

## October, 2012



POLICE AND FIREFIGHTERS' PENSION BOARD  
REGULAR BOARD MEETING  
WEDNESDAY, OCTOBER 17, 2012, 12:30 P.M.

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Present

Michael Dew, Chair  
Ken Rudominer, Vice Chair  
J. Scott Bayne, Trustee  
Jeff Cameron, Trustee  
Dennis Hole, Trustee  
Jim Naugle, Trustee  
Steve Cypen, Board Attorney  
Lynn Wenguer, Administrator

Absent

Richard Fortunato, Secretary

Also Present

Amanda Cintron, Assistant Administrator  
Laurie DeZayas, Pension Secretary  
John Herbst, City Auditor  
Douglas R. Wood, Finance Director  
Kevin Schmid, CapTrust  
Stephen Schott, CapTrust

Walt Courtney, President, Retirees' Association  
Fred Nesbitt, Director of Media Relations  
Bill Paton, Retirees' Association  
Gregg Gurdak, Retirees' Association  
Fuzzy Larkin, Retirees' Association  
Paul DeBold, Retirees' Association  
George Farrell, Retirees' Association  
Bob Oelke

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 17, 2012, in the Pension Board Conference Room, 888 S. Andrews Avenue, Suite 202, Ft. Lauderdale, Florida 33316.

Communications to City Commission

The pension obligation bond funds have been received and allocated by the Board. The new date for pension software implementation is set for February 1, 2013.

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.

Chair Dew informed the Board that Mr. Fortunato has recently been promoted to the rank of Sergeant and is attending a leadership program. For this reason, he could not attend today's meeting.

MINUTES: Regular Meeting: September 21, 2012

Motion made by Mr. Hole, seconded by Mr. Cameron, for the waiving of the reading of the minutes as documented [as corrected].

Mr. Wood noted the following correction on p.12, paragraph 2: the overall interest rate on the pension obligation bond is a 20-year rather than a 30-year average.

In a voice vote, the motion passed unanimously.

#### BENEFITS:

##### Police Department:

New Retiree: Ghalib Carmichael

New Beneficiary: Jeannette Grant

##### Fire Department:

New Retiree: John Molenda

New Retiree (Term. of DROP): Joseph Battaglia

Motion made by Vice Chair Rudominer, seconded by Mr. Hole, for the approval of the Benefits for Police and Fire.

In a voice vote, the motion passed unanimously.

#### BILLS:

Systematic \$27,092.70

Boyd Watterson \$24,675.00

CapTrust \$20,000.00

Rhumblin \$6,972.00

Klausner, Kaufman \$500.00

Motion made by Vice Chair Rudominer, seconded by Mr. Cameron, for the payment of bills as documented. In a voice vote, the motion passed unanimously.

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

It was reported that the recent Retirement Seminar was very informative to many of the retirees who attended it.

#### CAPTRUST: Investment Review Steve Schott, Kevin Schmid

Mr. Schmid distributed a final version of the allocation of pension obligation bond funds as discussed at the September Board meeting. These funds were received on schedule in early October. He recalled that a decision was made to stage the investment of these funds over the final three months of the year. The fixed income portion, which was allocated to Boyd Watterson and Agincourt, has already been invested, along with a portion to the Pimco All-Asset Fund. The equities investment will be staged over three months, and all large and mid cap allocations will be invested into the Rhumblin index fund rather than dividing it among all large cap asset managers.

He advised that there are two minor deviations from the schedule. Both the funds returned by K2 and an \$11.5 million portion of the pension obligation funds will be invested in Entrust on November 1. However, the international asset manager Thornburg, which is a commingled fund, only accepts funds on the first of each month; in order to remain on schedule, Lazard was given \$10 million in October and Thornburg will be given \$10 million in November, with each to receive another \$5 million in December.

With regard to performance, October has been flat in large cap equity markets, with no benefit or detriment associated with the staging of pension obligation fund investment.

Ms. Wenguer advised that the funds from K2 will be available the last week of October. This manager had held approximately \$23.3 million and will retain a percentage of these funds pending a final audit. Mr. Schmid estimated \$20 million will be available the following week.

He advised that with regard to real estate, it is possible these funds will be called up in January 2013, as there is not a particularly large queue of funds at this time. Mr. Schmid suggested that once the pension obligation funds have been invested, the team and the Board will review the Plan's cash position at the end of the year to determine whether more of the cash will be invested or if it should be put to another use.

Chair Dew asked if the Plan was subject to any exposure from recent issues facing Citibank. Mr. Schmid replied that while there may be some exposure in the equities market and index programs, this issue should have no meaningful effect on the Plan. He noted that while Citibank has a wide range of investment products, these have been wound down and sold off to a great extent over the past four years.

Mr. Schott concluded that the CapTrust team is also looking at opportunistic alternative programs to enhance the Plan and lead to further diversification.

#### COMMUNICATION DIRECTOR'S REPORT:

Mr. Nesbitt advised he had nothing to report at this time.

#### ADMINISTRATOR'S REPORT:

##### Frank Colleran Request for Correction of Pension Amount

Mr. Cypen informed the Board that the judge has ordered the Board to rule on Mr. Colleran's request within 60 days. Today's proceeding will serve as a hearing on such request. He noted that the members have received copies of an independent report, which confirms that the previous actions the Board has taken are correct. The independent report recommends that the request be denied at this level. If Mr. Colleran notifies the Board that he would like to proceed with a full hearing, one will be scheduled. Mr. Cypen clarified that today's proceeding is considered to be an informal hearing.

Mr. Cypen continued that should a Board member move to approve Mr. Colleran's request, and this motion passes, there would be no further action on the issue before the Court. If a motion is made to deny the request based upon the evidence, and this motion passes, a request for a formal hearing could be made by Mr. Colleran.

He added that he hoped some weight would be attached to the independent expert's opinion, as this individual is well-qualified to provide input on the issue.

Motion made by Vice Chair Rudominer, seconded by Mr. Hole, to permanently deny Mr. Colleran's claim, based upon the letter dated October 16, 2012, and other evidence that is in the file. In a roll call vote, the motion passed 6-0.

##### Actuary RFP

Ms. Wenguer stated that this RFP has been posted and will be active until November 9, 2012. Chair Dew requested that the Board members serving on the selection committee for this RFP establish a review schedule for applicants, and noted that it is likely he would not be present at the next scheduled Board meeting. Ms. Wenguer advised that Mr. Fortunato, who had volunteered for the selection committee, would also not be present on the current meeting date.

Chair Dew asked that the selection committee participants consider meeting during or before the first week of December so they could present their findings to the full Board at the December meeting. It was decided that the selection committee would meet on December 4, 2012, at 10:00 a.m.

The members discussed the date of the November regular Board meeting. It was determined that this meeting would be scheduled for Monday, November 5, at 11:00 a.m.

##### Service Provider Evaluation

Ms. Wenguer noted that a generic draft of the evaluation form was provided for the members to review. She advised that a separate type of evaluation could be used for each provider, or the generic form may be used for all providers. It was decided that the rankings on the evaluation form(s) would use terms relating to satisfaction or lack of satisfaction rather than terms such as "good" or "fair." Ms. Wenguer advised that the revised draft would be presented at the next meeting for further review.

#### Retirement Seminar

Ms. Wenguer said the recent seminar appeared to have been very successful, with good attendance, several questions, and positive feedback from attendees. She suggested that an investment expert might be invited to a future seminar; however, she noted that care would need to be taken to ensure no one discussed a particular product or products during the event.

Chair Dew agreed that the comments he had received were also very positive. Some suggestions included shortening break times and including discussions regarding Social Security. It was noted that Mr. Nesbitt's presentation was very successful and well-received.

#### Investment Workshop

Ms. Wenguer stated she had spoken with the Hyatt and dates are available in February. Chair Dew recalled there had been discussions of holding a meet-and-greet during an evening and scheduling the seminar itself for the following day. It was decided that the seminar date would be February 22, 2013. Chair Dew encouraged the Board members to attend if possible.

#### 2013 Board Meeting Dates

Ms. Wenguer provided a list of proposed meeting dates for the members' review. It was decided that the suggested February and November 2013 meeting dates would be discussed further at the November 2012 meeting.

#### 7<sup>th</sup> Trustee Seat

Ms. Wenguer noted that there was no nomination for this seat other than Mr. Hole thus far. If needed the election will be scheduled for the December meeting.

#### Trustee Elections

Ms. Wenguer stated there are two issues: there is an individual running against Mr. Fortunato for the Police Trustee seat, so there will be an election for this seat. The Firefighter seat is unopposed, which makes Vice Chair Rudominer the official Firefighter Trustee, with a four-year term.

She continued that according to guidelines, if a Trustee is within 90 days of the end of his term, it is left to the Board's discretion whether or not this Trustee may attend an educational conference. She noted that Mr. Fortunato is scheduled to attend an upcoming annual conference, which could create an issue, since his seat is opposed.

Motion made by Mr. Hole, seconded by Mr. Naugle, that the Board allow Rich Fortunato, as a Trustee, to attend the International Foundation Annual Conference and attend the Advanced Trustee Certification Program prior to the Annual [Conference]. In a voice vote, the motion passed 6-0.

#### Office Staff Benefits

Ms. Wenguer recalled that there had been a request to compile a list of the benefits offered to City employees, including Police, Fire, and management, versus the benefits offered to office Staff. She distributed copies of this list to the members.

Clarification was requested regarding whether or not medical benefits were offered for Ms. Wenguer's position. She advised that these benefits were not part of her contract. There is also no set scale for merit guidelines with

regard to office staff; these increases are arbitrarily determined by Ms. Wenguer and Chair Dew. Merit increases in 2012 for the administrator are according to contract. It was noted that longevity is determined by date of hire.

Mr. Hole asked if salary comparisons were made City-wide, or to Police and Fire managers. Ms. Wenguer said the comparison was not made specifically to management. Chair Dew said the comparison should be made to management on a City-wide basis rather than to Police and Fire managers. Mr. Hole agreed that these would be more relevant comparisons.

It was also noted that not all positions, such as assistant administrator or pension aide, would be considered management at the City level. Ms. Wenguer said these positions would be considered either management or confidential. Chair Dew noted that according to State statute, pension aides are not considered to be confidential employees, as they do not participate in budget preparations. Ms. Wenguer said she would check into this issue further for the best possible accuracy, noting that aides have access to a great deal of confidential information.

Mr. Hole asked if there are evaluations for other Staff members that are similar to the administrator's evaluation. Ms. Wenguer said City evaluation forms were used. Chair Dew stated that Ms. Wenguer sends these evaluations to him for concurrence as a representative of the Board. Mr. Hole asked if the full Board should also have input on these evaluations, as they also interact with Staff. He advised that he would have issues with the Chair providing salary input if this option was not also available to all Board members.

Chair Dew recalled that a decision was made by the Board to allow evaluation administration for Staff to be Ms. Wenguer's responsibility rather than the Board's. The evaluations were intended to set goals rather than to take corrective measures. It was decided by the Board at that point that Ms. Wenguer would administer evaluations and make any recommendations regarding merit increases, which would be concurred upon by the Chair. He noted, however, that this procedure could be changed if the Board wished.

Mr. Hole asked if there was a formal policy booklet for Staff. Ms. Wenguer said the City's guidelines and procedures are followed with regard to sick, vacation, or holiday leave. Health and medical benefits, however, are not addressed in the Plan's booklet, although Staff is advised they may be part of the City's health insurance program. It was agreed that Mr. Hole would be provided with a copy of this booklet for further reference. It was clarified that there was no documentation of benefits other than leave.

It was asked if City benefits are listed on the City's website, which would mean any changes to these benefits would be available to those Staff members receiving them. Ms. Wenguer noted, however, that some benefits, such as COLA raises, may be offered to City employees but not to Plan employees. She advised it is up to the Board to decide whether they should offer the same policy as the City or offer their own policy.

It was stated that Plan employees should be able to clearly see what benefits they are or are not entitled to, from the time they are hired until the time they are separated from the office. Ms. Wenguer agreed that this should be addressed with greater clarity, and recalled that she had asked Staff members to bring up any issues of concern. She concluded that a benefit booklet would be compiled for all office Staff.

Ms. Wenguer added that the cost of health insurance is also increasing greatly for employees. It was noted that if employees are part of the City health plan, they would receive the same benefits as City health insurance; individuals on this plan will also have access to the City health clinic.

Ms. Wenguer concluded that she would bring back a report on these issues to the next meeting, and to subsequent meetings if necessary.

#### PENDING ITEMS:

##### New Business

Ms. Wenguer reported that per a letter from the Division of Retirement dated September 20, 2012, the Plan received an additional \$298,000 in supplemental fire distribution, Chapter 175, Florida statutes. The Plan had not received a supplement distribution in about four years.

##### Old Business

Mr. Hole advised that Robinson Geller had provided a portfolio monitoring report through the mail, although this document does not monitor filing of claims. He asked that a report be generated regarding claims that were filed and how much money was returned to the Board. Ms. Wenguer stated that she checks these claims regularly, and that claims are double-checked by another company as well.

It was determined that the communication to the City Commission would inform the Commission that the pension obligation bond funds have been received and allocated by the Board. The new date for pension software implementation is set for February 1, 2013.

With regard to the issue of academic incentive paid credits raised by retiree Randy Trout at the September 21, 2012 meeting, Ms. Wenguer reported that work on this issue is still underway and will be provided to Mr. Cypen.

There being no further business to come before the Board at this time, the meeting was adjourned at 1:46 p.m.

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