

September 2007



POLICE & FIRE PENSION BOARD
REGULAR MEETING, September 12, 2007

888 S. ANDREWS AVENUE, SUITE 202

FT. LAUDERDALE, FLORIDA 33316

ITEM ACTION PAGE

MINUTES: Regular Meeting, August 8, 2007 Approved 1
BENEFIT REVIEW: FIRE DEPT. - Beneficiary - Retiree Death:

Gloria J. Peck Approved 2
Survivor Death:

Nellie Kitchen No further benefit
New Retirees - Termination of DROP Retirement:

Barbara J. Barrett Approved
Christopher Smith Approved
DROP Retiree:
Russell Hanstein Approved
Requests for Lump Sum Refund:

Michael Gonzalez Approved

Alexander Griss Approved

Michael Black Approved
Retiree Death:

Robert Basore No survivor

Survivor Death:

Marcella MacPherson No further benefit

Disability Hearing - Doniel Acosta:

Motion approved to table this hearing until October 3, 2007 on the condition that all medical records we requested are reviewed 24 hour prior to the meeting.

BILLS: 3,4 Stanley Holcombe . \$7,242.00 Payment approved

Cornel Lupu \$2,000.00 Payment approved Cypen & Cypen \$319.03 Payment approved

Atkinson Diner \$390.43 Payment approved

Atkinson Diner \$270.71 Payment approved

Northern Trust \$47,957.86 Payment approved
INPUT FROM ACTIVE & RETIRED POLICE OFFICERS

& FIREFIGHTERS: 4

Ms. Burrell to look into problems in the retirees' direct deposits.

ADMINISTRATOR'S REPORT: 4,5

Me Too II: We have agreed to not make payments until final disposition.

Firefighters' Assignment Pay: City agreed that these are pensionable

benefits. Administrator to research entitlement.

2% bonus for Firefighters: Mr. Dunckel has been advised of problem.

Koch Reiss Engagement Letter: Approved for 2007-2008. Motion

approved to look into hiring another accounting firm for the 2008 audit.

Fiduciary Liability Insurance: Additional information to be brought

to October meeting.

Mierzwa & Assoc. Letter dated April 6, 2007: Mr. Cypen working with

actuary and will advise.

415 Benefit Limitations: Actuary needs to be made aware of relationship

of excess benefits to the DROP Plan.

Klausner & Kaufman Letter dated August 28, 2007: Motion approved to

agree to them representing FOP Lodge 31 with conditions.

Pension Overpayments: Agreement Letter signed by T. Arter. 6

J. Peney working on resolution.

Assistant Pension Administrator: Interviews will be set up.

Use of actuarial firm: Motion approved to allow Police and Fire to use actuarial

firm as long as they make the arrangements and payment and provide us with

copies.

Trustee Positions: Notices of elections have been sent out.

OLD BUSINESS:

Summary Plan Description: Quality of printing discussed.

Premium Tax Monies: Deposited.

Vendors' Insurance: On file.

Disaster Plan: Will be provided.

2% Bonus for Firefighters: Mr. Dunckel will advise what steps will be taken

to correct this issue.

Saxena White's Report: Showed gains.

Cell Phone for Chairman: Motion approved to pay \$75 per month as of July 1, 2007.

ASSET CONSULTING GROUP:

International Manager Review - Jason Pulos. 7

Six candidates reviewed. Motion approved to remove the portfolio from The Boston

Company and hire Thornburg Investment Management and Julius Baer Investment Management.

Investment Program Review - Jason Pulos.

Review of hedge fund strategies. Recommended investing in Fund of Funds.

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, September 12, 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

Betty Burrell, Ex-officio

Steve Cypen, Board Attorney

James G. Behrendt, City Controller

Lynn Wenguer, Administrator

Laurie DeZayas, Pension Aide

Renee Lipton, Recording Secretary

ALSO PRESENT: Fuzzy Larkin, President, Retirees' Assoc.

Bill Paton, Vice President, Retirees' Assoc.

Nancy Cone, Treasurer, Retirees' Assoc.

Jack Chew, Retirees' Assoc.

Ralph Parente, Retirees' Assoc.

Linda Soloman-Duffey, Retirees' Assoc.

Frank Colleran, Retirees' Assoc.

David Wheeler, Police Dept.

Dee Seibert, Former Chairperson

Rick Perez, Former Chairperson

Doniel Acosta, Disability Applicant

Jason Pulos, Asset Consulting

ASSET VALUE as of September 11, 2007: \$467,328,714.

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

MINUTES: Regular Meeting, August 8, 2007. Mr. Hole made a motion to approve the minutes as submitted with Mr. Rogers seconding the motion. The motion was approved UNANIMOUSLY by the Board.

P&F Regular Meeting

Minutes, September 12, 2007

BENEFIT REVIEW: FIRE DEPARTMENT - Beneficiary - Retiree Death: Gloria J. Peck (dependent upon James D. Peck). Date of retirement December 11, 1991. Retiree date of death August 31, 2007. Monthly pension benefit \$3,426.13 for one year. Reduced to \$2,055.68 (60%).

Survivor Death: Nellie Kitchen dependent upon Thomas M. Kitchen. Survivor date of death July 10, 2007. No further benefit payable.

POLICE DEPARTMENT - New Retirees - Termination of DROP Retirement: Barbara J. Barrett, Police Officer. Date of DROP retirement August 1, 2007 with 20.48 years of credited pension service and 20.61 years of total service. Termination Date September 18, 2007. Monthly pension benefit \$4,034.75. DROP account total \$6506.31.

Christopher Smith, Police Officer. Date of DROP retirement December 30, 2004 with 20 years of credited pension service and 23.59 total years of service. Termination date August 31, 2007. Monthly pension benefit \$3,789.89 (100% Joint & Survivor). DROP account total \$134,495.15.

DROP Retiree: Russell Hanstein, Jr., Major. Date of DROP retirement September 3, 2007 with 22 years of service. Monthly pension benefit \$6,867.53 (100% Joint & Survivor).

Requests for Lump Sum Refund: Michael Gonzalez, Police Officer. Date of separation December 30, 2006 with .78 years of creditable service. Lump sum payment due \$2,157.07.

Alexander Griss, Police Officer. Date of separation August 20, 2007 with 2.61 years of creditable service. Lump sum payment \$7,150.16.

Michael Black, Police Officer. Date of separation August 17, 2007 with 1.41 years of creditable service. Lump sum payment due \$4,231.26.

Retiree Death: Robert B. Basore. Date of retirement October 31, 1981. Retiree date of death August 26, 2007. No survivor.

Survivor Death: Marcella MacPherson. Dependent upon William MacPherson. Survivor date of death August 18, 2007. No further benefits payable.

Mr. Dew made a motion to approve the Benefit Review with Mr. Burnam seconding the motion. The motion was approved UNANIMOUSLY by the Board.

P&F Regular Meeting

Minutes, September 12, 2007

DISABILITY HEARING: Doniel Acosta was scheduled for an informal hearing. Mr. Cypen stated that without a copy of his pre-employment physical to the Police Department this hearing would be rescheduled due to the presumption law. The staff was having a problem getting a copy of this physical that should be covered by the release Mr. Acosta had signed. Another release, specific to this paperwork, had been sent to the Police Department and we are waiting for a copy of the pre-employment physical.

The trustees discussed other issues that need further clarification.

Mr. Kemp arrived at 12:40 P.M.

The following information needs to be obtained before an informal hearing can be scheduled:

Medical records from the military.

Personnel package.

Dr. Lupu needs to clarify the information on contributing causes.

Clarification of his not taking his prescribed medication.

Out of country medical report documentation.

North Ridge Hospital's report on percentages of disability.

Clarification of back, shoulder and neck problems (ask Dr. Lupu if he factored in back and shoulder problems).

Letter from Police Department stating that there are no duties available through the Police Department.

Written statement from Mr. Acosta that there is no appeal pending with the Police Department.

After further discussion, Mr. Dew made a motion to table this hearing until the next regular meeting of October 3, 2007 on the condition that all the medical records we requested are reviewed three business days prior to the meeting. Mr. Rogers seconded the motion. The motion was approved UNANIMOUSLY by the Board.

BILLS:

Stanley Holcombe & Associates submitted a bill for actuarial consulting services from March 30, 2007 through August 10, 2007 in the amount of \$7,242.

Cornel J. Lupu, M.D. submitted a bill for a physical for D. Acosta and review of medical reports in the amount of \$2,000.

Cypen & Cypen submitted a bill for professional services from April 1, 2007 through July 20, 2007 in the amount of \$319.03.

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Bills (continuation): Atkinson, Diner submitted a bill for activity through July 25, 2007 in the amount of \$390.43 and a bill for activity through August 25, 2007 in the amount of \$270.71.

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

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS: Former Chairperson Rick Perez brought a problem to the attention of the trustees. In September, the retirees did not get their checks that were on direct deposit until the 4th of the month that caused problems in the automatic payment of bills. Ms. Burrell stated that she was not aware of this problem and would look into it and address it at the next meeting.

Former Chairperson Dee Seibert requested an update on the Me Too II issue. Mr. Cypen answered that we prevailed in the case. However, this was not a final judgment. The City has hired another attorney for an appeal that could take several months.

ADMINISTRATOR'S REPORT: Me Too II: Ms. Wenguer advised that we have an agreement not to pay any benefits until final disposition of this case.

Firefighters' Special Assignment Pay: Ms. Wenguer stated that the City agreed that these were pensionable benefits. We have adjusted our program. The 7% contribution will be deducted starting with the next paycheck. The administrator to research how many firefighters were affected. Mr. Hole added that those who left employment or entered the DROP should be included.

2% bonus for Firefighters: The 1991-1992 contract did not include the word "normal" retirement as the ordinance states. Mr. Cypen stated that the City has to fix this error, as it is clearly an unfair labor practice. Mr. Cypen to contact Mr. Dunckel and advise the administrator of the outcome.

Koch, Reiss Engagement Letter: Mr. Dew expressed his concerns reference their past performance and requested the trustees look into hiring another accounting firm. It was noted that the General Employees have just sent out Request for Proposals. The administrator will get copies of the responses.

Mr. Hole then made a motion to approve the Koch Reiss Engagement Letter of Agreement for 2007-2008. Mr. Rogers seconded the motion. The motion was approved UNANIMOUSLY by the Board.

Mr. Dew made a motion that for the 2008 audit we research hiring a new audit firm. Mr. Kemp seconded the motion. The motion was approved UNANIMOUSLY by the Board.

P&F Regular Meeting

Minutes, September 12, 2007

Fiduciary Liability Insurance: Mr. Cypen noted that the Chubb quote was less expensive and they are a highly rated company. He added that we need a Waiver of Recourse to be added to the policy. Ms. Burrell stated that she has been in contact with Rutherford who is the city's insurance broker. She is waiting for a quote. Ms. Burrell stated that she would ask Mr. Behrendt to pursue getting the necessary information prior to the October meeting.

Ms. Burrell left at 1:55 P.M.

Mierzwa & Associates Letter Dated April 6, 2007: Mr. Cypen advised that he is working with the actuary to see if the calculations are correct and he will advise the trustees when he has this information.

Mr. Behrendt arrived at 2:00 P.M.

Mr. Cypen asked Mr. Behrendt to review the Chubb Policy and to ask the Risk Manager his recommendation as to the coverage needed. Mr. Cypen recommended \$3,000,000. coverage. He further noted that he would like to get a price on a Waiver of Recourse. He further asked Mr. Behrendt for a copy of the portion of the ordinance that indemnifies the Board. Mr. Behrendt agreed to address these issues at the next meeting.

415 Benefit Limitations: Mr. Cypen brought to the trustees attention his newsletter article (Pages 96,97,98) that addresses the application of Section 415 to Fire Fighter and Police Pensions. He recommended that Mr. Stanley be made aware of the excess benefits with relation to the DROP Plan to make sure this does not violate Section 415 of the Internal Revenue Code of 1986.

Klausner & Kaufman Letter dated August 28, 2007: Discussion ensued as to their request to approve their representing the Fraternal Order of Police Lodge 31 and as to whether they are still our Fiduciary Counsel since we have not called upon their services in the last ten months.

After additional discussion, Mr. Dew made a motion that we approve this request for permission for them to represent the FOP Lodge 31. Mr. Kemp seconded the motion.

Mr. Rogers discussed whether we needed additional information as to the area of services they will be providing to FOP Lodge 31. After this discussion, the motion was withdrawn.

Mr. Dew then made a motion that we agree to a contingency of acceptance of their letter on the condition that they send a letter of clarification regarding the fact that this is strictly related to contract negotiation and in no way bears upon any current or potential issues involving the Board of Trustees. Mr. Rogers seconded the motion. The trustees UNANIMOUSLY approved the motion.

P&F Regular Meeting

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Pension Overpayments & Reimbursements: Mr. Peney is working with an accountant and an attorney to draft a plan for reimbursement. They will bring this information to the next meeting.

Theresa Arter is paying monthly as there is a deduction made from her pension check.

Assistant Pension Administrator: The Administrator advised that she placed an ad in the Sun Sentinel Career Builders and received 63 resumes. The Chairman and Administrator will be setting up interviews.

Use of Actuarial Firm: It was noted that the Firefighters' Union wishes to use our actuary to perform calculations for them. Mr. Cypen addressed this issue by stating that we will allow the use of our experts as long as they make the arrangements as well as the payments and provide us with a copy of any reports.

Mr. Fortunato made a motion to allow the Police and or Fire the use of our experts as long as they make the arrangements as well as the payments and provide us with a copy. Mr. Rogers seconded the motion.

The trustees UNANIMOUSLY approved the motion.

Trustee Positions: Two trustee positions will be open one for firefighter currently held by Ian Kemp, and one for police officer, currently held by Michael Dew. Notices of election have been sent out. One civilian position will be open and needs reappointment by the City Commission.

OLD BUSINESS:

Summary Plan Description: The quality of the printing by the City was discussed. The administrator will look into getting a better quality for the next printing.

Premium Tax Monies: Have been deposited.

Vendors' Insurance: Copies on file.

Disaster Plan: Will be provided shortly.

2% Bonus for Firefighters: Mr. Cypen advised that he had a telephone conversation with Mr. Dunkel who agreed with the concept that the ordinance has to agree with the contract. Mr. Dunkel will let us know what steps will be taken to correct this issue.

Saxena White's Report: It was questioned whether the figures shown were gains or losses. Ms. Wenguer advised that these were gains.

Cell Phone Bill for Chairman: A motion was made by Mr. Dew to start payments of \$75.00 monthly as of July 1, 2007 with Mr. Rogers seconding the motion. The motion was approved UNANIMOUSLY by the Board. A copy of the minutes will be sent to the Finance Department for verification to allow for payment.

Mr. Cypen left the meeting at 2:35 P.M.

P&F Regular Meeting

Minutes, September 12, 2007

INTERNATIONAL MANAGER REVIEW - Asset Consulting: Jason Pulos reviewed the six candidates that he recommended for replacement of The Boston Co. The companies were Alliance Bernstein, L.P, Batterymarch Financial Management, Inc., Julius Baer Investment Management, Pictet Asset Management Ltd., State Street Global Advisors and Thornburg Investment Management. Each of these firms was reviewed. Discussion ensued as to whether to hire one manager or two complementary managers.

After a thorough discussion of each of these companies, Mr. Hole made a motion to remove the portfolio from The Boston Co. and replace them with Thornburg Investment Management and Julius Baer Investment Management. Mr. Fortunato seconded the motion. The motion was approved UNANIMOUSLY by the Board.

Investment Program Review - Asset Consulting: Jason Pulos gave an overview of the portfolio and an asset allocation analysis of the equities, fixed income and real assets. He reviewed the components of the equity allocation and recommended that the trustees consider hedged equity as a component of the portfolio. He showed how hedge fund strategies could lower risk in the portfolio. He also advised that equity long/short strategies generally outperform in modestly appreciating markets. Equity long/short strategies underperform in significant market rallies. This strategy would provide support in declining market environments and participate in market appreciation.

Mr. Pulos reviewed not only hedge fund strategies, but also the issues and considerations. His recommendation was to invest in a Fund of Funds that would allocate to several managers with different type of hedge fund strategies. He further recommended using January, 2008 as a target date to start looking at companies. Additionally, he suggested the trustees have two fund managers come to a meeting for additional education with a target date of the November meeting. One manager to be scheduled at 2:30 P.M. and the second manager at 3:00 P.M. Chairman Curry thanked Mr. Pulos for his informational review.

Northern Trust Bill of 3/31/07: This bill in the amount of \$47,957.86 had been reviewed and approved by the administrator. After discussion, Mr. Hole made a motion to approve payment of this bill with Mr. Dew seconding the motion. The motion was approved UNANIMOUSLY by the Board.

FOR YOUR INFORMATION: No action.

Mr. Dew made a motion to adjourn at 4:45 P.M. with Mr. Kemp seconding the motion. The motion was approved UNANIMOUSLY by the Board.

Chairman Secretary

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