



**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, May 20, 2020, 12:30 P.M.**

Notice is hereby given that due to the state of emergency created by COVID-19, the Pension Board will not be meeting in person; rather, the meeting will be held electronically. Pursuant to Governor DeSantis' Executive Order Number 20-69 issued on March 20, 2020, "Local government bodies may utilize communications media technology, such as telephonic and video conferencing, as provided in Section 120.54(5)(b)2. of Florida Statutes."

Communications to the City Commission:

Received and reviewed the performance report for the second quarter of the fiscal year: plan's return on investments was down 12.44% for the second quarter (following a 4.9% positive first quarter). Much of this downturn has been recaptured: return on investments in April was positive 5.43% and thru mid-May positive 1.29%.

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
Fred Nesbitt, Communications Director
Bonni Jensen, Board Attorney
Kyle Campbell and Steve Schott, CAPTRUST
Nick Rojo and Jeff Burns, Affiliated Development
Susan Grant, Finance Director
Jamie Opperlee, 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.

MINUTES:

Regular Meeting: April 8, 2020

Chair Rudominer noted that the minutes did not reflect motion makers and seconds.

Motion made by Mr. Fortunato, seconded by Mr. Hole to approve the Board's April 8, 2020 meeting minutes. In a voice vote, motion passed unanimously.

NEW HIRES:

Chair Rudominer recognized the new hires.

BENEFITS: FIRE DEPT:	New Retiree: (Term of DROP)	Charles McGuire
	DROP Retiree:	Chantal Botting Karl J. Kunz Jr. Stewart Ahearn Matthew H. Wells
	New Beneficiary:	Bonnie Cann
	Retiree Death:	Donald DiPetrillo
	Survivor Death:	Suzanne Durham
POLICE DEPT:	New Beneficiary:	Ann K Drew
	Survivor Death:	Bertha Roberts

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

BILLS:	Lazard	\$106,288.22
	Vaughan Nelson	\$43,181.64
	Agincourt	\$39,011.32
	Eagle	\$37,237.95
	Boyd Watterson	\$35,074.00
	Sawgrass	\$31,679.13
	Aristotle	\$27,405.64
	Rhumblin	\$14,311.00
	Intech	\$6,242.80
	Klausner, Kaufman	\$3,500.00

Klausner, Kaufman

\$1,650.00

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.

AFFILIATED DEVELOPMENT:
Impact Fund Investment

Nick Rojo, Jeff Burns

Mr. Rojo and Mr. Burns provided a Power Point presentation, a copy of which is attached to these minutes for the public record.

Mr. Burns described the firm's origins and said their specialty was building multi-family Class A products at Class B rents, utilizing public/private partnerships. Mr. Burns explained that they worked closely with local governments' Community Redevelopment Agencies to obtain gap funding for projects, so their jobs were "very political." Their criteria for doing a project were: 1. Improving the community and 2. Addressing a housing need.

Regarding current events, i.e., the Covid-19 pandemic, Mr. Burns said their construction activities ensured that workers were safe, and they were marketing units to potential renters with virtual tours. Mr. Burns reported they currently had a 94% rent collection rate, and noted that their business model was designed to see them through good times and bad.

Chair Rudominer asked if/how a downturn in the City's revenues could affect projects. Ms. Grant stated the City was facing a \$20 million decrease in revenues for 2020, and to compensate, they were slowing hiring, stopping travel, and deferring non-infrastructure capital projects. In developing the 2021 budget, they did not assume any impact on assessed values, so they assumed ad valorem taxes would be steady. But they did assume an impact on assessed values in 2022 of perhaps 2-4%. This would keep CRA revenues flat.

Mr. Rojo explained how they incentivized tenants by offering a "first look" to local government employees, offering them free premium parking and waiving application fees. He said they intended to maintain their focus, not branch out into condos or townhomes.

Mr. Rojo stated they were targeting a \$100 million raise to finance seven or eight deals. So far, reception had been very good, and Moss Construction was their first investor. He said they would also offer two seats on their advisory board if the Police and Firefighters Pension Plan invested.

Mr. Rojo stated funds would be drawn down as needed for projects. He explained that this was their first multi-project fund. Chair Rudominer recalled that the Board had

suggested Affiliated create a fund that was more appropriate for a public pension fund investment.

Mr. Hole asked for clarification on repayment of investors. Mr. Burns stated they sometimes used bank financing for construction loans and once the property was built, they sought a permanent lender and used a portion of that loan to return money to investors. Mr. Burns explained that because they were in CRAs, banks received CRA credits for providing them loans and had become more aggressive in the terms for CRA loans. Mr. Rojo said they also obtained funds from HUD.

Mr. Campbell confirmed that this investment would fall under the real estate equity portion of the asset allocation.

Mr. Rojo confirmed for Ms. Jensen that the fees were 2% and the lockup was seven years. They anticipated a 20% gross IRR, with a net return to investors between 16-17%.

CAPTRUST:

Kyle Campbell, Steve Schott

Quarterly Investment Review:

Mr. Campbell made a presentation and noted the volatility the Covid-19 pandemic had caused in stock and bond markets but added that their managers had performed well.

Mr. Hole was pleased that the plan's investments were down 9%, compared to a 30% market-wide loss. Mr. Schott noted that the reallocation at the beginning of the year had been prudent.

Mr. Campbell discussed their asset allocation and noted they were overweight in real estate and asked for the Board's feedback on the Affiliated presentation.

Mr. Hole was uncomfortable with the "political" nature of Affiliated's work with municipalities and noted current disagreements between municipalities and counties regarding durations.

Chair Rudominer recalled Mr. Naugle's trepidation about being overweight in real estate in New York and California and Chair Rudominer believed that demand for Class A real estate in large cities would decline. He would therefore rather invest in Fort Lauderdale than New York City and San Francisco.

Mr. Campbell said Affiliated's fees were "extremely high" but felt they could probably be negotiated. He thought that they should wait and see how Affiliated's meetings went with other investors before considering how much of a commitment made sense.

Mr. Schott suggested a more in-depth review, using a Qualified Property Asset Manager (QPAM).

Chair Rudominer wanted to keep the real estate asset allocation decision separate from any decision about Affiliated. He thought the fund had been designed based on advice Affiliated had received from the Board and that this had already been vetted by CAPTRUST and the Board's attorney. But if the Board wished additional vetting, they should take the time to do it.

Mr. Naugle said Walter Duke had given a presentation recently regarding types of real estate that had become vulnerable in response to the pandemic. He said Mr. Duke had not mentioned government real estate, but Mr. Naugle felt it was very safe. He suggested hearing from a real estate appraiser for expert advice. Mr. Schott said they could conduct a review and schedule the real estate managers address the Board at their next meeting.

Mr. Campbell confirmed that the plan was to make an official request for redemption from real estate managers based on the calculations made by Mr. Campbell and Ms. Wenguer per the goal of rebalancing.

Mr. Campbell returned to the market overview and said the fund was down 8.08% for the first two quarters of the fiscal year. He explained how the managers had performed and stated CAPTRUST was maintaining a watch on Sawgrass and Dodge and Cox.

Mr. Campbell confirmed for Chair Rudominer that the Entrust Opportunistic Fund was not making any new investments so it could not take advantage of any current opportunities.

Mr. Campbell referred to the one-page update he had drafted, including CAPTRUST's recommendations, which included maintaining the overweight in U.S. large cap and growth versus international because they felt the U.S would hold up better in the current environment. They also recommended holding six months in benefits payments on hand. He would discuss the needs for the rest of the year with Ms. Wenguer.

Mr. Fortunato asked if they should move into more actively managed large cap. Mr. Campbell said they were favoring active management in the small and mid-cap and international market; they still believed the large-cap market was very efficient and they were comfortably positioned.

Mr. Campbell agreed to work with Ms. Wenguer to determine how much cash they would need to cover benefit payments for six months.

Mr. Nesbitt reported that Paduka Kentucky's pension board had granted a line of duty death benefit to a firefighter who had contracted Covid-19. As a result of this, there had been two bills introduced in Congress to consider Covid-19 cases as line of duty deaths.

Mr. Nesbit stated the annual report was almost complete.

Mr. Nesbitt informed the Board that the FPPTA had canceled the summer conference and the October conference may be cancelled as well, which would affect certifications. They had developed a 10-part learning series for CEU credits.

Mr. Hole asked about Covid-19 related deaths and Ms. Jensen said benefits determinations would still go through the retirement system process.

ATTORNEY'S REPORT:

Bonni Jensen

Ms. Jensen stated the governor had extended the declaration of Emergency until July 7, so they could continue to meet online through then. She wanted to continue to have presenters attend electronically, to avoid potential contamination.

Ms. Jensen reminded Board members that the Form 1s were due July 1 and urged Board members to file as soon as possible, in a way they could prove they had been filed.

Ms. Jensen agreed to ask Mr. Klausner if he had amended the Investment Policy to reflect the plan year instead of the calendar year. He had informed her that he was still working on the ordinance re-write.

Mr. Campbell agreed to schedule virtual updates from the real estate managers in June.

Chair Rudominer suggested, and the Board agreed, to hold the June meeting online.

EXECUTIVE DIRECTOR'S REPORT:

Ms. Wenguer stated Mr. Klausner had vetted Affiliated's legal documents.

Ms. Wenguer said her staff was back, practicing social distancing, but she was not allowing members to come into the office yet. Ms. Wenguer said they had been provided with masks and hand sanitizers.

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

None

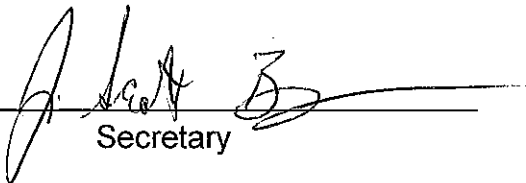
PENDING ITEMS:

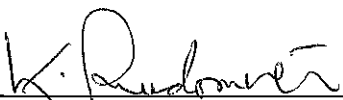
New Business:

Old Business:

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 2:50 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.