

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, July 14, 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	Jason Fox, attorney
Alexandra Goyes, Deputy Director	Blaine Lehner, Police Officer
Stuart Kaufman, Board Attorney	Kennedy Russell, court reporter
Fred Nesbitt, Communications Director	John Herbst, City Auditor
Kyle Campbell, CAPTRUST	Susan Grant, Finance Director
Steve Schott, CAPTRUST	Alexander Boardman, Fire Captain
Megan Gaillard, Assistant City Auditor	Shane Calvey, Police Officer
Joshua Wells	

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: June 9, 2020

Motion made by Mr. Hole, seconded by Mr. Naugle to approve the Board's June 9, 2021 meeting minutes. In a voice vote, motion passed unanimously.

BENEFITS:

FIRE DEPT:

DROP Retiree:

Keith E Garner

Retiree Death:

Robert Hooper

Alton Bulman

Survivor Death:

Lavonne Dougherty

POLICE DEPT:

New Retiree

(Service Retirement):

Darian Burkholder

DROP Retiree:

Justin E Moody

Retiree Death:

Edward K. Harmon

Survivor Death:

Ruth Rue

Eleanor Burns

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

Service Incurred Disability Hearing: Blaine Lehner

Mr. Kaufman said they had received the additional information the Board requested at a previous meeting from the independent IME doctor.

Jason Fox, Mr. Lehner's attorney, said the report from Dr. Sommers explained the mechanism of the injury and the fact that it was permanent and service-incurred. He said this made Mr. Lehner eligible for the service-incurred disability.

Mr. Lehner thanked the Board for allowing him to see the specialist regarding his injuries.

Motion made by Mr. Fortunato, seconded by Mr. Joseph, to approve Mr. Lehner's disability application, finding the disability to be permanent and total and service connected.

Mr. Hole noted that Doctor Sommers' report indicated that the mechanism of injury was not clear to him. Dr. Lupu had said the injury was not consistent with the incident.

Chair Rudominer noted that Dr. Sommers had advised seeing another specialist and that having a particular procedure could be helpful.

Mr. Fox said Dr. Sommers' report indicated that there was no doubt Mr. Lehner was disabled from active duty as a police officer and there was no doubt his symptoms were related to diagnosis #2, the back injury. Dr. Sommers had added that there was evidence in the MRI of another, secondary injury Mr. Lehner suffered in the fall on the date of injury.

Mr. Hole stated Dr. Lupu's report indicated three doctors had found nothing related to the injury claim.

Chair Rudominer felt a case should only be decided at an informal hearing if it was a "slam dunk." Mr. Kaufman agreed, and said if the record was not clear, the application could go to a formal hearing. The Board should be clear regarding the totality and permanence of the disability, and that it was service-connected.

Mr. Fortunato recalled that applicants were usually sent to three IME doctors, and wanted Mr. Lehner to be treated the same. Board members discussed the applicant's options.

Mr. Fox thought Dr. Sommers and Dr. Lupu agreed the injury was permanent and total; there had been a question of whether the injury was work related, but there was no evidence in any report that the disability could have been caused by anything other than the work-related injury that as reported. Mr. Fox felt all of the evidence supported the application and there was no evidence to substantiate denial. He noted that a formal hearing would be lengthy and expensive for all parties.

Mr. Bayne said he wished to be consistent with their previous practice, including having Mr. Lehner see two additional IME doctors.

In a roll call vote, the **motion** to approve passed 4-3 with Mr. Bayne, Mr. Cameron and Mr. Hole opposed.

Motion made by Mr. Joseph, seconded by Mr. Hole to make Mr. Lehner's benefit effective as of 11/4/2020. In a voice vote, motion passed unanimously.

BILLS:

Affiliated Housing	\$18,750.00
Milliman	\$ 5,500.00
Klausner, Kaufman	\$ 4,385.00
Dr. Alexander Bertot-IME	\$ 2,800.00
Dr. Jeffrey Worth-IME	\$ 2,200.00
Dr. Domingo Delgado-Garcia-IME	\$ 1,200.00
Klausner, Kaufman	\$ 600.00

Ms. Wenguer said Affiliated Housing had sent a bill and stated it was a capital call for management fees and therefore did not require Board approval and should be paid immediately. Mr. Kaufman thought this should come to the Board for approval. Ms. Wenguer explained this was also based on capital commitment, not invested capital, as was standard practice. Mr. Kaufman agreed to check and see if this was consistent with Affiliated Housing's other agreements.

Motion made by Mr. Bayne, seconded by Mr. Hole, to approve payment of the bills as stated, with the Affiliated Housing invoice subject to confirmation that they were contractually entitled to the fee requested. In a voice vote, the motion passed unanimously.

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

None

PRIVATE EQUITY PRESENTATION

Ashbridge Transformational Secondaries: Patrick Lombardo, Nash Waterman

Mr. Lombardo and Mr. Waterman provided a presentation. Mr. Lombardo said they had been investing in private equity and credit for 40 years and Ashbridge Transformational Secondary strategy was one of their most successful opportunities.

Mr. Waterman provided an overview of Fund I, their team and the history of their GP-led secondary investing since 2006. They focused on individual companies so they could focus on the good. Mr. Waterman described the performance of Ashbridge Transformational Secondaries Fund I versus secondaries and buyout benchmarks.

Mr. Waterman turned to Fund II, and discussed deals already closed and deals pending. He anticipated they would have more than \$1 billion invested by the time the Board committed funds, so their money would be put to work and they would see gains quickly. Mr. Waterman said their focus on single assets gave them a distinct advantage.

Mr. Campbell asked if there were particular sectors of the market on which they focused and how COVID had affected them. Mr. Waterman said they would not invest anywhere they could not cheaply hedge back to the dollar; the bulk of their deals were in the U.S. They were lighter on tech companies than most groups because of their focus on value. They wanted to invest in companies that provided essential services or products to stable end markets. Mr. Waterman described the impact COVID had on their companies.

Chair Rudominer asked why now was the best time in 15 years to invest in this fund and Mr. Waterman said it was because they controlled the entire portfolio by investing in single assets. The other real distinction was that most of their competitors' business had been done around the larger, mega-cap fund partners.

Mr. Hole mentioned other factors that affected businesses; supply-chain issues, civil unrest, changing demographics, and the political atmosphere. He discussed the "fine print" in the report: Investors must be prepared to readily bear the complete loss of their investments; lockups could last 11 years; managers may make decisions based on incomplete, inaccurate data; deals may fall through after the team expended significant expenses; a manager may not put all money to work or may change the target; the team may choose unrelated managers and may not have time to evaluate investments or to react to managers' inconsistent decisions. He asked what happened when they did not hit the target by the end of the fund. Mr. Waterman said this had not happened to date, but said they could package companies together to sell them to obtain a higher price.

Their goal was to complete the fund within the fund life and he believed Fund I would be completed prior to its eight-year fund life and that Fund II would as well.

Chair Rudominer noted the Board was committed to limiting their investment in private equity to 1%. He asked why they should consider secondary instead of a traditional fund. Mr. Waterman pointed out that the fund would likely be more than 33% invested by the time they entered, so it would not take long to build up the capital. Because of their entry point, there was a much faster growth pace. He said they were able to acquire the best companies in the private equity market, lowering risks and increasing the upside.

Mr. Lombardo explained the management fee would be 1% and was charged on invested capital.

Mr. Waterman confirmed for Mr. Kaufman that there were other public pension funds invested in Ashbridge Transformational Secondaries.

Regarding the private equity asst allocation, Mr. Campbell said Invesco was coming down, so they were identifying top-tier GPs to continue the commitment in that area.

Mr. Schott said the market was up 17% since the start of the year and 99% since the COVID lows. He anticipated equities would not provide robust returns going forward and they felt private equity was an attractive alternative. Mr. Campbell said they had clients invested in Fund I who had a positive experience.

**CAPTRUST:
Monthly Investment Review**

Kyle Campbell, Steve Schott

Mr. Campbell said as of March 31, the fiscal year return was 13.35%. As of the end of June, the portfolio was at \$1,154,120,940, a market value return of 16.5% for the fiscal year-to-date.

Mr. Campbell stated they wanted to make a \$20-30 million investment in one or two private equity managers, for a total of \$55-60 million, or 5% of the portfolio, in line with targets.

Chair Rudominer said at the FPPTA event, emerging market bonds were the "asset class du jour" and perhaps they should look into them. Mr. Kaufman did not think there was a statutory limitation on emerging market bonds, but it may be limited by 175 and 185. He thought it would require a change in the investment policy.

Chair Rudominer said the Board must establish a policy for digital currency. Mr. Campbell noted the volatility of digital currency and said they were exploring the underlying technology that could benefit other industries. Mr. Schott stated they were meeting with emerging market bond managers and would provide the Board with their comments.

Mr. Campbell reported they would bring a primary manager presentation or two for the Board to hear from next month.

ATTORNEY'S REPORT

Robert Klausner

Mr. Kaufman had nothing more to report. Ms. Wenguer said the ordinance re-write had been submitted to the City for consideration.

EXECUTIVE DIRECTOR'S REPORT:

Police Holiday Pay Update

Ms. Wenguer said the FOP wanted to discuss this before the Board pursued it. She said they needed to determine if holiday pay was pensionable. If it was determined to be pensionable, they must make a change for the earnings of every police officer.

Mr. Kaufman stated this was a bargaining issue. They would determine past practice and provide a comment to help the parties come to an agreement.

Ms. Grant said as of now, holiday pay was paid at time and a half, so if a member was paid for a holiday in a two-week work pay period, they would have 72 hours of straight pay and eight hours of holiday pay, called "holiday overtime at time and a half." Currently, eight hours of that was being included as pensionable, so at issue was the additional four hours. If the four hours were considered overtime, they would be subject to the 40-hour cap, and if someone hit their 40 hours of overtime with regular overtime, it was a moot point because it would not be pensionable. If it was not considered overtime, based on the definitions, it would appear to be pensionable.

Mr. Bayne did not feel holiday pay should be considered overtime because it was defined as "holiday pay," not "overtime." Ms. Grant said the paystub indicated it was "holiday overtime." She was speaking to the City's negotiators to get their insights.

Mr. Kaufman said he must see what the contract said, what was in the plan and what past practice had been.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt had nothing to report. He thanked Mr. Bayne for participating in the FPPTA trustee panel.

Investment Seminar

The Board discussed timing for the seminar. Ms. Wenguer said she would schedule it for the second week of January.

PENDING ITEMS:

New Business:

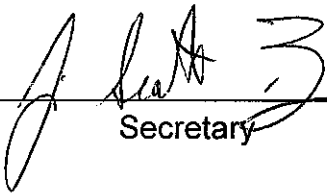
None

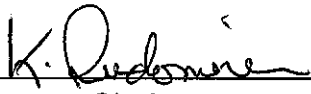
Old Business:

Schedule A

None

There being no further business to come before the Board at this time, the meeting was adjourned at 2:22 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.