



**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, March 10, 2021, 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	P
Dennis Hole, Trustee	P
Derek Joseph, Trustee	P

Also Present

Lynn Wenguer, Executive Director	Linda Logan-Short, Deputy Finance Director
Stuart Kaufman, Board Attorney	Michael Dew, former Board Chair
Fred Nesbitt, Communications Director	Susan Grant, Finance Director
Alexandra Goyes, Deputy Director	Josh Wells, Trustee Trainee
Kyle Campbell, CAPTRUST	Rick Schultz
Andy Marino, CAPTRUST	Robert Bacic
Steve Schott, CAPTRUST	

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: February 10, 2020

Motion made by Mr. Naugle, seconded by Mr. Hole to approve the Board's February 10, 2021 meeting minutes. In a voice vote, motion passed unanimously.

BENEFITS: FIRE DEPT:	DROP Retiree:	Salvatore Caruso Joseph E Connor III Neva Larkin
	New Beneficiary:	
POLICE DEPT:	New Retiree:(DROP Termination):	Charles Livingston Jeffrey C Jennings Reginald S Gillis Gregory A. Salters
	New Retiree:(Svc. Retirement):	William A Viveiros
	DROP Retiree:	Edgar Cruz Luis E Alvarez Michael H Dodson
	New Beneficiary:	Benitta Dziekan Christine Halleran
	Retiree Death:	Jack H.R. Cannon

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

BILLS:	Northern Trust	\$43,593.88
	Aristotle	\$41,266.33
	Sawgrass	\$15,741.34
	Foster & Foster	\$10,525.00
	Marcum	\$4,800.00

Motion made by Mr. Hole, 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:

Mr. Dew asked to participate in the CAPTRUST discussion.

Mr. Bayne, speaking on behalf of firefighters' union, asked the Board's permission to use the actuarial services of Foster & Foster, at the union's expense. Mr. Kaufman advised the Board to make a motion to authorize the union to use their actuary. He stated Mr. Bayne did not need to abstain from the vote.

Mr. Hole requested that the Board be granted access to any information for any of the impact studies after negotiations.

Motion made by Mr. Bayne, seconded by Mr. Fortunato to authorize the firefighters' union to utilize the actuarial services of Foster & Foster, at the union's expense, if needed for their negotiations. The Board would also be granted access to any information for any of the impact studies after negotiations. In a voice vote, motion passed unanimously.

**2020 AUDITED FINANCIAL STATEMENTS:
Marcum LLP**

Michael Futterman, Tammy
Goldschmidt

Ms. Wenguer informed the Board that the statements were not available yet. She asked to call a special meeting to discuss the audit when it was available.

**LARGE CAP GROWTH PRESENTATION:
American Century:**

Jeff Bourke, Kevin Lewis & Brian
Munn

Mr. Campbell said they wished to keep the large cap growth exposure active. He stated they also wanted to maintain value market exposure. He noted that keeping the growth in actively managed funds instead of an index would introduce valuation and growth in the long-term.

Mr. Munn stated they were a global asset management firm with \$213 billion total assets under management. He said what set them apart from other firms was that their founder, Jim Bower, had battled cancer become determined to contribute to the fight against gene-based diseases. This had led him to invest \$2 billion of his own fortune to help build a world-class medical research facility, the Stowers Institute, that searched for treatments and cures. He had given up his ownership portion of American Century to the institute.

Mr. Lewis provided an overview of their Premier Large Cap Growth Fund. He noted its strong record of performance, which was consistently above average. He said their risk adjusted performance was in the top 3% of managers and their consistency of outperforming benchmarks ranked in the top 10% of managers.

Mr. Bourke described their team. He said their philosophy started with finding good businesses. He described their assessments and how they constructed a portfolio: Find great companies that can sustain long-term growth and hold them over time. Their philosophy was predicated on finding great businesses with a competitive advantage that offered high profitability levels. They also looked for companies with the ability to reinvest their profits, driving further growth. He noted their low turnover rate compared to peers as proof that their approach was valid.

Mr. Lewis said performance across all time periods exceeded the benchmark. They had created a simulation of the pension fund's portfolio requirements and said they would have outperformed the benchmark across the one, three, five and ten year periods. He stated their consistently strong stock selection was the predominant driver of their outperformance.

Mr. Munn said growth and value would trade off leadership of the market over time. They were committed to a growth investing style and they believed there was opportunity to do that in the current market. He stated earning power was below normal, but as the economy improved, they believed the valuation metric would look less expensive.

Regarding rising interest rates and growth versus value, Mr. Munn stated their focus was on stock selection, and they did not select stocks based interest rates or other similar performance factors. He felt the primary risk was inflation and the impact on the cost of goods. Typically, the types of companies they owned had the pricing power to offset periods of inflation.

Mr. Kaufman said on the legal side, American Century would need to agree that they were fiduciary to the pension fund, and that Florida law would be applicable. Mr. Munn agreed to ensure all parties were on the same page.

Mr. Dew asked about the fees. Mr. Munn said they had a tiered fee schedule: 70 basis points for the first \$10 million; 60 basis points for the next \$15 million; 50 basis points for the next \$25 million and 4 basis points for over \$50 million. Mr. Dew asked if this was negotiable and Mr. Munn stated they could pursue this with their pricing committee.

Mr. Campbell stated William Blair, Winslow Capital and American Century did things fairly similarly but American Century may be slightly more diversified. He stated even with the 5% individual security maximum limit, all three were outperforming the benchmark.

Mr. Dew asked which of the three handled risk better, especially in a down market. Mr. Campbell said in December 2018, when the large cap index was down 2%, William Blair was up 6%, Winslow was up 4%, American Century was flat and Sawgrass was up 2%. From a down market/upmarket capture, William Blair had the best metrics, capturing over 100% of the upmarket and 90% of the down market.

Mr. Campbell recommended William Blair. Mr. Kaufman was not aware of any contracts between William Blair and his other clients, so any vote should be contingent upon successful negotiations between William Blair and his firm.

Motion made by Mr. Hole, seconded by Mr. Joseph, to move the entire investment from Rhumblin Large Cap Growth Strategies to William Blair Large Cap Growth Fund, with a possible reduction of fees, contingent upon successful negotiations between William Blair and Klausner, Kaufman, Jensen & Levinson. In a roll call vote, motion passed 7-0.

CAPTRUST:

Kyle Campbell, Andrew Marino, Steve Schott

Monthly Investment Review

Mr. Campbell reported February had been slightly positive. The current value of the portfolio was \$1.1 billion. Going forward, he wanted to bring in a private equity manager or two as well as private credit in the next couple of months.

Mr. Campbell said rates had increased slightly, resulting in fixed income picking up ground on more traditional indexes. They would also consider their current exposure in fixed income.

Mr. Bayne asked for a comparison of their portfolio and other public funds returns for the last fiscal year. Mr. Campbell agree to create this. Mr. Campbell also agreed to send the William Blair documents to Mr. Kaufman

ATTORNEY'S REPORT

Robert Klausner

Mr. Kaufman provided a legislative update. The SB84 bill, regarding closing the FRS plan to new hires after 7/1/2022, had not moved and there was no house companion bill. Mr. Nesbit said this was important to all defined benefit plans.

Mr. Kaufman stated SB1314 and HB949 for first responders would amend Florida Statute 112.181 and declare that any impairment of health caused by infectious disease was presumed to be in the line of duty. This would apply to COVID-19 and any other infectious disease that had been declared a public health emergency. In order for the presumption to apply, the member must prove they had not been exposed outside the scope of employment to any person known to have the infectious disease. If a vaccine was available, the first responder was also required to get it.

Mr. Nesbitt asked about the time period and Mr. Kaufman thought this would not have a sunset date.

Mr. Kaufman said Mr. Klausner was working with Ms. Grant on an issue with the ordinance re-write regarding a deferred vested individual, COLA issues and whether they should codify the requirement for a Share Plan as part of the defined benefit plan.

Mr. Kaufman stated the re-write cured the deferred vested issue and Mr. Klausner had asked the actuary about any costs associated with including the amendment in the re-write. If anyone was vested prior to the re-write, they would hold off until the issue was settled.

Ms. Grant said she had noted the difference between the ordinance and the re-write, and researched the contract. She said the 1997 contract did not address term vested at all and a subsequent re-write had changed "continuous service" to "creditable service." She believed this needed to be negotiated into the contract. Whether or not the actuary was assuming that all people retired at 20 years, one could not say this had no cost. They needed to work through those issues prior to presenting the re-write to the City Commission.

Chair Rudominer asked about codifying the Share Plan. Mr. Kaufman said there was no current mention of the Share Plan in the ordinance. Florida Statute required all defined benefit public funds to have a component establishing the Share Plan, whether or not it was funded. They recommended adding this to the re-write.

Chair Rudominer recalled that the Board had split a pension for a member who had a disability but had enough service time that the normal service pension was higher than

the disability pension. He asked if they could award a disability pension without a benefit to someone in the DROP. Mr. Kaufman was not aware of any plan his firm represented that offered disability benefits while a member was in the DROP, but he agreed to look at the Philadelphia plan.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt stated he was working on the annual report.

EXECUTIVE DIRECTOR'S REPORT:

Milliman: MARC System Update

Ms. Wenguer had asked the software provider about several one-time programming changes and the quote was \$23,000. She remarked they really had no alternative as it would cost hundreds of thousands of dollars to have new software built from scratch. She explained why the new calculations were so complicated.

Mr. Bayne suggested inviting the software developer to a meeting to explain the scope of work and why this was so expensive. Ms. Wenguer agreed to invite the company to make a presentation at their next meeting. Chair Rudominer asked Ms. Wenguer to explore the feasibility of rolling the money into the DROP and/or what the cost would be for Ms. Wenguer to "hand measure" a separate account. Ms. Grant acknowledged the City's software vendor was very expensive as well. She said the City was about to start outsourcing GERS pension payrolls. The OPEB benefits and stipends would continue to be done in-house. Chair Rudominer suggested pricing out the pension and OPEB in the same check and Ms. Grant agreed to ask.

Motion made by Mr. Bayne, seconded by Mr. Fortunato to approve all software changes except the Share Plan portion. In a voice vote, motion passed unanimously.

PENDING ITEMS:

New Business:

None

Old Business:

Schedule A

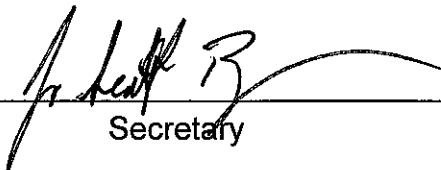
None

There being no further business to come before the Board at this time, the meeting was adjourned at 2:06 p.m.

Police and Firefighters' Pension Board of Trustees

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Secretary



Chairman

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.