

February 13, 2019

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, February 13, 2019, 12:30 P.M**

Communications to the City Commission:

1. The plan return for the first quarter was negative 7.43% compared to the policy index of negative 8%.
2. The plan return for one year was negative 3.45% and for three years, positive 5.46%.

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
 Jacqueline Garcia, Administrative Assistant
 Fred Nesbitt, Board Communication Director
 Kirk Buffington, Director of Finance
 Stuart Kaufman, Board Attorney
 Paul DeBold, retirees association
 Michael Dew, retirees association
 Steve Schott, CAPTRUST
 Kevin Schmid, CAPTRUST
 Kyle Campbell, CAPTRUST
 Joshua Wells, Firefighter
 Jamie Opperlee, Prototype Inc.

ROLL CALL/CALL TO ORDER

The meeting was called to order at 12:30 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.

COMMUNICATION DIRECTOR'S REPORT

Mr. Nesbitt stated he was beginning work on the annual report. He agreed to send Board members a copy of an NCPERS study on assumed rates of return.

MINUTES:

Investment Workshop: January 15, 2019**Regular Meeting: January 16, 2019**

Motion made by Mr. Bayne, seconded by Mr. Hole to approve the Board's January 15, 2019 investment workshop minutes. In a voice vote, motion passed unanimously.

Mr. Bayne and Chair Rudominer noted changes to the Board's January 16, 2019 regular meeting minutes.

Motion made by Mr. Hole, seconded by Mr. Naugle to approve the Board's January 16, 2019 regular meeting 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 DROP)	Gino Ferri
		DROP Retiree:	Scott K Hickey Brian H Kaplan John A. Franco Derek G. Joseph Todd T Hill Jorge A Maura
		Member Termination:	Michael Borgen
		New Beneficiary:	Kimberlee Centamore Lisa Koma Susan Kaye
	FIRE DEPT:	DROP Retiree:	Eloy Alicea William A Ryan Leighton W. Green
		Retiree Death:	Donald G. McCord
		Prior Fire Service Purchase	09/30/18 12/31/18

Mr. Hole suggested adding an asterisk next to the years of service for individuals who had bought back time. Ms. Wenguer suggested indicating number of years bought and the total separately.

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

BILLS:	Lazard	\$107,698.59
	Vaughan Nelson	\$43,092.28
	Eagle	\$41,163.28
	Agincourt	\$40,196.79
	Boyd Watterson	\$36,166.00
	Sawgrass	\$30,256.75
	Intech	\$5,490.14
	Klausner & Kaufman	\$3,000.00
	Klausner & Kaufman	\$2,550.00

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

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

Mr. DeBold asked how buybacks that were paid for with share money affected the plan. Char Rudominer explained that the buybacks were structured to be actuarially neutral.

Mr. Bayne pointed out that the more money they had invested, the better they could negotiate for lower fees

Mr. Dew agreed that the additional invested funds allowed them to get better rates on fees. He added that the funds were not taken out again in a lump sum.

Chair Rudominer said when they put out the next RFP for actuarial services, the RFP should include an audit of the buybacks.

Mr. Dew remarked on how professional, dedicated and astute the Board members were. He believed this was why the plan was so successful.

ATTORNEY'S REPORT:

Mr. Kaufman had distributed a memo regarding the Division of Retirement's annual report. The Division had not recommended any pension fund legislation last year other than the House bill regarding the Sunshine Law that Mr. Klausner had discussed at the previous meeting. The main issue they had with that bill was the requirement for a written response to any questions raised during public comments within 10 days.

Mr. Kaufman said the report also indicated that the average pension provided by a local retirement system was \$27,354 per year, and the average employer contribution was 34.3% of payroll.

Mr. Kaufman stated their client conference would be held on June 10-12 at The W Hotel on Fort Lauderdale beach.

Char Rudominer asked how the Board's digital online reports could be made ADA compliant. Mr. Kaufman explained that his office would provide guidance on this.

Ms. Wenguer described an issue with a group of former Coral Springs employees who wanted to backdate their DROP. She had explained to them that this was not allowed and Mr. Klausner had written an opinion confirming this.

CAPTRUST:

12/31/18 Quarterly Investment Review

Kevin Schmid, Steve Schott

Mr. Schmid said the portfolio was down 7.4% for the fourth quarter of 2018, versus a benchmark of negative 8%. Year-to-date, they were down 4.7%.

Mr. Schott stated the S&P 500 was up almost 10% year-to-date, which would help get them in the right direction.

Mr. Schmid reported Aristotle and InTech were down more than their benchmarks. He remarked that Aristotle's being underweight in utilities had hurt them because the utilities sector was the only one that had been positive in the fourth quarter.

Mr. Schmid stated Sawgrass concentrated on higher-quality, lower volatility growth and in the last quarter, they were down 10% while their benchmark was down almost 16%. For the year, Sawgrass was up 3% while their benchmark was down 1.5%. Actively managed fixed income had experienced a disappointing quarter as well: short term rates went up and intermediate rates went down and there had been a flight to treasuries, which had significantly outperformed corporate credits. Mr. Schott pointed out that there had been a lot of reversals since the last quarter.

Mr. Schmid stated they had positive absolute returns for fixed income for the quarter and the first six months of the plan year. They also had good relative performance in real estate, but the real estate market was slowing.

Mr. Schott said on a relative basis, they had done better than most.

Chair Rudominer asked if CAPTRUST had automated alerts when one of their managers went outside the norm. Mr. Schmid explained they had an internal scoring system for managers and their research team alerted them if something became out of balance. Mr. Campbell stated they spoke to the managers at least every quarter to ensure they had not changed their process. The managers also sent a list of their portfolios and returns monthly. Some managers' companies had mutual funds that used the same strategy as the managed accounts and those were monitored daily.

Mr. Hole noted that this was a more mature plan and asked if there were any tactical allocations they should be considering. Mr. Schott stated their biggest concern was preservation in a down market. Mr. Schmid explained this was why they had taken from fixed income and shifted into alternative income strategies.

Chair Rudominer requested that an executive summary of recommendations be included in each quarterly report.

The Board and Mr. Schmid discussed the continued usefulness of the "Dew Report" managers' scorecards. Chair Rudominer suggested that Mr. Schmid could only create the report when the Board specifically requested it.

Chair Rudominer asked if the plan should purchase bonds for a new Fort Lauderdale Public Safety Complex and Mr. Schmid said he could solicit an opinion on the quality of the bond if the Board wanted to consider it.

Chair Rudominer asked if they needed to make any changes and Mr. Schmid stated they should continue shifting away from fixed income and toward real estate. Mr. Schmid wanted the Board to evaluate American Realty and Bloomfield Capital and agreed to invite them both to the Board's next meeting.

EXECUTIVE DIRECTOR'S REPORT:

Ms. Wenguer thanked everyone for their support and love following her husband's recent passing.

Anthony Scott – Functional Capacity Evaluation Update

Ms. Wenguer reported she had received the evaluation and she would schedule Mr. Scott for a formal hearing in March or April.

IFEBP Membership

Ms. Wenguer recalled they had decided not to renew their membership but she had received a request to attend the Advanced Investments Institute. They could join for \$1,245 or just pay the non-member price for the Advanced Investments Institute.

IFEBP Advanced Investments Institute

Ms. Wenger stated the cost to attend was \$5,500. Mr. Dew had attended once and said it had been excellent and very educational.

Motion made by Mr. Bayne, seconded by Mr. Fortunato, to put all IFEBP conferences back on the list of approved functions. In a voice vote, motion passed unanimously.

Motion made by Mr. Hole, seconded by Mr. Joseph, to rejoin the IFEBP. In a voice vote, motion passed unanimously.

Ms. Wenger had been talking to the auditors about employee contributions and the auditor indicated that contributions had been done incorrectly, but the difference was very small. She would be working with the City to resolve this issue.

Mr. Buffington said the auditor had provided a findings report that must be addressed and corrections made. He agreed it was not a large amount of money.

PENDING ITEMS:

New Business:

Chair Rudominer had met with the new City Manager Chris Lagerbloom last month to welcome him. Mr. Lagerbloom had stated the Board was welcome to contact the Human Resources Director for help with internal HR issues.

Chair Rudominer informed the Board that he had accepted a position on a Boyd Watterson advisory committee. The first meeting would be in March.

Old Business:

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 1:56 p.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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