

September 20, 2017

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, September 20, 2017, 12:30 P.M.**

Present

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

Absent

Jeff Cameron, Trustee
Dennis Hole, Trustee

Also Present

Alexandra Goyes, Deputy Director
Jazmin Elliott, Administrative Aide
Fred Nesbitt, Board Communication Director
Laura Garcia, City Controller
Robert Klausner, Board Attorney
Kevin Schmid, CAPTRUST
Paul DeBold, Retirees Association
Jim Ingersoll, President, Retirees Association
Derek Joseph, Police Dept.
John Herbst, City Auditor
Jamie Opplerlee, Recording Secretary, Prototype Inc.

ROLL CALL/CALL TO ORDER

Chair Dew called the meeting 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.

MINUTES:

Regular Meeting: August 9, 2017

Motion made by Mr. Naugle, seconded by Mr. Bayne, to approve the minutes of the August 9, 2017 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:****DROP Retirement:**

Matthew Adams
Karen Niosi

POLICE DEPT:	DROP Retirement:	Robert R Dietrich Jr.
	Retiree Death:	Charles R. Wischer
Non- Service Incurred	Disability Application: (under separate cover)	Debora Burke

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

Non-Service Incurred Disability Application: Debora Burke

Ms. Burke was given proper notice but was not in attendance. Ms. Wenguer stated Ms. Burke had called to say she had a doctor's appointment.

Chair Dew said there had been no change to testimony or documentation since the last meeting.

Mr. Klausner said Fort Lauderdale Code Section 20-134c indicated that a member could not receive disability due to five conditions and the #5 condition was the aggravation or recurrence of a pre-existing condition. This was concurrent with the medical records. Mr. Klausner recommended the Board conclude that this was the aggravation or recurrence of a pre-existing condition, which would preclude Ms. Burke from receiving the benefit.

Motion made by Mr. Rudominer, seconded by Mr. Bayne, to deny the application, based on the fact that the application did not meet the criteria because the greater weight of the evidence establishes that the cause was the aggravation or recurrence of a pre-existing condition and was therefore excluded under 20-134c5 of the City Code. In a roll call vote, motion passed 5-0.

ATTORNEY'S REPORT

Mr. Klausner had nothing to report.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS

Mr. Ingersoll reported one retiree had died since the last meeting. He said they wished to make a presentation to the City Commission in October and he looked forward to the Board's support.

CAPTRUST: (under separate cover)

Monthly Investment Review

Kevin Schmid

Mr. Schmid reported that as of June 30, the plan was up 8.3% and he believed they would make their goal for the year. He stated the Lazard transfer had been signed and would be executed shortly. He recommended this be done at the end of the quarter.

Mr. Schmid reminded the Board that the EnTrust Special Opportunities IV Fund should close in October but there was no rush to make a decision.

Chair Dew asked if EnTrust was re-investing all gains from the Special Opportunities Fund III because he felt they should be receiving returns. Ms. Wenguer said they had never received a letter of redemption or reinvestment from EnTrust, which Mr. Schmid had requested but never received. Mr. Schmid said the investment period was about to end and they would see distributions from the monetization soon.

Chair Dew asked Mr. Schmid to inform Mr. Hymowitz that "if he says something is going to happen, we don't want to have a delay on him proving that it's happening or seeing the results of that and that could [be] a big indicator in our decision making to move forward."

Ms. Wenguer confirmed that the reinvestment was shown on their statement but they were not receiving the accounting for it. Chair Dew clarified that he wanted clear documentation of their returns.

Mr. Schmid stated the CAPTRUST merger had gone well and no significant institutional clients had left the firm.

COMMUNICATION DIRECTOR'S REPORT:

Mr. Nesbitt had nothing to report.

EXECUTIVE DIRECTOR'S REPORT:Trustee Seats - Notice of Elections

Ms. Wenguer reported two seats would be going up for election and notices would be set out in October. Mr. Bayne wished to attend the FPPTA conference on October 8 and requested approval from the Board.

Motion made by Mr. Naugle, seconded by Mr. Rudominer, to approve Mr. Bayne attending the FPPTA conference. In a voice vote, motion passed 4-0 with Mr. Bayne abstaining.

Marcum Engagement Letter

Motion made by Mr. Rudominer, seconded by Mr. Bayne to approve. In a voice vote, motion passed unanimously.

Milliman Software Update Proposal

Ms. Wenguer said this was the quote to allow the change in software to grant beneficiaries online access. The proposal was for \$8,500.

Motion made by Mr. Bayne seconded by Mr. Naugle to approve. In a voice vote, motion passed unanimously.

Retirement Seminar Proposed Date: December 6

Chair Dew asked Board members to check their schedules.

Investment Seminar Proposed Date

Ms. Wenguer said they were considering January 11.

City Infrastructure Funding

Chair Dew recalled that the Board had discussed investing in the City at the previous meeting. The City's bond investment consultant had indicated he could not speak to the Board because that could present a conflict of interest.

Mr. Klausner had spoken with City Manager Feldman and discussed investing in the City's water and sewer bonds. Mr. Feldman had informed him that the water and sewer bonds would have a 3% return but there were still pension obligation bonds available that paid 4%. The fund could also construct a public building and charge the City rent. Mr. Klausner stated they could provide the City funds in the form of a mortgage for a new Police Station. He advised the Board to get their own investment consultant's opinion on these proposed investments. He said the question was not the risk but the return, compared to other investments.

Mr. Bayne said he had spoken with trustees from other agencies who were considering investing a parking garage at FAU and he would attend a meeting in October and report back to the Board.

Mr. Rudominer said he had attended a City Commission meeting and the City's consultant indicated they did not need the Board's investment in their water and sewer bonds. Mr. Herbst said the issue was not whether the City needed their money but if the Board wished to invest. He stated the City's bonds were highly sought after because the City was very credit-worthy.

Mr. Rudominer thought they should create a subcommittee to consider a public/private partnership.

Chair Dew did not want to be a landlord and would rather provide a mortgage to the City. They would therefore not need to worry about maintenance issues.

Mr. Herbst stated the water/sewer rate structure the City had in place would support \$200 million in bonds.

Mr. Klausner advised the Board to consider the following:
 Does investing in an infrastructure project fit in with their investment plans?
 How liquid is the project?
 What would the impact be on their liquidity needs?

Chair Dew favored investing with the City because it would have favorable long-term effects for their partnership with the City.

Mr. Klausner cautioned that any subcommittee meeting would require public notice.

Mr. Rudominer asked if they could use a consultant to evaluate their options. Mr. Schmid said his firm did not assess this type of project. He stated investing \$50 million to \$75 million would not challenge their liquidity.

Mr. Schmid said he liked the pension obligation bond better than the revenue bond because the rate was higher and they did not benefit from the tax savings of the revenue bond. He was also more comfortable with the risk involved with the pension bond. The advisability of a mortgage would depend on the rate and the term.

Chair Dew, Mr. Bayne and Mr. Rudominer agreed to participate in the Fixed-income Investment Subcommittee to pursue these concepts further.

Plan Funding

No discussion.

PENDING ITEMS:

New Business:

None

Old Business:

None

There being no further business to come before the Board at this time, the meeting was adjourned at 1:28 p.m.

FOR YOUR INFORMATION:

Retirement Seminar
 175/185 Premium Tax Funds
 KCG Recapture Statement

Agenda
 Confirmation
 Recapture Summary/July, 2017

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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