

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

1. The plan received the Public Pension Coordinating Council Award for Professional Standards in Plan Funding and Administration for the 10th consecutive year. A copy of the award is attached to these minutes.
2. The plan's return on investment for the fiscal year ending September 30, 2019 was 3.49%; the three year return was 7.49%.

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

Also Present

Lynn Wenguer, Executive Director
Alexandra Goyes, Deputy Director
Jacqueline Smith, Administrative Assistant
Robert Klausner, Board Attorney
Kyle Campbell, CAPTRUST
Fred Nesbitt, Board Communication Director
Richard Schulze, Retirees' Association President
Jamie Opperee, Prototype Inc. Recording Secretary

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.

Anthony Scott Disability

Attorney Srebnik's Report

Mr. Klausner recalled that the Board had originally opposed Mr. Scott's application during the informal hearing. They had obtained an advocate to represent the Board's interest, and per the functional capacity test and depositions, Mr. Klausner reported there was no evidence to the contrary that Mr. Scott was disabled due to the accident as claimed.

Chair Rudominer confirmed with Mr. Klausner that if the Board was moved by the testimony, they could grant the application without proceeding to a formal hearing.

Alan Aronson, attorney for the applicant, said Mr. Scott had suffered several work-related injuries to his back, shoulder and neck, resulting in his inability to perform his duties as a Police Officer any longer. His first application for disability had been denied and Mr. Scott had hired Mr. Aronson.

Mr. Aronson, doctors had provided depositions over the summer and Mr. Aronson said all of the doctors testified that the injuries Mr. Scott had suffered during the course of his employment had affected him to the point that he could not perform the essential functions of a law enforcement officer. Mr. Aronson stated based upon the doctors' depositions and the functional capacity test, the disability should be granted.

Mr. Hole noted that they did not have Dr. Tanenbaum's report and Mr. Klausner agreed to provide it. Mr. Hole stated Dr. Bertot and Dr. Shafi said the disability was not total.

Mr. Hole wanted to know Mr. Scott's previous injuries that caused him to undergo knee, toe and ankle surgeries. Mr. Aronson said they were considering the upper extremity injuries for which he had been treated that prevented him from performing his duties. None of the other conditions in the reports affected him like the work-related injuries he suffered that resulted in the doctors' conclusions.

Mr. Klausner explained that since the City fired Mr. Scott for inability to perform the job, this had determined totality; the Board just needed to determine causation.

Michael Srebnik, the Board's counsel for this case, summarized actions he had taken since the Board had hired him, including attending the depositions and reviewing the documentation. He stated according to the doctors, Mr. Scott had mild degeneration of his entire spine that predated the accident. Mr. Srebnik said Dr. Jarolem was very conservative and he had been shocked that Dr. Jarolem declared the disc herniation was from the accident. Dr. Tannenbaum had said there were permanent soft tissue injuries related to the accident.

Dr. Chalal had operated on Mr. Scott's shoulder and was the only doctor to return him to work full duty but had also given him a 4% impairment rating, which was inconsistent with the full duty release.

Dr. Voorhees had performed the Functional Capacities Evaluation, for which Mr. Srebnik stated there was "no real science that I'm aware of that supports those FCEs as being a scientific test." Even so, he said doctors relied on them every day.

Dr. Lupu had performed the Independent Medical Examination [IME] and conclude that Mr. Scott met the standard for permanent, work-related disability. Dr. Shafi had checked a box stating Mr. Scott was not totally incapacitated but his report did not address any specific issues, so this was ambiguous. Dr. Bertot had checked a box indicating the injury was not consistent with the accident but his report did not explain why.

Mr. Srebnik stated the findings were inconsistent with the Board's original determination. Mr. Klausner stated in order for the Board to deny the application, they must have "competent, substantial evidence" that could convince a reasonable person that something was true or untrue. He asked Mr. Srebnik if he believed there was competent, substantial evidence to deny the disability. Mr. Srebnik remarked that the only evidence, which he was unsure were "substantial," were the two IME reports in which Dr. Shafi had checked a box stating Mr. Scott was not totally incapacitated and Dr. Bertot had checked a box indicating the injury was not consistent with the accident

Mr. Klausner reminded the Board that since the City fired Mr. Scott, they must conclude that the disability was total. The only question was causation. If the Board was unsure about causation, he recommended deferring the decision until Dr. Bertot could be deposed.

Motion made by Mr. Hole, seconded by Mr. Joseph, to postpone a decision on the Scott disability to allow Mr. Srebnik to obtain a deposition from Dr. Bertot to substantiate his cover sheet regarding whether the injury was in the line of duty. In a roll call vote, motion passed unanimously.

Later in the meeting, Mr. Klausner confirmed that the Board could request medical records from Mr. Scott's previous employers.

MINUTES:

Regular Meeting: October 16, 2019

Mr. Hole requested a change to the minutes.

Motion made by Mr. Naugle, seconded by Mr. Joseph to approve the Board's October 16, 2019 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)	Brian Fitzgerald
		Member Termination:	Michael J Martinez
		Retiree Death:	John P Chew
		Survivor Death:	Eleanor Picard
	FIRE DEPT:	DROP Retiree:	Eladio Morejon Brent A. Butler Paul Conover Corey Henry Ricardo Pardo

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

BILLS:	Eagle	\$46,743.49
	Agincourt	\$36,911.59
	Sawgrass Mngt	\$36,326.75
	Boyd Watterson	\$32,807.00
	Intech	\$ 6,291.69
	Dr. Richard J Capiola	\$1,500.00
	Klausner, Kaufman	\$3,000.00
	Klausner, Kaufman	\$750.00
	Klausner, Kaufman	\$540.00

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

COMMENTS FROM PUBLIC/ INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS:

Mr. Schulze announced he was the new president of the Retirees Association.

CAPTRUST: Kyle Campbell
Quarterly Investment Review:

Mr. Campbell informed the Board that there had not been a lot of change since last quarter. He stated interest rates had fallen significantly in the past year and stocks and bonds were both strong. He provided a brief market overview.

Mr. Campbell agreed to provide the Board with a time-weighted rate of return report.

Mr. Klausner confirmed they should put a reference to the *plan* year in their investment policy instead of the calendar year. Mr. Campbell agreed to make this clearer in the executive summary as well.

Mr. Campbell reported that the return for the year was 3.49%, trailing the benchmark of 4.48%. The three-year return was 7.49%. He remarked on the significant drop in the fourth quarter that had contributed to the low yearly return. Mr. Campbell stated most of the managers had performed well, especially this quarter. He did not feel they should change the benchmarks and believed they would make up ground with the alternative private credit strategies.

Mr. Campbell said when EnTrust attended the Board's December meeting, they would discuss the Special Opportunities II Fund, which was down 11.5% for the quarter. Chair Rudominer thought they should reconsider how they benchmarked EnTrust.

Mr. Campbell did not advise action regarding any manager other than EnTrust.

Asset Allocation

Mr. Campbell stated the asset allocation was the same as the previous month except for taking 2.6% out of IPS alternative lending targets. He discussed three hypothetical allocation scenarios he had created.

Mr. Klausner asked if hypothetical scenario one would affect liquidity and Mr. Campbell said this would cover their needs.

Motion made by Chair Rudominer, seconded by Mr. Hole, to adopt hypothetical scenario three for their current asset allocation. In a voice vote, motion passed unanimously.

Options for Alternative Lending

Mr. Campbell preferred Angelo Gordon real estate over Churchill private lending, but stated both had been very strong in the past.

Mr. Hole said Churchill had low investment grade investments and Mr. Campbell recalled they were internally rate at approximately BB, which was below investment grade. Mr. Campbell agreed that real estate lending was not real estate and private equity lending was not private equity because they had different return profiles. The Board did not favor either Angelo Gordon or Churchill and Mr. Campbell agreed to bring other options to them.

ATTORNEY'S REPORT:

Robert Klausner

CAPTRUST Contract

Mr. Klausner took issue with the arbitration provision and said he would mark up what he had received and send it back.

Board Attorney Retainer

Mr. Klausner described the current terms for their retainer. He suggested raising the retainer to \$3,500 and this would include disability claims. The only time there would be an hourly charge was for litigation matters. Ms. Wenguer said this would be very fair.

Motion made by Mr. Bayne, seconded by Mr. Fortunato to approve raising the Board Attorney's monthly retainer to \$3,500 as of December 1, 2019, which would include disability claims. In a voice vote, motion passed unanimously.

The discussion returned to Mr. Scott's disability claim. Ms. Klausner said he had hoped to save the cost of a formal hearing. He stated the Board needed to be satisfied that they had taken all reasonable steps.

COMMUNICATION DIRECTOR'S REPORT:

Fred Nesbitt

Mr. Nesbitt said FRS had changed their assumed rate or return from 7.6% to 7.2%, which affect the Roy Collins Institute evaluation. He intended to meet with Roy Collins representatives to discuss factors like this and getting clearer, fairer evaluations.

EXECUTIVE DIRECTOR'S REPORT:

Anthony Scott Disability

Attorney Srebnik's Report

Ms. Wenguer said they would make a determination after receiving the deposition from Mr. Srebnik and ensuring that Mr. Scott could be available for the meeting. She said she would provide any documentation the Board requested.

Fiduciary Liability Insurance Renewal

Ms. Wenguer had been told that a \$2 million cyber security rider would cost \$8,000 - \$11,000. Mr. Klausner suggested she inquire about a cyber insurance company, Ullico, that was endorsed by NCPERS. They may also want to consider an umbrella policy with a deductible that matched the City's ransomware insurance limit. He would also like the City to include them specifically as an additional insured on the City's policy. Mr. Klausner agreed to talk to Ullico at the NCPERS board meeting in Tampa in December.

Ms. Wenguer stated the cost to renew the fiduciary liability insurance was \$15,809 for one year, for \$2 million each claim, \$2 million aggregate, with a \$100,000 deductible.

Motion made by Mr. Fortunato, seconded by Mr. Hole, to approve renewal of the fiduciary liability insurance. In a voice vote, motion passed unanimously.

Investment Workshop Update

Ms. Wenguer stated the Riverside Hotel had a breakfast booked for the morning of January 14, so they could begin the workshop at 10 a.m. She said they could hold it at

another hotel or at the fire training station. The Board agreed to schedule the workshop for 10 a.m. until 4 or 5 p.m. and to work through lunch, if necessary.

Ms. Wenguer announced the plan had received the Public Pension Coordinating Council Award for Professional Standards in Plan Funding and Administration for the 10th consecutive year.

Ms. Wenguer had reviewed the 415-C limits and found that the limit for any plan was over \$230,00 and they did not have anyone making that much. The DROP did not count toward this.

Ms. Wenguer said everyone in the DROP had received their retroactive pay. She could not do retirees until they were paid. Mr. Bayne reported there were approximately 65 people who had not been properly reconciled, but the City was working on it. Ms. Wenguer said this would present issues because the proper pension contributions had not been made.

Mr. Nesbitt reported the new website homepage was complete and the developer would now work on the links and materials.

Ms. Wenguer informed the Board that there would be no supplemental money this year.

PENDING ITEMS:

New Business:

None

Old Business:

Schedule A

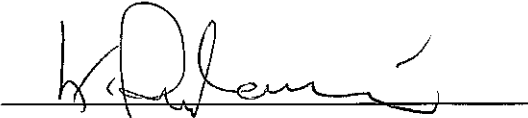
FOR YOUR INFORMATION:

**Public Pension Coordinating Council
2020 Board Meeting Calendar**

**2019 PPCC Award
Updated**

There being no further business to come before the Board at this time, the meeting was adjourned at 2:52 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.