

City of Fort Lauderdale



Police & Firefighters' Retirement System Annual Report 2010

Chairman's Report

On behalf of your board of trustees, I am pleased to share with you the **Annual Report** for fiscal year 2010, ending December 31. This report provides information on the financial health of your retirement system.

The trustees made several decisions to enhance the plan's assets and performance. Meeting the board's continuous efforts to keep increasing the plan's assets and performance, and without more risk or volatility, the trustees hired CapTrust Advisers as its new assets performance manager. CapTrust Advisers was selected because of their due diligence, proven superior performance, and top-rated investment analysts. The board selected the new manager from among 20 national firms submitting proposals.

With the guidance of CapTrust Advisers, the board is rebalancing the portfolio, making changes in investment managers, and adding asset classes to enhance investment return. At the same time, we are focusing on due diligence and best practices by negotiating lower investment rates with money managers. The trustees monitor the performance of managers and replace managers that do not perform. We will not chase market returns – but make decisions based on strict investment policy criteria and long-term performance.

Last year, the plan's assets grew from \$417 million to \$471 million. Dividends and gains on investments added \$51 million to the plan's assets. Investment returns at the end of the year

were 12.4%, with a 20-year average return of 9%, above the national public plan average of 8.2%. Our plan has experienced negative returns only 4 times during the past 20 years. Your plan paid out \$35.8 million in benefits to retirees/survivors – 77% of whom live in Florida. All these numbers are proof-positive of the strong, supportable retirement system for police officers and firefighters – both retired and active.



Your retirement plan is solid, growing and recovering from the 2008 downturn in the stock market. I reported to the City Commission the highlights of the plan's performance and significant events, and that we have a **solid, well-funded retirement plan.**

After a serious threat to our pensions by the governor and some state legislators, I am pleased to report that **none** of the recent legislative retirement changes enacted by the state legislature will impact your benefits.

I encourage you to be involved and utilize the resources of your pension office to assist you with all your retirement questions and decisions.

Michael Dew
Chairman

2010 Retirement Plan Highlights

The Fort Lauderdale Police and Firefighters' Retirement System provides retirement, disability, and survivor benefits to police officers and firefighters of the City of Fort Lauderdale. The retirement system was established January 1, 1973 by city ordinance and is administered by the board of trustees according to this ordinance and Florida state statutes.

Active Members= 802

Retirees/Beneficiaries = 845

Disability Members = 20

DROP Members = 84

Terminated Vested = 16

Total Plan Participants = 1767

New Entrants = 35

Market Value of Plan Assets = \$471.4 million

Benefits Paid = \$35.8 million

Member Contributions = \$5.2 million

City Contributions = \$30.7 million

State Contributions = \$4.8 million

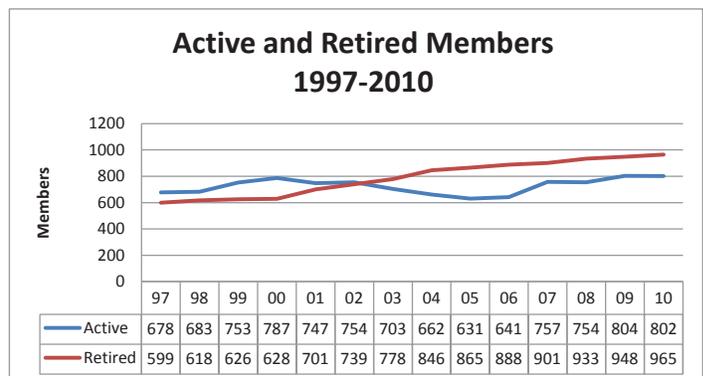
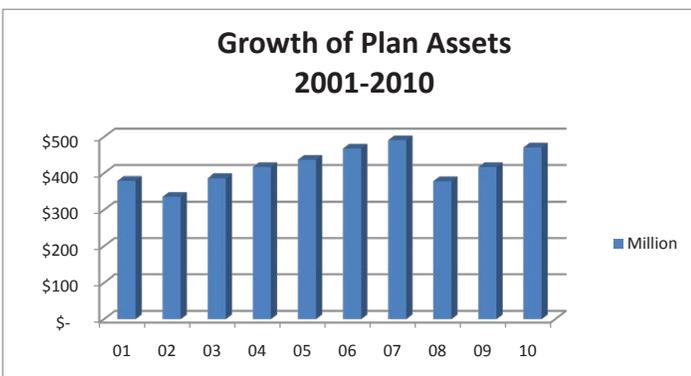
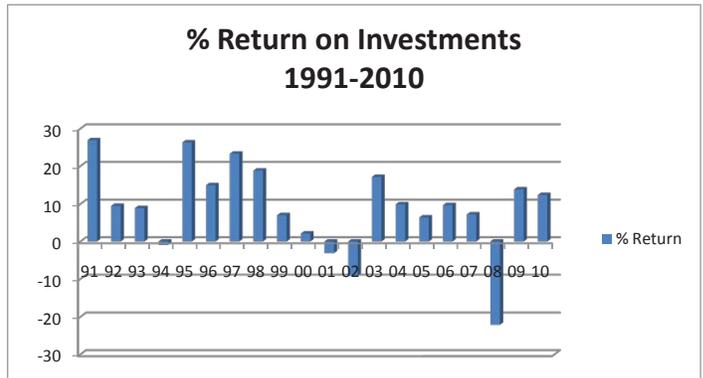
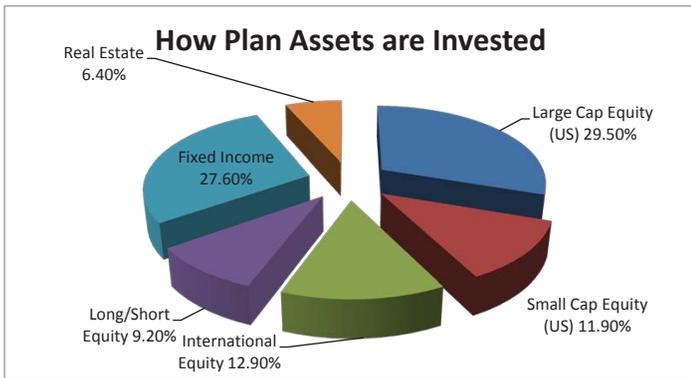
Dividends and Interest = \$7.3 million

Gains on Investments = \$43.6 million

Understanding Your Plan's Finances

The four charts below give you a quick overview of your retirement system. The trustees carefully invest the funds into a diversified portfolio of stocks and bonds to obtain superior returns for the plan. The plan assets are growing and rebounding from the downturn in the stock market. The return on investments continues to be positive, with a 20-year average return of 9%. The plan membership

continues to increase, with retirees/survivors exceeding active members. Part of this is due to the DROP program, where public safety officers retire, but continue working for a period of five to eight years. The DROP helps both the retirement plan and the city, which does not make a pension contribution on the public safety officers in DROP.



Your Pension Staff



Your pension office is located at 888 S. Andrews Avenue, Suite 202, Fort Lauderdale, FL 33316 or call 954-828-5595. The day-to-day operations of the retirement system are run by a professional staff

of three individuals. Pictured (l to r) Amanda Cintron, Assistant Plan Administrator; Lynn Wenguer, Plan Administrator; Laurie DeZayas, Pension Secretary.

New Assets Manager Selected

CapTrust, Advisors, LLC was selected by the board of trustees as the new assets performance manager. Headquartered in Tampa, Florida, CapTrust is an independent investment advisory firm for public and private retirement plans. They are the investment consultant, with over \$10 billion in assets under advisement, to 163 pension plans across the United States.

As the plan's performance manager, CapTrust advises the trustees on such financial matters as asset allocation of the investments, selection of money managers, asset management alternatives, analyses of financial markets, and overall performance of the investments.

Two key members of the CapTrust management team are assigned to the retirement plan. Stephen Schott, Managing Principal, has more than 28 years of experience in all aspects of investment policy, asset allocation, asset/liability analysis, and manager recommendations. Steve has been a guest on CNBC and quoted in a variety of national publications such as USA Today, BusinessWeek and Forbes Magazine.

Kevin Schmid, Investment Consultant, has more than 10 years of experience serving a broad institutional client base. Kevin received his undergraduate degree in Economics and Psychology from Duke University and his MBA from the Fuqua School of Business at Duke.

CapTrust is staffed by 15 investment consultants, 9 research and performance analysts, and additional administrative support.

Board of Trustees

Michael Dew (Police)
Chairman

J. Scott Bayne (Fire)

Dennis Hole (Consensus)

Kenneth Rudominer (Fire)
Vice Chairman

Mark Burnam (Appointed)

Richard Fortunato (Police)
Secretary

Jim Naugle (Appointed)



(l to r) Trustees Dennis Hole; Jim Naugle; Mark Burnam; Michael Dew, Chairman; J. Scott Bayne; Rich Fortunato, Secretary; and Ken Rudominer, Vice Chairman

Retirement Plan Receives Award

The Fort Lauderdale Police and Firefighters' Retirement System received the Public Pension Coordinating Council's (PPCC) award for funding and administration of its retirement system. The award is in recognition of meeting professional standards for retirement plan funding and administration as set forth in the Public Pension Standards.

The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serving as a benchmark by which all defined benefit public plans should be measured. The 2010 recognition award was presented by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators (NASRA), National Conference on Public Employee Retirement Systems (NCPERS), and National Council on Teacher Retirement (NCTR).

This is the first year the Police and Firefighters' Retirement System applied for the award. Across the country, approximately 200 systems received this recognition out of over 2,500 public pension plans in existence.

Police and Firefighters' Retirement System
888 S. Andrews Avenue, Suite 202
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The City of Fort Lauderdale Police and Firefighters' Retirement Board efficiently provides the highest quality of administrative services, within the applicable laws, professional and ethical standards, so that each member has the opportunity for a successful retirement.

Retiree COLA

There have been many questions regarding the payment of a cost-of-living adjustment (COLA) for those who have retired from active duty. While the city ordinance providing a COLA naturally expired on July 15, 2008, it was determined that all members of the plan who retired prior to that date or were eligible for a normal retirement prior to that date are potentially eligible for a COLA, if it is determined one is payable according to the terms of the plan. This is a general description of the rights of the parties but is not exhaustive. The board continues to study prior COLAs and their applicability to retirees.

Stay in Touch

It is important for all members of the retirement system – both active and retired – to keep the pension office up to date with their address and other relevant information. Your plan has a website where you can get valuable information regarding retirement. Visit us at ftlaudpfpension.com. The pension office would also like to stay in touch with you through emails. If you have not done so, please provide us with your email address and full name. It will be used exclusively for pension issues and not be sold or shared with vendors. Send your email address to: acintron@fortlauderdale.gov.

***Save the
Date***

2011 Police and Firefighter Retirement Planning Seminar

When: Thursday September 22nd and
Friday September 23rd

Where: City Hall Commission Chambers
100 N Andrews Ave, Fort Lauderdale

It's never too early or too late to plan for your retirement

RSVP by September 9th to 954-828-5595 or acintron@fortlauderdale.gov