

**DRAFT**  
**POLICE AND FIREFIGHTERS' PENSION BOARD**  
**REGULAR BOARD MEETING**  
**888 South Andrews Avenue, Suite 202**  
**Fort Lauderdale, FL 33316**  
**Tuesday, December 8, 2020, 12:30 P.M.**

**Board Members**

Ken Rudominer, Chair	P
Richard Fortunato, Vice Chair	P
Scott Bayne, Secretary	P
Jim Naugle, Trustee	P
Jeff Cameron, Trustee	A
Dennis Hole, Trustee	A
Derek Joseph, Trustee	P

**Also Present**

Lynn Wenguer, Executive Director  
Jacqueline Smith, Administrative Assistant  
Robert Klausner, Board Attorney  
Fred Nesbitt, Communications Director  
Michael Dew, former Board Chair  
Josh Wells, trainee trustee  
Susan Grant, Finance Director  
John Herbst, City Auditor  
Kyle Campbell, CAPTRUST  
Andrew Marino, CAPTRUST  
Steve Schott, CAPTRUST  
Gregg Gosch  
Maja Ben, journalist for Fundmap  
Freddie Batista

## ROLL CALL/CALL TO ORDER

The meeting was called to order at 12:41 p.m. Roll was called and a quorum was determined to be present.

### MINUTES:

#### Regular Meeting: November 10, 2020

**Motion** made by Mr. Bayne, seconded by Mr. Joseph to approve the Board's November 10, 2020 meeting minutes. In a voice vote, motion passed unanimously.

<b>BENEFITS:</b>	<b>FIRE DEPT:</b>	<b>DROP Termination:</b>	Melanie Snowwhite Douglas F Farley
		<b>DROP Retiree:</b>	Michael A Hughes James Paszkiewicz William C White
		<b>New Beneficiary:</b>	Marian Sheehan Ruth Bryson
	<b>POLICE DEPT:</b>	<b>DROP Retiree:</b>	Margaret E Dietrich
		<b>New Beneficiary:</b>	Janet Del Rio

**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.

<b>BILLS:</b>	<b>Aon</b>	\$15,809.00
	<b>Klausner, Kaufman</b>	\$3,500.00

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

Michael Dew, former Board Chair, requested to participate in the Sawgrass discussion.

### CAPTRUST:

**Quarterly Investment Review** Kyle Campbell, Andrew Marino, Steve Schott  
CAPTRUST

Mr. Campbell provided an update. He reported November had been the best month since the 1920s. The S&P 500 was up 10%, small caps were up 25% and internationals were up 15% for the quarter. He said the split House and Senate and the vaccine news had helped.

Mr. Campbell reported the portfolio had been at \$990 million at the end of September and was now over \$1 billion.

**LARGE CAP GROWTH REVIEW:  
Sawgrass Asset Management**

Chris Greco & Martin LaPrade

Mr. Greco explained that throughout market cycles, Sawgrass performed as expected. Since 2007, they had provided the Fort Lauderdale Police and Fire Pension account \$33 million in growth. They believed they could continue to manage the portfolio as they had since 2007. He stated their attention to risk helped them outperform over time.

Mr. LaPrade provided a Power Point presentation describing the history of the portfolio's performance. He explained the outsized influence that the top five stocks - Microsoft; Apple; Google; Facebook and Amazon - had on the index, which had accelerated over the last two years, and stated this was not sustainable. Mr. LaPrade displayed their returns compared to benchmarks over 20 years.

Chair Rudominer said the reasons for underperformance were more understandable now. He asked how much and how long Sawgrass would need to outperform the benchmark until the numbers would begin to turn in their favor. Mr. LaPrade reviewed their performance against the index since the 2000 tech bubble. He said if the environment going forward was more "normal" and there was a pull back in the index, they had a good chance of competing with anyone else. Chair Rudominer thanked Sawgrass for "sticking to their guns." Mr. LaPrade stated their biggest competition had been the index.

Chair Rudominer stated Sawgrass had been on the Board's watch list for some time. He asked Mr. LaPrade why they should keep Sawgrass. Mr. LaPrade said he was concerned about the current market cycle, in which the Fed's attitude was, "We're going to print as much money as we can." He believed there was a shift at hand and that their strategy would work best in the environment they would be entering.

Mr. Campbell recalled that CAPTRUST had interviewed other large-cap growth managers and pointed out that any manager would be subject to the fund's constraints.

Chair Rudominer asked Mr. Campbell's opinion about the index being out of whack. Mr. Campbell agreed with Mr. LaPrade's assessment about the market being growth-driven. Mr. Schott admitted that Sawgrass's performance had been disappointing and there were other managers with similar constraints that had performed better.

Mr. Bayne asked if they could work with them to get through this underperforming time. Mr. LaPrade stated they had offered some clients a performance-based fee structure. Mr.

Campbell said they preferred the flat fee structure, which tended to save money in the long run.

The Board declined to make any changes.

### **ATTORNEY'S REPORT**

Robert Klausner

Mr. Klausner reported he and Ms. Grant had almost completed their review of the ordinance re-write. He said the City wished to keep the current limitations regarding in-service distributions. He hoped the ordinance would be on the City Commission's agenda in January.

Mr. Klausner had learned of an FDA investigation into Intercept Pharmaceuticals, causing the stock price to drop 40%. The case was meritorious, but the fund had experienced a \$57,000 loss, which was below the threshold for securities cases. He said if the Board agreed to proceed, it could give them the opportunity to recover their money, and establish a class.

**Motion** made by Mr. Fortunato, seconded by Mr. Joseph to proceed with a suit regarding Intercept Pharmaceuticals. In a voice vote, motion passed unanimously.

Mr. Klausner had been asked to render a legal opinion regarding whether a DROP participant could purchase credited service after entering the DROP. He opined that they could not, because once entering the DROP, one was retired, which was a deadline for buying credited service.

Mr. Klausner had also been asked if a firefighter could use Supplemental Share Plan funds to reinstate time based on a loss of credited service due to a disciplinary matter. He said the plan was specific, citing "military time or prior service with a *prior* employer." Mr. Klausner said when a statute listed specific items, it was interpreted that anything not listed was intended to be omitted.

Stephen Batista had wanted to purchase time from when he had been suspended without pay using Share Plan funds. He cited City ordinance Section 20-141 and Mr. Klausner said he was looking at Section 130, which discussed member contributions. Mr. Klausner agreed to research this further and provide a follow-up opinion.

Mr. Klausner said there was a question about whether contributions were mandatory for all periods for which either credited service or DROP service occurred. There was a question about whether the pay supplement in lieu of a salary increase for topped-out police officers was pensionable. He said the plan was very specific that contributions were mandatory from the start date to the leave date; members could not pick the parts of the plan they liked.

Mr. Fortunato stated these bonuses were specifically not called longevity so they would not be pensionable. Now the City wanted to rewrite history and collect contributions on

them retroactively. Mr. Bayne agreed to send Mr. Klausner the Fire Collective Bargaining Agreement language for him to review.

**COMMUNICATION DIRECTOR'S REPORT**

Fred Nesbitt

Mr. Nesbitt reported the FPPTA programs would be all virtual in the Spring.

**EXECUTIVE DIRECTOR'S REPORT:**

Office Lease Renewal

Ms. Wenguer said they needed to contact a real estate agent to see what was available. She agreed to send Mr. Naugle a copy of the lease so he could see what was available and speak to the landlord.

Trustee Election - 7th Member

Ms. Wenguer reported no one other than Mr. Hole had inquired, so he was automatically approved.

**Motion** made by Mr. Fortunato, seconded by Mr. Bayne, to appoint Mr. Hole the seventh Board member. In a voice vote, motion passed unanimously.

Milliman Software Update

Ms. Wenguer said they needed to include the prior service buyback, the bonus and a couple of small changes for which Milliman had quoted \$1,500.

**Motion** made by Mr. Joseph, seconded by Mr. Fortunato to approve paying Milliman \$1,500 for the software upgrade. In a voice vote, motion passed unanimously.

Assistant Administrator Bonus

Ms. Wenguer explained that after completing the annual review for Ms. Goyes, she had offered her a \$2,500 bonus for doing the work of two people while Ms. Smith was out on maternity leave. This was in addition to an increase in her annual salary.

Mr. Bayne wanted the bonus amount to reflect a percentage instead of a flat amount.

**Motion** made by Mr. Fortunato, seconded by Mr. Bayne, to authorize Ms. Wenguer to give Ms. Goyes a 3% bonus, not to exceed \$2,500. In a voice vote, motion passed unanimously.

175 SHARE Funds

Mr. Klausner had discussed this earlier.

**PENDING ITEMS:**

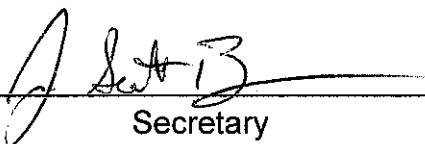
**New Business:**

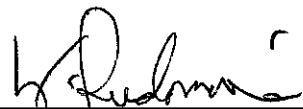
Mr. Naugle had recently attended a Marine Association virtual meeting during which they utilized a device called the Owl for the camera/audio interface. Ms. Wenguer said she had intended to replace the conference room camera and she would get quotes on this device.

**Old Business:**

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 2:28 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.