLICATION- Jason VanChoff

Mr. Cypen stated there were four doctor's reports. If the Board determined all three criteria were met, they would vote to approve disability. If they found one or more criteria were not met, they should vote on them separately.

Mr. Cypen advised the Board they could:  
Defer their decision until additional information was supplied.  
Vote to grant the request if all three criteria were met.

Vote to deny if any one of the criteria were not met.

Motion made by Mr. Fortunato, seconded by Mr. Bayne to defer until Dr. Hyde received all necessary information and completed his report, with a follow-up by Dr. Lupo. In a roll call vote, motion passed 6-0.

#### CAPTRUST:

Quarterly Investment Review

Kevin Schmid, Steve Schott

Mr. Schmid provided a performance review as of September 30. He stated large-cap managers had performed in line, with the exception of Systematic, which had underperformed in negative quarters in 2008, 2011, 2012 and 2014. He would discuss this with them at the workshop.

Mr. Schmid recalled that on Monday the Board had committed \$35 million to the EnTrust Special Opportunities 3 Fund and decided not to move forward with a tactical allocation fund to replace the PIMCO asset; a portion of the PIMCO investment had been temporarily placed in the S&P 500 Index and they would consider additional liquid alternatives. The Board needed to consider replacing Lee Munder in small cap value. At the upcoming workshop, they would discuss large-cap managers and active versus index funds.

Chair Dew asked Mr. Schmid to have the information about managers' performance to distribute at the workshop.

Mr. Schmid said after putting the \$25 million in equities, it would be overweight by 5%, but he was comfortable with that. Alternatives were underweight since getting out of PIMCO. They could consider putting some cash into fixed income, which was 5% underweight, but he did not feel the transaction fees would be worth it since they would ultimately invest the cash into some sort of alternative investment.

Mr. Rudominer asked that future reports include a total of the fees as a percentage of assets. He stated at their next meeting, they would discuss smart beta and alpha and Mr. Schmid would suggest ways to pay for the alpha. Currently they were paying for the alpha through alternatives and perhaps they should consider switching the money to more passive investments to save on fees. Mr. Schmid agreed to add this information to the report.

#### COMMUNICATION DIRECTOR'S REPORT:

Fred Nesbitt

None.

#### EXECUTIVE DIRECTOR'S REPORT

Performance Monitor

Discussion

Ms. Wenguer asked if they wished to postpone this. Chair Dew advised her to put the information together and the Board would discuss it in December.

AON Renewal

Discussion

Ms. Wenguer stated their fiduciary responsibility insurance renewal was for \$14,788.

Mr. Cypen advised the Board to consider a much higher limit and suggested a \$250,000 deductible and \$5 million in coverage. Ms. Wenguer agreed to determine the savings and bring it back to the Board.

Motion made by Mr. Fortunato, seconded by Mr. Rudominer to renew the fiduciary responsibility insurance. In a voice vote, motion passed unanimously.

City Contribution

Update

Ms. Wenguer had discussed this with City staff and the actuary and the City was willing to make an extra contribution to true things up and avoid the problem in the future. Mr. Heinrichs would provide an estimate of the cost after performing this year's actuarial report. Mr. Herbst stated Mr. Feldman was not receptive to this because the City did not have the funds. They might consider accumulating funds over three years to make the catch-up payment.

Mr. Herbst explained that in the past, the City had been paying the ARC in arrears and it had been accepted by the Division of Retirement. They had begun borrowing to pre-pay and save interest and then issued the Pension Obligation Bonds to reduce the ARC after pre-paying, which resulted in carrying forward the pre-paid into the subsequent year. They had also changed the plan year, requiring an additional contribution from the State's

perspective, which they had taken from the pre-paid account. The account therefore did not have the funds available for the next fiscal year contribution. Mr. Herbst said they need to make a second payment to align the new plan year with the fiscal year, but they did not have \$10 million in the next budget year to accommodate that. Ms. Logan-Short stated the City was not happy that the actuary had changed the year end of the plan year so it did not line up with the fiscal year. She stated the only way to correct it was to double-up the payment and the City was considering ways to fund that. She had determined there was no violation per the Division of Retirement.

#### Members with refunded GERS Service

#### Discussion

Mr. Cypen said there was a memo dated 8/12/12 from his office determining that these individuals were category 4, meaning they had signed a release when leaving and received a full refund. Therefore, there was no further action that could be taken. Mr. Cypen stated he was unaware of any circumstance that would override what happened once someone signed the release and took the money.

Rolando Rivera stated when he was hired as a police officer in 2005 he had been told he had no choice; he had to cash out. Officer Thor Lockhart confirmed that he had not been given an option in 1991 either. Charles Livingston reported that in 1992, when he signed the release, he had not been informed about how their money would fit into his pension.

Mr. Rivera said he was hired in 1995 as a Police Service Aide; in 1998 he was promoted to detention officer and in 2003 when the jail closed, he was sent back to the Police Service Aide position. He had put himself through the Police academy and been hired as a sworn officer on September 11, 2005. Ms. Wenguer said Mr. Rivera was in a different category since he had left in 2005. She had tried unsuccessfully to obtain a copy of his release.

Mr. Hole said the problem was that people were being told different things and the recording keeping was not as good as this Board's. He tended to side with the employees, especially if the paperwork could not be produced.

Chair Dew stated if the Board did rule in the employees' favor, the employee would need to pay the money back, with interest.

Mr. Bayne stated Mr. Lockhart's release did not indicate the correct amount of money that should be given back. Other releases could not be found. Chair Dew wondered how they would know the dollar amount. Ms. Logan-Short stated it had taken them two months to reconcile the differences. She said she would need to examine old microfiche files to see a dollar amount that had been contributed. Mr. Fortunato stated the issue was whether employees had been informed of the correct options; they believed that they had been refunded the money.

The Board and Ms. Logan-Short discussed how members would repay the plan; Ms. Logan-Short stated the Board must decide the buyback percent. Mr. Naugle wanted to know the cost to the plan before voting on it. Chair Dew said this must be determined actuarially. Mr. Cypen added that all affected members should be treated the same way. Ms. Wenguer stated one member was paying back through contributions at 7.5% interest. She wanted to find everyone who may be in the same position.

Motion made by Mr. Rudominer, seconded by Mr. Fortunato to move forward to work with Ms. Logan-Short, to allow the calculations to be made and to revisit when the calculations were complete. In a voice vote, motion passed unanimously.

#### Investment Seminar

#### Update

Ms. Wenguer reminded everyone the seminar would be on December 3 and 4.

#### Electronic Surveys

#### Discussion

Ms. Cintron reminded the Board that their member survey was being done electronically this year asked if the Board would be interested in doing the performance surveys electronically. The Board had consensus to try it.

#### Office Holidays

#### Discussion

Ms. Wenguer reported everyone in the office would take vacation days on December 26 and January 2. The Board agreed with this.

#### PENDING ITEMS:

## New Business:

Retiree Association Dues Deductions

Chair Dew said there was a problem with retirees' dues coming out of payroll deductions. Ms. Lindie-MacNeil said she scanned people's deductions to check whether the dues were being taken. She then emailed them to Finance and put them in a book. Ms. Lindie-MacNeil stated she had received no response from Finance regarding two employees whose dues had not been deducted since May. She remarked that not receiving the dues was a "big deal to us." Ms. Logan-Short advised Ms. Lindie-MacNeil to send the information to [payroll@fortlauderdale.gov](mailto:payroll@fortlauderdale.gov).

## Old Business:

Schedule A

No discussion.

## Communications to the City Commission

None.

## FOR YOUR INFORMATION:

ConvergEx

Recapture Summary/Sept., 2014 42

There being no further business to come before the Board at this time, the meeting was adjourned at 3:10 p.m.

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