

DRAFT
POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Tuesday, November 10, 2020, 12:30 P.M.

Communication to the City Commission:

1. The Board reviewed and approved the 4th Quarter Quarterly Performance report, ending September 30, 2020. The plan's return on investments was 5.43% for the year; 5.45% for three years; and 7.22% for five years.
2. The market value of the fund at fiscal year's end is \$992.3 million. With the gains in the market since September 30, the plan's assets are \$1.018 billion.
3. The Board reviewed and approved changes to the actuarial assumptions recommended by the plan's actuary, Foster & Foster.
4. The Board approved a delay in reducing the 7.3% assumed rate of return by five basis points for one year.

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 [until 2:30]	P

Also Present

Lynn Wenguer, Executive Director	Jason Mammarelli
Alexandra Goyes, Deputy Director	Tonya Oliver, Oliver & Fox
Robert Klausner, Board Attorney	Freddie Batista
Fred Nesbitt, Communications Director	John Lefferts, Police Department
Drew Ballard, Foster and Foster	Christopher Chambers, FOP
John Herbst, City Auditor	Matt McCue
Susan Grant, Finance Director	Michael Dew, former Board Chair
Kyle Campbell, CAPTRUST	Josh Wells, trainee trustee
Andrew Marino, CAPTRUST	Heidi Spencer
Steve Schott, CAPTRUST	Jason Fox
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: October 14, 2020

Motion made by Mr. Fortunato, seconded by Mr. Naugle to approve the Board's October 14, 2020 meeting minutes. In a voice vote, motion passed unanimously.

NEW HIRES

Chair Rudominer recognized the new hires.

BENEFITS:	FIRE DEPT:	New Beneficiary:	Bonnie LeMay
	POLICE DEPT:	New Retiree: (Term of DROP):	John E Loges Jr.
		Vested Retiree:	Brian C. Dodge
		DROP Retiree:	Katherine Collins-Kuras
		Refund of Contributions:	John H Czech Jr.
		Member Termination:	Eric K. Williams
		Retiree Death:	Raymon L. Hall
	Service Incurred	Disability Application (under separate cover)	Jason Mammarelli

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

Jason Mammarelli Disability Hearing

Motion made by Mr. Bayne, seconded by Mr. Joseph, to accept all medical records as part of this proceeding. In a voice vote, motion passed unanimously.

Mr. Klausner summarized the medical records, which had also been provided to the Board, and reminded them that his summary was not evidence. He said this was a Step 1 informal hearing. If this application were granted, Mr. Mammarelli would be retired. If the application were denied, the Board should indicate the basis for denial. He noted that Mr. Mammarelli had been terminated from his position on the basis of his medical condition, and as a matter of law, his disability was considered total. The applicant still had the burden to prove the disability was permanent and job-related.

Tonya Oliver, Mr. Mammarelli's attorney, said Mr. Mammarelli had applied in 2016 but the applicable Florida statute had been amended in 2018 to expand PTSD and other

mental health conditions. This relieved some of the claimant's burden regarding mental health issues if they met certain criteria.

Ms. Oliver reviewed Mr. Mammarelli's work with the Fort Lauderdale Police Department, and said his exposure to traumatic events qualified him for line of duty disability pension per the 2018 PTSD statute.

Ms. Oliver reviewed Mr. Mammarelli's medical records and current treatment. She said even with "stable treatment," he was not released to return to work by his treating doctor, making his condition permanent.

Ms. Oliver questioned Mr. Mammarelli regarding his and his family's mental health history and about traumatic events he had witnessed as a Police officer.

Mr. Mammarelli explained his diagnoses to Mr. Bayne. Mr. Joseph said there was no documentation in the file for any of the traumatic incidents and Mr. Mammarelli stated he had not been asked for documentation. He pointed out that his conditions were a culmination of many incidents over a period of time. Mr. Fortunato said these incidents were not included in the documentation and the Board needed to know what happened.

Regarding the statute Ms. Oliver discussed, Mr. Klausner said that generally, remedial legislation is considered retroactive. He summarized the medical standard in the statute and said the burden of proof for this case was "clear and convincing," a higher standard than "a preponderance of the evidence."

Mr. Klausner recommended the Board defer action on the application and request supplemental information, specifically: whether the 2018 statute applied retroactively to a 2016 application; documentation regarding incidents for which the applicant claimed the PTSD presumption should apply and personnel files related to how Mr. Mammarelli's employment ended.

Chair Rudominer agreed to provide Ms. Oliver with a list of items the Board was requesting.

Motion made by Mr. Bayne, seconded by Mr. Joseph, to defer this hearing to the Board's December meeting. In a roll call vote, motion passed 7-0.

BILLS:	Lazard	\$139,346.61
	Eagle	\$ 53,610.92
	Vaughan Nelson	\$ 43,913.88
	Sawgrass	\$ 41,081.64
	Agincourt	\$ 40,744.10
	Boyd Watterson	\$ 36,589.00
	Aristotle	\$ 35,743.15
	Intech	\$ 7,397.50

Klausner, Kaufman	\$ 3,500.00
Klausner, Kaufman	\$ 600.00

Motion made by Mr. Naugle, seconded by Mr. Fortunato, 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:**

Michael Dew, former Board Chair, requested to speak during the CAPTRUST presentation.

Prior Service – Freddie Batista

Ms. Wenguer said Mr. Batista had been paying back \$38,000 at \$300 per pay period but wanted to use his 175 money instead. Mr. Klausner did not see why one could not use 175 money to pay for contributions, but admitted the ordinance was not clear about this; it was up to the Board. He also cautioned that 175 money was subject to forfeiture.

Mr. Klausner agreed to provide an opinion about adding a provision in Section 120-140 of the ordinance to address the use of 175 money to pay for contributions and the Board could discuss it next month.

CAPTRUST:

Quarterly Investment Review

Kyle Campbell and Andrew Marino, Steve Schott, CAPTRUST

Mr. Campbell provided an update. He reported at the end of September, the fund had been at \$992,316,891 and it was now at \$1,017,584,000.

There had been strong performance from traditional asset classes: 7.14% in traditional fixed income and 14.91% from large cap equity.

Mr. Schott said the large cap managers, except for Sawgrass, had done well, and remarked that 24% of their entire portfolio was in the best-performing asset class in the world.

Mr. Campbell said the only thing that had detracted for the quarter was real estate, with a composite of 1% for the fiscal year.

Mr. Campbell stated they were pleased with most of the managers' performance. At the next meeting, he would make recommendations on continuing the push in alternatives.

Chair Rudominer wanted Sawgrass representatives to attend their next meeting.

Mr. Dew asked if they knew the true earnings versus the costs. Mr. Campbell said they had agreed not to bring this back to the Board anymore unless it was specifically requested. He stated they did these calculations internally and used this information when they performed managers' due diligence.

Mr. Schott pointed out that the large cap composite and S & P returns would both go from over 5% to 10 basis points if Apple and Amazon stocks were taken out.

Regarding the election, Mr. Campbell stated a split House/Senate was historically good for returns. There was also good news regarding a vaccine.

Motion made by Mr. Fortunato, seconded by Mr. Joseph, to accept the 5.43% third quarter Return on Investment. In a voice vote, motion passed unanimously.

Bloomfield Capital Income Fund V LLC Addendum

Mr. Campbell said Bloomfield wanted an extension to their investment period to roll the uncalled capital from Series A to Series B. He said to date, they only had a few holdings that were non-performing.

Mr. Campbell recommended adding \$10 million to Bloomfield for a total of approximately \$20 million, roughly 2% of the portfolio. He said this was available in cash.

Mr. Klausner wanted to ensure that the side letter that applied to Series A would also apply to Series B. Bloomfield had rewritten the consent form indicating that anything that applied to Series A applied to Series B.

Motion made by Mr. Joseph, seconded by Mr. Fortunato to increase their investment in Bloomfield Capital Income Fund V to \$11.3 million. In a roll call vote, motion passed 7-0.

Boyd Watterson GSA Fund Amendment

Mr. Campbell said Boyd Watterson wanted an amendment to their GSA Fund agreement. The agreement currently stated no property could be over "\$150 million," a set dollar amount," and they wanted to change it to "10% of the overall fund" instead.

Chair Rudominer stated he would recuse himself due to a potential conflict of interest.

Motion made by Mr. Fortunato, seconded by Mr. Joseph to consent to the change in the Boyd Watterson State Government Fund Agreement. In a voice vote, motion passed 6-0 with Chair Rudominer abstaining.

Mr. Dew wanted to discuss Sawgrass's underperformance. Chair Rudominer said Sawgrass representatives would address the Board in December. Mr. Dew noted there

had only been two or three quarters when Sawgrass had met the benchmark. He said the Board was paying Sawgrass \$41,000 a quarter for them to lose.

Chair Rudominer pointed out that though Sawgrass underperformed, the return had been 18% for the year.

ATTORNEY'S REPORT

Robert Klausner

Mr. Klausner explained that the City of Ft. Lauderdale had exercised its Home Rule powers to allow the meetings to be virtual.

Mr. Klausner and Ms. Grant had reviewed the ordinance re-write and the only remaining issue was regarding in-service distributions. The City Attorney was reviewing the ordinance and would put it on the City Commission's agenda. Mr. Klausner said he would add something pertaining to use of the 175 money the Board had discussed earlier.

Mr. Klausner was preparing a legal memorandum to the Board discussing whether an evidentiary presumption, such as the PTSD presumption, was substantive or procedural.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt had nothing to report.

Mr. Joseph left the meeting at 2:30.

EXECUTIVE DIRECTOR'S REPORT:

Executive Director's Contract

Mr. Klausner said if the Board wanted to do as Ms. Wenguer asked, this required her to surrender any other retirement benefit she had received in a defined benefit plan to go toward any actuarial impact. She would also be responsible for the increased employee contribution. He explained that this was not an uncommon practice.

Ms. Grant said she had not received an actuarial impact statement. She was also concerned about the optics.

Mr. Nesbitt agreed to draft an explanation for City Commission members

Mr. Klausner said the hypothecation of the salary was the actuarial equivalent to purchase of prior service.

Motion by Mr. Bayne, seconded by Mr. Fortunato to accept the proposed terms of the contract and direct Mr. Klausner to prepare a document for execution. In a roll call vote, motion passed 6-0 [with Mr. Joseph having left the meeting].

2020 Experience Study Recap (under separate cover)

Ms. Grant asked which assumptions the Board wanted to implement. She suggested sticking with the assumptions that the City had already programmed in for the next five years.

Chair Rudominer said they must implement the mortality table and Mr. Ballard noted that this assumption increased the City's contribution the most, by approximately \$1 million. Decreasing the assumed rate of return by five basis points would increase the City's contribution by \$670,000. Ms. Grant said the Board may want to consider delaying the change in the assumed rate of return for one year and just implement the mortality table. This would keep the five year forecast intact.

Mr. Ballard recommended implementing all changes except for the decrease in the assumed rate of return, maintaining it at 7.3%, for one year. This would represent a cumulative increase of approximately \$1.37 million in the City's contribution: \$983,000 was due to the mortality table and \$400,000 was due to the other assumptions, without the change in assumed rate of return.

Motion made by Mr. Bayne, seconded by Mr. Fortunato to maintain an assumed rate of return of 7.3% for this fiscal year. In a roll call vote, motion passed 6-0.

Motion made by Mr. Bayne, seconded by Mr. Fortunato to accept the other assumptions from the actuary on page 8 of the report, excluding the reduction in the assumed rate of return. In a roll call vote, motion passed 6-0.

After one year, they would resume decreasing the assumed rate of return by five basis points per year.

Ms. Wenguer said a Police member had entered the DROP on October 1 and had subsequently requested to purchase her prior service. Mr. Klausner stated the member was already retired, and prior service must be purchased prior to retirement.

Trustee Seats Elections - Fire/Police Trustees Unopposed

Ms. Wenguer stated Mr. Fortunato and Mr. Rudominer were unopposed in seeking another term on the Board.

Trustee Election - 7th Member Update

Ms. Wenguer stated this would be determined at the next meeting. She reported Mr. Naugle had been reappointed by the City Commission.

PENDING ITEMS:

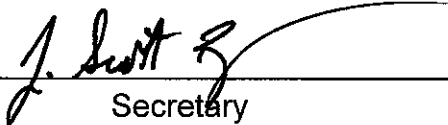
Old Business:

Schedule A

New Business:

Mr. Hole was scheduled for surgery on December 9 and therefore could not make the meeting scheduled for that date. After discussion, the Board agreed to change their meeting date to December 8.

There being no further business to come before the Board at this time, the meeting was adjourned at 3:12 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.