

April 11, 2018

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, April 11, 2018, 12:30 P.M**

Communication to the City Commission:

1. The Board approved the Actuarial Valuation Report for the year ending September 30, 2017.
2. The Board accepted the December 31, 2017 2.89% quarterly rate of return.

Board Members

Ken Rudominer, Chair	P
Richard Fortunato, Vice Chair	P
Scott Bayne, Secretary	P
Jim Naugle, Trustee	P
Jeff Cameron, Trustee	P
Dennis Hole, Trustee	P
Derek Joseph, Trustee	P
Lynn Wenguer, Executive Director	P

Also Present

Alexandra Goyes, Deputy Director
Fred Nesbitt, Board Communication Director
Robert Klausner, Board Attorney
Linda Logan-Short, Acting Director of Finance
Kevin Schmid, CAPTRUST
Paul DeBold, Retirees Association President
Paul Chettle
Jamie Opperlee, Prototype Inc.

ROLL CALL/CALL TO ORDER

The meeting was called to order at 1:08 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: March 14, 2018 Meeting

Chair Rudominer made changes to the draft minutes.

Motion made by Mr. Bayne, seconded by Mr. Hole to approve the Board's March 2018 minutes as amended. In a voice vote, motion passed unanimously.

NEW HIRES:

Chair Rudominer recognized the new hires.

BENEFITS: **POLICE DEPT:** **New Retiree: (Term of** Michael Dew
DROP)
DROP Retiree: Eric T Sweet

FIRE DEPT: **New Retiree: (Term of** Robert F Hoecherl
DROP)
DROP Retiree: Jeffrey A Fogg
 Gregory M Snyder
 Melanie Snowhite

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

BILLS:	Northern Trust	\$37,063.29
	CAPTRUST	\$21,250.00
	Milliman	\$17,125.00
	Klausner, Kaufman	\$3,480.00
	Klausner, Kaufman	\$3,000.00

Chair Rudominer asked about the service buyback adjustment charge on the Milliman invoice and Ms. Wenguer explained that the change in coding for the buyback had not accurately reflected all of the changes this caused to the benefit. Milliman had charged \$1,500 to record the buyback and another \$1,500 to re-compute the benefit. Chair Rudominer confirmed that the \$200 charge per affected member was not part of this.

Motion made by Mr. Hole, seconded by Mr. Fortunato, to approve payment of the bills as documented. In a voice vote, the motion passed unanimously.

COMMENTS FROM THE PUBLIC/ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS

Mr. DeBold reported another retiree had passed away recently. Also, Joey VanSandt was coming out of his induced coma and would be moved to a rehab facility soon.

ATTORNEY'S REPORT:

Mr. Klausner reported Governor Scott had signed the PTSD bill.

Mr. Klausner had followed up on the question of no interest being paid on the EnTrust holdback and why it had been held so long. He had discovered that five years ago, the general partner had made changes to the plan allowing them to put the funds in a non-interest bearing account. However, the EnTrust account representative had asked "what it would take to make Fort Lauderdale happy."

Chair Rudominer explained that the Board had entered into a contract that allowed EnTrust to make changes to the contract. Ms. Wenguer said EnTrust had sent an email listing the changes but this particular notice had been "buried in there." Mr. Klausner believed it would cost more to go after the interest than the interest was worth. If they dealt with EnTrust on a future investment, they should take a closer look at the plan documents.

Mr. Klausner said a scheduling conference for the Brutus case would be held in May and he informed the Board he would be filing a cross motion for summary judgment.

Mr. Klausner had been working on an outline of the ordinance for the Board to discuss next month.

Mr. Klausner had spoken to the Retirees' Association attorney, who had a different view of which of the various COLA ordinances was still applicable and which was not. Mr. Klausner reminded the Board that the COLA had been given up prospectively in a collective bargaining agreement years ago, so the question was to what extent the last of the COLA provisions retained viability. The Retirees' Association attorney would prepare a position paper and Mr. Klausner would give the Board his views on that at their next meeting.

CAPTRUST:**Monthly Investment Review - Kevin Schmid**

Mr. Schmid said the quarterly report would be presented at the Board's May meeting. He said he was expecting this quarter's returns to be flat. He remarked the market was more volatile this year/quarter than last year/quarter.

Mr. Schmid said there had been a retirement at Invesco's portfolio management team. He had visited Invesco the previous month and was comfortable with the remaining members of the team.

Special Meeting on Fixed Income Alternatives

Mr. Schmid noted that Boyd Watterson and USAA were very similar but Boyd Watterson was much more diversified. The challenge for both was the entrance queue, and it would take four to six quarters to fully invest.

Mr. Schmid stated the four funds they had heard about today allowed them to take quarterly income distributions; their existing real estate fixed income was not distributed, it was recycled.

Mr. Hole asked Mr. Schmid's opinion of putting some of their bond money into all four of these funds. Chair Rudominer recalled that they had earmarked \$75 million to come from fixed income, but perhaps they could take some out of real estate. Mr. Schmid said taking \$75 million from fixed income would leave approximately 15% in fixed income and that was as low as he would feel comfortable with. He added that they were beginning to get distributions from the EnTrust Special Opportunities Fund.

Mr. Schmid stated they could invest immediately in the Stone Ridge mutual fund; the State Fund from Boyd Watterson would probably get put to work within a couple of months, but the others had lengthy entry queues.

Mr. Klausner suggested if they were considering any of these investments, they should request the documents be sent directly to him to review first.

Mr. Schmid admitted to being a little hesitant about USAA because it was so much less diversified than Boyd Watterson's GSA fund.

Mr. Schmid suggested Mr. Klausner perform the document review and Mr. Schmid would build a mock-up of moving \$75 million from fixed income. Mr. Bayne asked him to add a risk component to the comparison.

Chair Rudominer wondered if there would be value in diversifying their current real estate exposure outside of the \$75 million. Mr. Schmid stated they had 12.5% in real estate now, in line with the target. They could put the entire \$75 million in alternative lending strategies.

EXECUTIVE DIRECTOR'S REPORT:December 31, 2017 ROR

Ms. Wenguer reported the quarterly rate of return was 2.89%.

Motion made by Mr. Cameron, seconded by Mr. Fortunato to accept the December 31, 2017 2.89% quarterly rate of return. In a voice vote, motion passed unanimously.

2017 Actuarial Valuation

Motion made by Mr. Naugle, seconded by Mr. Hole, to approve the 2017 Actuarial valuation. In a voice vote, motion passed unanimously.

Fixed Income Alternative Investment

Discussed earlier.

Prior Service Policies/Forms

Ms. Wenguer said Firefighters had negotiated a prior service buyback and she had created forms and policies. The Board needed to approve administrative items. One of the forms needed to indicate how long a calculation was valid. The form currently stated six months. Mr. Heinrich had informed her that many plans used a six-month time period, which he thought was a fairly long time. The Board agreed to leave it at six months.

Ms. Wenguer said language also needed to be added to indicate that 175 funds could be used for the buyback, but this required 10 years of service. Mr. Klausner suggested the language, "...direct transfer from my *vested* 175 account."

Ms. Wenguer explained that they also needed to determine whether to calculate the rate of return to the next coming quarter end date or the closest quarter end date, which could be the previous quarter. Mr. Klausner advised using the next quarter end date to avoid issues with market volatility.

Motion made by Mr. Bayne, seconded by Mr. Joseph, to approve the forms as amended. In a voice vote, motion passed unanimously.

2018 Retirement Seminar

Ms. Wenguer announced the date was September 28 and the seminar was open to all City employees.

Mr. Nesbitt asked if all of the presentations could be put on the website and Ms. Wenguer said they already did and last year they had emailed them as well.

Mr. Hole asked about hard copies from the audit and Ms. Wenguer said they had not received them yet but she would check on them.

COMMUNICATION DIRECTOR'S REPORT:

None.

PENDING ITEMS:

New Business:

None

Old Business:

Schedule A

None

The Board's next meeting was scheduled for May 9, 2018.

There being no further business to come before the Board at this time, the meeting was adjourned at 2:11 p.m.

FOR YOUR INFORMATION:

KCG Recapture Statement

Recapture Summary/February, 2018

Secretary

Chairman

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.

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