

December Special Meeting, 2015



**POLICE AND FIREFIGHTERS' PENSION BOARD
SPECIAL BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Monday, December 14, 2015, 10:00 a.m.**

Present

Michael Dew, Chair
Ken Rudominer, Vice Chair
Scott Bayne, Trustee
Jeff Cameron, Trustee
Dennis Hole, Trustee
Jim Naugle, Trustee
Lynn Wenguer, Executive Director
Stephen Cypen, Esquire, Board Attorney
Alexandra Goyes, Pension Secretary
Kevin Schmid, CapTrust
Steve Schott, CapTrust
Fred Nesbitt, Communication Director
Lisa Edmondson, Recording Secretary, Prototype Inc.

Chair Dew called the meeting to order at 10:02 a.m.

PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

COMMENTS FROM PUBLIC

INVESTMENT WORKSHOP

An overview was provided of the discussion at the Investment Workshop held on December 10, 2015, touching on the following topics discussed:

- Fixed income
- Interest rate increase affecting benchmarks
- Bond prices
- S & P
- Private equities versus standard deviations
- Small cap versus large cap
- International recovery
- Hedge Funds
- Expectations based on historical data

Chair Dew expressed several concerns including his understanding of CapTrust “giving the money managers a pass” and not anticipating the expected full rate of return on the investments. He stated CapTrust, as well as the Board, needed to take a strong position to monitor their investments. He also expressed disappointment that Mr. Schott had been unable to attend the workshop. In clarifying his statements, Mr. Schmid indicated his intention was to stress CapTrust’s commitment to the fund’s management and the long term aspects of those investments.

All in all, however, Chair Dew stated the workshop had been informative and successful.

ALTERNATIVE INVESTMENT ALLOCATION REVIEW

Mr. Schmid gave a brief summary of the presentation given by Invesco at the last Board meeting.

Prior to discussion continuing on whether to explore investment in the partnership fund, Mr. Cypen pointed out several legal concerns, i.e., pending legal actions and/or Wells notice, UBTI, liquidation restrictions, inclusion of an attorney's fee provision for prevailing party, malpractice insurance for the money manager, and standard of care as well as due diligence. Mr. Schmid stated that a side letter had been drafted for review by the Board's attorneys, which had been okayed by Mr. Klausner. With regard to pending litigation, as of October 2015, Mr. Schmid was unaware of any actions against Invesco. Mr. Schmid noted that a structured investment would be needed to avoid UBTI, although Mr. Cypen indicated there was no such clause in the documents provided.

Discussion continued regarding added value, taking this as a first step toward private equity allocation as an alternative investment class, impact on risk, focus shift, headline risk, discounted rate of investment, and investment timing.

Mr. Hole spoke in opposition stating the risk was not worth taking. In response, Mr. Schmid did agree that risk would be slightly increased by investing with Invesco, although the amount of the investment as part of the entire portfolio would be nominal.

There was also discussion regarding which monies, cash or Entrust, could be used to fund the investment.

Motion made by Mr. Bayne, seconded by Vice Chair Rudominer, to move forward with looking at investing with Invesco pending approval of legal counsel. In a roll call vote, the motion passed 5-1 (with Mr. Hole dissenting).

Allocation of funds was further discussed, as well as cash flow retention and total fund investment.

Motion made by Mr. Bayne, seconded by Vice Chair Rudominer, to invest in the Invesco Partnership Fund VI in the amount of \$7.4 million; the Invesco International Partnership Fund VI, L.P. in the amount of \$2 million; and the Invesco U.S. Private Equity Partnership Fund VI, L.P. in the amount of \$2 million, with the funds to be taken from the Entrust Diversified account. In a roll call vote, the motion passed 4-2 (with Mr. Hole and Vice Chair Rudominer dissenting).

[Mr. Hole and Vice Chair Rudominer left the meeting at 11:24 a.m.]

Deputy Director/Assistant Administrator

Ms. Wenguer reported that an offer had been made to a potential job applicant which was turned down. She stated that the position needs to be re-advertised, although there seems to be only a small pool of qualified persons responding. Due to current workload, Ms. Wenguer requested additional temporary staff during the interview process.

Motion made by Mr. Naugle, seconded by Mr. Cameron, to authorize Ms. Wenguer to employ temporary office assistance for a maximum of 32 hours per week, with the salary left to the discretion of the Executive Director. In a voice vote, the motion passed unanimously 4-0.

Chair Dew requested that the salary survey for the open position, including compensation and benefit analysis, be completed as soon as possible.

There being no further business to come before the Board at this time, the meeting was adjourned at 11:40 a.m.

Secretary

Chairman

[Minutes prepared by L. Edmondson, Prototype, Inc.]

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