

December 14, 2016



**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, December 14, 2016, 10:30 A.M.**

Present

Michael Dew, Chair
Ken Rudominer, Vice Chair
Scott Bayne, Trustee
Jeff Cameron, Trustee
Dennis Hole, Trustee
Richard Fortunato, Trustee
Jim Naugle, Trustee
Lynn Wenguer, Executive Director

Also Present

Alexandra Goyes, Deputy Director
Jazmin Elliott, Administrative Aide
Bonni Jensen, Board Attorney
Kevin Schmid, CapTrust
Steve Schott, CapTrust
Vicki Vaden, FLPD
Jack Chew, Retirees' Association
Paul DeBold, VP Retirees' Association
Jim Ingersoll, President, Retirees' Association
Charlotte Rodstrom
Fred Nesbitt, Communication Director
Lisa Edmondson, Recording Secretary, Prototype Inc.

ROLL CALL/CALL TO ORDER

Chair Dew called the meeting to order at 10:30 a.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:

Regular Meeting: November 18, 2016

Motion made by Mr. Naugle, seconded by Mr. Hole, to approve the minutes of the November 18, 2016 meeting. In a voice vote, the motion passed unanimously.

COMMENTS FROM THE PUBLIC

None.

NEW HIRES

Chair Dew recognized the new hires.

BENEFITS:	FIRE DEPT:	New Retiree: (Term of	Alan Joseph
		DROP)	
		Lump Sum Refund:	Luke Lawson
		Retiree Death:	William Ruthven

POLICE DEPT: New Retiree: (Term of Martin Trujillo
DROP)

Motion made by Mr. Rudominer, seconded by Mr. Hole, to approve payment of the benefits as stated. In a voice vote, the motion passed unanimously.

BILLS:	Klausner, Kaufman	\$6,960.00	Ms.
	Marcum	\$708.00	

Wenguer explained that the Klausner, Kaufman bill included the \$3,000 retainer.

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

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS

Mr. Ingersoll reported the retirees were happy the portfolio was up \$41 million for the year.

CAPTRUST

Kevin Schmid, Steve Schott, CapTrust

Monthly Investment Review

Mr. Schmid reported the full EnTrust redemption had an effective date of December 31. EnTrust was negotiating payment of some sovereign bonds from Peru. One option was to maintain the \$718,000 holding until the bonds were monetized. Another option was to liquidate the bonds at a substantial loss. Ms. Jensen stated it was not uncommon to hold illiquid investments in the portfolio until they were liquidated.

Mr. Schmid stated the Board could go with the first option today and revert to the other option in the future to immediately liquidate the bonds. He admitted there were risks to both options but the second option guaranteed a substantial loss. He noted that either loss would not have a major impact on the fund.

Motion made by Mr. Rudominer, seconded by Mr. Cameron, to accept Mr. Schmid's and Ms. Jensen's advice and maintain the holding until the bonds were monetized. In a voice vote, motion passed unanimously.

Mr. Schmid stated they were .5% below their stated minimums in bonds. They were also underweight in the international area. He recommended putting enough back in bonds to get to the threshold and then concentrate on the international investments, and then the small and mid-cap equities.

Chair Dew asked the impact the anticipated Federal Reserve interest rate increase would have on their portfolio and Mr. Schott replied this would affect "the shorter end of the curve" that the Federal Reserve controlled. Mr. Schmid felt more interesting than the anticipated .25% rate increase was the language that accompanied the raise and if there was a foreshadowing of future rate hikes in 2017.

CITY HALL WORKSHOP

Chair Dew stated the workshop would cover the investment policy, funding status and the assumed rate of return. He referred to a memo from Bob Oelke, Budget Advisory Board member, which Chair Dew was concerned challenged "this Board's character, our integrity, our best practices and our fiduciary responsibility." Chair Dew intended to defend the Board in a professional manner with facts. He argued that the Board had never been misleading; all information was factual and financially sound per their audit and the actuary.

Chair Dew recalled that the reason they had called the workshop was to hear the City Commission and City Manager's position on lowering the assumed rate of return.

Chair Dew asked all trustees to attend the workshop and to express themselves.

Mr. Bayne remembered that the entire Board had not agreed to change the assumed rate of return when they changed the other assumptions.

Mr. Nesbitt explained that members of the Budget Advisory Board had been invited to attend the workshop but not to participate. Ms. Jensen believed Mr. Oelke's concerns may include gift laws, transparency and ethics.

COMMUNICATION DIRECTOR'S REPORT:

Mr. Nesbitt had nothing to report and wished everyone Happy Holidays.

EXECUTIVE DIRECTOR'S REPORT:

7th Member Seat Selection

Ms. Wenguer asked the Board to elect the 7th seated member: Mr. Hole and Mr. Ingersoll were running.

Mr. Hole stated his accomplishments on the Board:

- He had helped Police Officers get their educational monies counted toward retirement
- He had helped create a share plan for firefighters
- He had attended conferences and made the Board aware of a program to monitor portfolios for settlements
- He had helped: institute governance policies, bring back the pre-imposed retirement seminars, create a website, develop proxy voting guidelines, draft a procedure manual for the office and the evaluation process for the Administrator and staff
- He had taught at the FPPTA for years
- He had served on three rfp committees

Mr. Ingersoll highlighted his qualifications:

- He was president of and endorsed by the retirees' association
- He believed change was in the air and wanted input from the retirees' association to the Board
- He had experience in business he wanted to bring to the Board

The Board discussed whether Mr. Hole should be permitted to vote for himself for the 7th seat.

Motion made by Mr. Rudominer to amend plan policy to clarify that the 7th seated member was permitted to participate in the vote. Motion died for lack of a second.

Ms. Jensen texted Mr. Klausner for clarification.

Motion made by Mr. Bayne, seconded by Mr. Naugle, to table the item until the voting rules were clarified.

Later on the meeting, Ms. Jensen stated Mr. Klausner and Mr. Cypen agreed that Mr. Hole should not vote.

In a roll call vote, Mr. Hole was elected 4-2 with Mr. Bayne and Chair Dew voting for Mr. Ingersoll. Later in the meeting, Mr. Hole advised Ms. Wenguer to revise the policy to reflect the voting rules in the ordinance.

Electronic Devices for Trustees

Ms. Wenguer said all boards were moving toward being paperless. She explained how the files could be footnoted and edited and said she felt it was the direction in which the Board needed to go. The cost was approximately \$1,000 for the computer, the cover and the stylus, as well as all software and security. She recommended budgeting \$10,000. Ms. Jensen noted how much more efficient this method would be in the event of a public records request or litigation.

Motion made by Mr. Bayne, seconded by Mr. Rudominer, to move forward with purchasing electronic devices for trustees, including implementation of a policy. In a voice vote, motion passed 6-1 with Mr.

Naugle opposed.

Northern Trust Fee

Ms. Wenguer reported Northern Trust had indicated that their quote for a 1.6% fee was based on the knowledge that half the portfolio was at a lower rate.

Class Action Suit

Ms. Wenguer reported they had received \$201,000 from a class action settlement with ConvergEx.

Public Pension Coordinating Council Award

Ms. Wenguer announced they had received the award for the sixth year in a row.

PENDING ITEMS:

New Business:

FRS Mortality Table

Ms. Jensen explained that FRS recommended a change in the mortality table. She advised speaking to the actuary about whether early implementing would be beneficial.

Ms. Jensen stated FRS had also reduced the assumed rate of return to 7.6% and intended to reduce it by five basis points per year to 7.5%. She informed the Board that many pension plans were reducing the assumed rate of return slowly to mitigate the financial impact.

Disability Application

Ms. Wenguer recalled that the Board had refused to hear a disability case recently. Ms. Jensen stated the applicant had agreed to go to the next step in litigation, a request for a court to hear the appeal.

Online Annual Reporting

Ms. Jensen said there was a new online process for the annual report.

Old Business:

Schedule A

None

FOR YOUR INFORMATION:

Public Pension Coordinating Council
CovergEx
Klausner Memorandum
Klausner Memorandum
KCG Recapture Statement

PPCC Award for Funding
CGM Qualified Settlement Fund
FRS Mortality Table
New Online Annual Report
Recapture Summary/October, 2016

There being no further business to come before the Board at this time, the meeting was adjourned at 11:39 a.m.

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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