

October, 2011



POLICE AND FIREFIGHTERS' PENSION BOARD REGULAR BOARD MEETING WEDNESDAY, OCTOBER 12, 2011, 12:30 P.M.

Present

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

Also Present

Amanda Cintron, Assistant Administrator
Laurie DeZayas, Pension Secretary
Doug Wood, Finance Department
Fred Nesbitt, Director of Media Relations
Kevin Schmid, CapTrust
Jason Kellman, Pinnacle Asset Management
Jeff Justinak, Fire Chief
Jeff Cameron
Linda Soloman-Duffey, Secretary, Retirees' Association
Fuzzy Larkin, Retirees' Association
Jack Cann, Retirees' Association
Bill Paton, Retirees' Association
Walt Courtney, Retirees' Association
Jack Chew, Retirees' Association
Amanda Lebofsky, Recording Secretary, Prototype, 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, October 12, 2011, in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

Communications to the City Commission

Due diligence has been performed to show the plan's savings through renegotiations and reductions. The total dollar amount of the savings from each firm has been calculated and will be presented to the City Commission and City Manager, along with an updated PowerPoint presentation on the fundamentals of the City's pension plan.

The Board has approved the 2011/2012 budget.

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

MINUTES: Regular Meeting

Motion made by Mr. Hole, seconded by Vice Chair Rudominer, for the waiving of the reading of the minutes.

Mr. Hole noted the following corrections:
P.6, paragraph 6: capitalize Board;

P. 10, paragraph 1: change "client" to "membership;"

P. 16, paragraph 4: add "prudent" before "investment;"

P. 18, paragraph 1: change "3% annually" to "3% increase annually;" paragraph 7: Mr. Cypen clarified that his motion was to approve and authorize the Chairman to execute the limited lease;

P.19, paragraph 10: delete "is."

Mr. Fortunato noted a correction on p.18, paragraph 4: "form of policy" should be "form and policy."

In a voice vote, the motion passed unanimously.

Chair Dew stated that the first benefit listed would be voted upon individually.

BENEFITS:

Fire Department:

DROP Withdrawal: Jeff Justinak

Chair Dew explained that the DROP amount in this case has yet to be determined. Mr. Cypen added that when this rate is not available at the time money is dispensed, the interest rate from the prior year is used to calculate the DROP amount. Chair Dew noted that if the Memorandum of Understanding (MOU) is accepted, the rate from the previous quarter will be used instead.

Ms. Wenguer advised that the interest rate from 2010 was 12.4%, with a .5% investment fee; this brought the interest rate to 11.9% for the distribution. 20% of the distribution will be held back until the rate of return for 2011 has been determined.

Mr. Burnam asked if the annual .5% fee would be only .375% in this case, since the Applicant was only enrolled in the plan for nine months. Mr. Cypen said this would not change the .5% fee. Ms. Wenguer clarified that the return in this case was approximately \$35,000.

Jeff Justinak, Fire Chief, explained that he separated from the City in December 2010. Prior to this separation, he had filled out paperwork stating his intent was not to leave money in the Deferred Retirement Option Plan (DROP). Before this paperwork was completed, he was advised that he would receive the previous year's rate of return, with no discussion of a 20% holdback or a variable rate of return. When presented with this information, he opted to leave his money in the DROP. He felt the issue had been misunderstood at the time, and pointed out that there did not seem to be greater clarity at present regarding the rate of return.

Chief Justinak expressed concern that he could lose money by having left funds in the plan due to the holdback and the variable rate of return. He concluded that he would like the Board to vote on whether or not he would receive the previous year's rate of return, as he was advised when he opted to leave money in the DROP, or what he perceived to be an after-the-fact return on his investment based upon a policy decision.

Chair Dew asked if Chief Justinak had received a letter from the Board describing the policy and conditions involved in leaving money in the DROP. Chief Justinak said he received this letter after the fact, in April 2011. He said he chose not to sign this letter, as he had entered his funds into the plan before this time. He had discussed the issue with individual Board members at this time, but did not feel it was clarified until he spoke to counsel in September 2011.

Chief Justinak asserted that the consequences of this misunderstanding are significant, as they would affect the return. He reiterated his request for a formal vote by the Board on whether he would receive this year's or last year's annualized rate of return.

Mr. Cypen said a Board member cannot change the plan by giving advice, although it is unfortunate if erroneous advice is presented. He advised that the only way to receive binding advice was to come before the Board during an open session or request a written opinion. If the 20% holdback was not in place when Chief Justinak put his money in the plan, however, Mr. Cypen did not feel the holdback would apply in this case. The adjustment to the rate of return would still apply.

Mr. Hole asked if Chief Justinak had contacted Ms. Wenguer prior to requesting that the Board hear this issue. Chief Justinak said he had first spoken to individual members of the Board, then to Ms. Wenguer. He said she had neither confirmed nor denied that he would receive the previous year's rate of return. He felt the policy itself lacked clarity.

Chair Dew asked when the current policy was enacted. Ms. Wenguer said the final paperwork was dated April 12, 2011. She noted that when Chief Justinak entered the plan, the form at that time stated all funds left in the plan would be credited or debited based on the plan's net rate of investment return, less administrative expenses. The updated form refers to the 20% holdback and pertinent dates.

Vice Chair Rudominer pointed out that the Board had determined there was an issue with how the policy was worded, and they are still working to clarify this language. Mr. Hole noted that the intent of the policy was not changed. Chair Dew said the wording was clarified to prevent misunderstandings such as the one before the Board.

Motion made by Mr. Hole, seconded by Mr. Bayne, that the DROP withdrawal form numbers, \$299,452.79, be approved for Chief Justinak, subject to the final determination of the interest for the time period.

Vice Chair Rudominer said the money should be administered based upon the interpretation of the Ordinance on January 1, 2011. Mr. Cypen said he felt this was what the Board was doing now.

Mr. Burnam requested clarification of the issue. Ms. Wenguer explained that Chief Justinak went into the plan on January 1, 2011. The Ordinance states if an individual would like to know his or her account balance, this figure would be calculated using the previous year's rate of return, as the current year's rate has not yet been determined; however, Chief Justinak's understanding was that he would receive the previous year's rate of return. She referred to pp.30-31 of the Ordinance for clarification.

Mr. Cypen said if there is a discrepancy between the contract and the Ordinance, the Ordinance takes priority, as the contract itself is not enforced. Chief Justinak said this was not the impression he had received following conversations with individual Board members. He felt he had been given misinformation, and the consequence would be a financial loss. He added that he felt the Board would see this issue recur with other retirees.

With regard to the 20% holdback, Chief Justinak advised that he would prefer to leave this money in the plan. Mr. Cypen noted that this would require a different motion.

Mr. Hole withdrew his motion.

Motion made by Mr. Hole, seconded by Mr. Bayne, that the Board approves Chief Justinak's DROP withdrawal request in the amount of \$299,452.79, subject to the policy in place of a 20% holdback until the determination of the 2011 rate of return is made.

Chair Dew pointed out that the document Chief Justinak signed did not refer to a 20% holdback. Mr. Cypen agreed with this. Chair Dew continued that the Board later recognized that the Ordinance required additional clarification, and voted in April 2011 to present an MOU to the City clarifying the Ordinance. Since Chief Justinak signed the document prior to this, and the MOU has not been signed, the current Ordinance stands as is. He stated that the Ordinance has nothing to do with the 20% holdback, and asked how the holdback could be implemented for Chief Justinak at this point. Mr. Cypen said he did not believe it could be implemented.

Chief Justinak explained that he did not want disbursement of any money before the 2011 rate of return has been calculated. He said he preferred the Board to take action on his request and determine what the rate of return for his money would be.

Mr. Cypen noted that holding the money could place it at risk of a loss. He advised that Chief Justinak's money be taken out of the plan and placed where it would neither earn further interest nor incur further risk to the principal. Chief Justinak said this would be acceptable to him. Chair Dew pointed out that if the Board paid Chief Justinak the \$299,452.79, the issue would be resolved. Mr. Cypen asserted that the Board had no business holding an individual's money when that money is due.

Mr. Naugle asked how many DROP accounts are currently invested. Ms. Wenguer said including Chief Justinak's account, there are three such accounts. She confirmed that one account was established after April 2011, another is more than one year old, and a letter was sent to the individual, who signed and returned it. This meant Chief Justinak was the only individual who had not accepted the April 2011 letter referring to the 20% holdback.

Mr. Naugle said if Chief Justinak did not accept the 20% holdback, he did not feel the Board could impose it upon him. Chair Dew said if the Board votes on the issue, Chief Justinak would receive the \$299,452.79 and the matter would be closed.

Chief Justinak said there is a provision that restricts him from commingling this amount with his retirement benefits in order to avoid IRS ramifications.

Mr. Hole withdrew his second motion.

Motion made by Mr. Hole, seconded by Mr. Naugle, to pay the DROP withdrawal to Jeffrey Justinak in the amount of \$299,452.79, subject to the recalculation of the current rate of return for 2011.

Mr. Cypen clarified that there would be no 20% holdback from this amount. He advised that the rate of return, when calculated, could alter the amount ultimately paid to Chief Justinak.

In a roll call vote, the motion passed 5-2 (Vice Chair Rudominer and Mr. Burnam dissenting).

Ms. Wenguer asked if a participant who signs up to take DROP funds and later changes his or her mind is under an obligation to take these funds. Mr. Cypen said this would not be the case if the DROP has not been approved and disbursed. Chair Dew offered the example of someone who changes his mind some days later, before a check has been cut, and asked if the decision be withdrawn. Mr. Cypen said it can be withdrawn at the individual's request.

Mr. Cypen advised the Board members, in a general context, that it is not a good idea to dispense pension advice outside a meeting. The advice, whether good or bad, would not be considered binding.

Police Department:

New Retiree (Term of DROP): Glenn E. Gavic

BAC DROP Retiree: Lawrence Abrams

New Beneficiary: Patsy Lee Gelatka

Motion made by Mr. Naugle, seconded by Vice Chair Rudominer, for the Police Department New Retiree, BAC DROP, and New Beneficiary.

Ms. Wenguer stated that the Ordinance says if an individual elected, before October 1, 2011, to take a 60-month BAC DROP, they must make this election and retire between October 1, 2011 and October 1, 2012. This means the option is no longer available to other individuals. There is a 36-month BAC DROP that may be taken at the time of retirement without making a forward election.

Mr. Fortunato asked if this calculation rolls the benefit back by five years. Ms. Wenguer confirmed this, stating that this benefit is for individuals who have passed their DROP year but would still like a lump sum.

In a voice vote, the motion passed unanimously.

BILLS:

CapTrust	\$18,750.00
Atlanta Capital	\$ 9,432.00

Motion made by Mr. Bayne, seconded by Mr. Hole, to approve the payment of the bills from CapTrust and Atlanta Capital. In a voice vote, the motion passed unanimously.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS:

Chair Dew recalled that retiree Jack Chew had made a presentation at the recent retirement seminar. He said he would like this presentation to be expanded upon at subsequent seminars, and felt it was a step in the right direction.

CAPTRUST:**Monthly Progress Report Kevin Schmid**

Mr. Schmid advised that American Realty called up an additional \$1.5 million at the beginning of October to be drawn into the real estate investment. He recalled that at the September meeting, the Board voted to hire Lazard International and Hansberger Global as international equity managers. The Board's counsel has reviewed both contracts and is comfortable with Lazard; the Hansberger contract is still in process, as there were some minor changes to be made.

He continued that on the alternative side, the Board can continue to explore opportunities to move toward the 15% long-term target in these managers. With this in mind, he has invited Jason Kellman of Pinnacle Asset Management to present to the Board. The goal is to add more alternative investments that have lower correlations to the existing equity and bond investments.

Mr. Schmid stated that in existing alternative investments, K2 is down approximately 8% year-to-date. Pimco Asset Fund also has some exposure in both bonds and stocks, as well as some commodity exposure. He advised that Pinnacle offers more of a long/short commodity fund-to-funds, with the primary benefit being that it has very low correlation to both the bond and stock markets.

Jason Kellman, chief investment officer of Pinnacle Asset Management, stated that they are an investment advisor based in New York City. Their fund manages approximately \$2.1 billion in assets, most of which are in Pinnacle Natural Resources LP, a natural resource fund-to-funds. This is a multi-manager portfolio that is less traditional than most other long/short fund-to-funds. Commodities in general provide volatility, with correlation to equities rather than to debt. It is not designed to have any correlation to traditional fund-to-funds.

He referred the Board members to p.20 of Pinnacle's materials, which shows the correlation between Pinnacle Natural Resources LP and traditional commodity indices. Pinnacle strives to invest capital with different people and different strategies that are not typically found in most alternative investments. They have a track record (p.18) showing that during periods of tremendous market volatility, their managers and sub-portfolios have done an adequate job of preserving capital.

Mr. Kellman continued that Pinnacle Natural Resources LP seeks very different investments than other firms. This allows them to avoid great volatility, as they are not competing for the same stocks and bonds as other companies. They are often used as a complement to a plan's commodity allocation.

Chair Dew asked if Pinnacle keeps more risk contingencies in place than other firms, as commodities are volatile by nature. Mr. Kellman said Pinnacle's goal is diversification by market and by sub-manager strategy, which helps lessen the volatility. He noted that their allocation to managers, traders, or investment advisors in deeper, more liquid markets, is an indication of risk management.

Chair Dew asked if there would be some risk control in addition to the diversification if the Board decided to invest in Pinnacle's vehicle. Mr. Kellen said CapTrust would need to do correlation or volatility studies to determine whether the risk to the portfolio would be increased or decreased. He felt both would be possibilities at times, although he noted that Pinnacle maintains low amounts of correlation during dramatic downturns in the market, and often made more money over time when this occurred.

Mr. Hole asked how Mr. Kellen might convince someone who does not want to undertake a great deal of risk that the Pinnacle product is valuable. Mr. Kellen said further diversification of a fund-to-funds or alternative program usually dampens volatility in a hyper-volatile market. He added that Pinnacle is comfortable with its program because diversification by market and by strategy is key.

Mr. Hole asked if the vehicle would be something to consider in times of rising inflation. Mr. Kellen said he would hope Pinnacle's managers would spot market demand during these times and analyze this. He added that their analysts communicate their views on when they want to be long or short; at present, the commodities portfolio is divided between the two. They do not focus entirely on preservation of capital in a falling market, but try to find a middle ground on how the index and the hedge fund community are doing.

Vice Chair Rudominer asked if there are any liquidity issues with the Pinnacle product. Mr. Kellen referred the Board to the fund terms on p.21 of the handout, noting that he could not advise the Board on the best liquidity situation for their plan; however, Pinnacle has a variety of liquidity classes available.

Mr. Hole asked why there are fewer players in constrained active funds as opposed to unconstrained active funds. Mr. Kellen said there is more freedom with respect to risk management. He explained that replication is "backward-looking," while active management is forward-looking. He noted that the commodities market deals in futures, and examines what may happen months in advance as opposed to looking at what hedge funds have done in the past and what they are likely to do again.

Mr. Burnam asked what money managers Pinnacle uses. Mr. Kellen said they are not provided in the handout, but are provided to CapTrust as a necessary level of transparency. He advised that today's discussion was primarily intended to be for educational purposes.

The Board thanked Mr. Kellen for his presentation.

Mr. Schmid stated that CapTrust's goal in broadening the plan's asset allocation is to find things that will be different and are not correlated to existing risks in the plan. Currently the plan has exposure to two key risks: it is exposed to interest rate risks on the fixed income side, and the overall plan is exposed to the equity market risk, as 45% of the plan is targeted for equities. The goal of adding alternative investments to the plan is not to enhance returns versus that of traditional investments, but is intended to reduce the plan's overall risk profile through diversification.

Chair Dew asked if the Board would like Mr. Schmid to select three managers for presentation. Vice Chair Rudominer asked how this correlated to the master plan. Mr. Schmid said the goal for the long-term asset allocation process is to reduce overall equity exposure by 5% and to reallocate that 5% to alternative investments. He suggested that he could bring in three traditional hedge fund-to-funds, including Pinnacle, to potentially broaden the program.

Mr. Naugle requested an update on the status of the pension obligation bond, stating that an influx of funds might allow the Board to invest in other firms rather than increasing their allocations in existing firms. Chair Dew said his understanding was that the pension obligation bond was still under review and study.

Mr. Wood reported that during the adoption of the budget, the City Commission moved forward with the concept of the pension obligation bond, although with a great deal of hesitation due to the potential risk exposure. He explained that there will be a great deal of work done by the City and its financial advisors before they come back to the Commission for the final adoption and issuance of a pension obligation bond. He emphasized that it is still very questionable at this point, and may or may not happen. The City's annual required contribution is a separate issue, as it would require current actuarial numbers before the bond could be issued. The City would need to know the amount of the unfunded liability and whether it is increasing or decreasing.

Mr. Wood continued that the City made a \$15 million payment in July 2011 toward the annual contribution. They now need confirmation from the actuary on what the savings were. The City is preparing to make the balance of this payment, and does not wish to overpay, because this would mean the money would be lost to them until the next payment is due.

He advised that he would go before the City Commission at their next meeting to ask that they authorize the issuance of short-term debt in an amount not to exceed \$30 million so the City can make next October's payment. Once the actuarial study is done and they know the total amount of the contribution, the balance would be issued

to the plan. Mr. Wood concluded that the pension obligation bond remains an unknown, and asked that the Board provide him with actuarial figures soon, as this will be taken into consideration on the City's loan payment.

Mr. Hole asked if this would necessitate an updated study from the actuary, or if the plan was on schedule. Ms. Wenguer said a calculation, not a study, would be necessary.

Chair Dew said when the actuary completed his last calculation, he had expected the plan date for the next calculation to be from January 1, 2011 to December 31, 2011, and the fiscal year from January 2011 to September 30, 2012. He asked if the City's needs would require that the actuary study be completely redone, or if it could be adjusted, and if another calculation would be needed due to the way the fiscal year is set up. Ms. Wenguer said an actuarial study was being done as of September 30. Chair Dew asked when the actuary's information might be available to the City. Ms. Wenguer said it would be between January and February 2012.

Mr. Hole said he had attended the FPPTA session, and thanked Mr. Schmid and CapTrust for inviting him to visit them at their office.

Chair Dew asked if the Board wished to make a formal motion regarding further education on commodities core strategies. Mr. Hole asked if infrastructure was a possibility for further investment. Mr. Schmid said infrastructure tended to be more of a real estate investment, and can provide a relatively stable income stream; however, he noted that CapTrust had looked at several infrastructure investments but had not put any money to work in these vehicles.

Chair Dew commented that the master plan calls for reduced allocations to K2, and asked if it might be completely eliminated in the future. Mr. Schmid said the original intention was to reduce K2's former 10% allocation to 5%, which has been done. He advised that long/short equity was an important piece of an alternative program, although it should not be an outsized one.

Vice Chair Rudominer said the Board has seen two asset classes already: private equity, which they felt was too complicated, and Pinnacle's strategy, which was interesting. He suggested that a third strategy could be presented for educational purposes. Mr. Schmid said at the November meeting, most of the time would be dedicated to the performance report, and proposed bringing another strategy for presentation at the December meeting.

Chair Dew asked if Mr. Schmid and Ms. Wenguer were in communication regarding the investment seminar scheduled for February 2012. Mr. Schmid said they have not discussed this yet. Chair Dew recommended that they begin planning for this in order to give managers sufficient time to prepare.

Mr. Hole noted that there are 20 managers operating under constraints, as opposed to those selected by Pinnacle, and asked what CapTrust's recommendation would be for these. Mr. Schmid advised that CapTrust prefers a long/short approach due to the volatility inherent in the commodity markets.

The Board thanked Mr. Schmid for his presentation.

COMMUNICATION DIRECTOR'S REPORT

Mr. Nesbitt advised that the concept of the pension obligation bond is being studied further. The City would pay 75% of the unfunded liability, with the balance to come after the actuary has made his calculation. While there was some concern about this, he noted that the alternative would be for the City to come up with \$6 million in some other way.

There was also a recommendation for a supermajority requirement: if the City pays off 75% of the unfunded liability and the market performs well enough for the fund to become 100% or more funded, there was a concern that the unions might want an enhancement of pension benefits. The supermajority vote of the City Commission would be required in case of such a request for enhancements. Mr. Nesbitt noted that due to the current interest rate on bonds, this appeared to be an opportune time to issue a pension obligation bond.

He added that there have been several recent articles on pension plans in the *Miami Herald*. Mr. Nesbitt noted that a list of pension funds included in this article allows individuals to link to personal information on DROP

participants in different cities. The articles stated that some individuals were receiving higher pension benefits than their previous salaries, although it advised that this was the case for only 2% of Fort Lauderdale participants. According to information provided by the Pension Office, this was inaccurate. The reporters eventually admitted that their information was sensationalized.

Mr. Nesbitt continued that he had participated in a recent public radio program discussing pensions. Mr. Cypen noted that the facts provided on this show were accurate.

Mr. Nesbitt concluded that the Board received a copy of FPPTA's Wall Street program. Interested individuals are urged to register at this time.

ADMINISTRATOR'S REPORT

Budget

Ms. Wenguer advised that she had distributed the most current budget information; the only difference between this document and the previous one was that auditing services have been negotiated down to \$17,500 with a two-year commitment. The renegotiated rent contract has also been incorporated into the budget. She pointed out that the software upgrade title has been changed to Technology. While this figure is considerably more than they had previously expected, she noted that it is a realistic figure.

Pension Software RFP

Ms. Wenguer explained that she and Vice Chair Rudominer had met with the final pension software proposal firm, and have narrowed the choice down to two companies. One plan does not have any clients in Florida, but is offering a competitive price; the other firm, which does have several Florida clients, is being given the opportunity to re-bid at a lower price. She stated that they were able to narrow down the needs and requirements of the pension software during the evaluation process, and thanked Mr. Nesbitt, Ms. Cintron, Vice Chair Rudominer, and City Staff for their assistance.

She reported that one of the two bids is lower than \$275,000, but advised that this will require an upgrade of computers to accommodate the new software technology, which would provide greater efficiency and services for participants.

Chair Dew asked if any long-term financial gain would result from the pension software. Ms. Wenguer said the efficiency means as the plan expands, individuals will have greater access, as DROP accounts and other plans can be accessed online. She felt this would take the place of hiring another individual to handle DROP and other calculations.

Chair Dew asked if the City's Information Technology representative believed the software upgrade would help speed up existing systems. Ms. Wenguer said the representative was in favor of the new plan, as it would not be hosted by the City's server and would fit more easily into the disaster plan.

Vice Chair Rudominer said the committee should have its final recommendations by November, and asserted that they had discovered the inadequacy of the current system as part of the evaluation process. While the upgrade would be more costly than previously expected, it was a necessary expense. It was clarified that the \$275,000 would be a one-time cost.

Motion made by Mr. Fortunato, seconded by Mr. Naugle, for the acceptance of the budget. In a voice vote, the motion passed unanimously.

GTS

Ms. Wenguer said she and Mr. Schmid had discussed this contract, which has also been sent to Mr. Cypen for review. Mr. Schmid said CapTrust has met with GTS several times over the past year and has done two transitions with them. He commented that GTS's current approach is unique because they do not trade securities themselves, but maintain the rankings of all the brokers on the street for various securities and go with the brokers who are

executing the necessary trades at the least expense. He concluded that while CapTrust has no issues with GTS, they could bring in other providers to make presentations if the Board wished.

Chair Dew said he had been very pleased with GTS thus far, adding that he did not believe any other provider would conduct a blind study and show the Board the money the plan had saved.

Vice Chair Rudominer asked if the contract could be tabled until GTS makes a presentation. Ms. Wenguer advised that they wished to present at the November meeting. Chair Dew agreed with this suggestion and asked for the members' input. Mr. Hole and Mr. Fortunato said they were also happy with GTS's performance.

Mr. Cypen recommended negotiating a new contract that did not require GTS's services for any specific triggers, instead leaving the triggers to the Board's discretion.

Motion made by Vice Chair Rudominer, seconded by Mr. Fortunato, to renegotiate the contract with GTS based on the Board attorney's recommendation.

Mr. Hole said he was not in favor of the motion, stating that there were no issues that made renegotiating the contract necessary. He felt if the Board was not happy with the contract, they should consider changing to another firm. Ms. Wenguer pointed out that the contract differs from the original contract and is not merely a renewal.

Mr. Cypen suggested that the Board allow Mr. Schmid to negotiate the contract, advising that a trigger is not to the plan's benefit. The Board agreed to direct Mr. Schmid to negotiate the contract and report back to the Board the following month. Mr. Bayne requested that the current contract be provided for comparison.

Vice Chair Rudominer withdrew his motion.

Trustee Elections

Chair Dew explained that he had raised this issue because the report did not identify which trustee was up for election. Ms. Wenguer advised that this has only been done previously if a trustee had to leave at mid-term. It was agreed that names could be included on future reports. Ms. Wenguer offered to re-send the report for the upcoming election with names included.

Retirement Seminar

Ms. Wenguer said the seminar held at the end of September had received a very positive response. The seminar was combined with the General Employees' Plan, which also had a great many participants. She thanked Ms. DeZayas and Ms. Cintron for their help in arranging the seminar. Chair Dew thanked Ms. Wenguer for her work as well.

It was noted that the investment seminar will be held in February 2012. Ms. Wenguer said she would look into available dates for this event.

New Business

Mr. Hole asked that new members be listed in the report when they join the plan. Ms. Wenguer agreed this could be done.

Mr. Hole asked if they are still awaiting renewal information from AON, which provides the fiduciary liability insurance. Ms. Wenguer said she had contacted a representative and was advised that they did not need any additional information.

Survey results are still being compiled. Ms. Wenguer noted that the survey had approximately 800 responses.

Chair Dew said he and Mr. Nesbitt have updated their presentation to the City Commission and City Manager on the overall fundamentals of the plan. A copy of the presentation was provided to the Board members for review.

He will meet with the City Manager the following week to discuss the MOU and would like to make the presentation at this time.

He continued that due diligence has been performed to show the plan's savings through renegotiations and reductions. The total dollar amount of the savings from each firm has been calculated and will also be shared with the City Commission and City Manager.

Jack Chew, retiree, said he had attended Board meetings for several years and felt each one was very informative. He stated, however, that the retirement seminar had been the most productive meeting he had attended since his retirement, and suggested that future seminars could be recorded and posted on the website where it could be seen by retirees who were not able to attend the event.

Ms. Wenguer recalled that past seminars have been filmed, although there was little interest at the time. Chair Dew agreed that the recent seminar had been particularly informative, and again recognized Staff's work in putting the seminar together.

Mr. Cypen said disclaimers would be necessary if seminars were recorded, as they would need to ensure that the information presented remains accurate. Mr. Burnam agreed that individual presenters would probably want their own disclaimers as well. Ms. Wenguer said these are available for the presentations. Chair Dew agreed to pursue the idea of recording future seminars.

It was agreed that the communication to the City Commission would state the following:
a complete list of fee renegotiations has been calculated;
the PowerPoint presentation on the fundamentals of the plan has been updated;
the 2011/12 budget has been approved;
the retirement seminar was held, with very positive and beneficial results.

There being no further business to come before the Board at this time, the meeting was adjourned at 2:55 p.m.

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