

**POLICE AND FIREFIGHTERS' PENSION BOARD  
REGULAR BOARD MEETING  
888 South Andrews Avenue, Suite 202  
Fort Lauderdale, FL 33316  
Wednesday, August 11, 2021, 12:30 P.M.**

**Communication to the City Commission**

1. The Board voted to accept the 3.93% rate of return for the third quarter.

**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	A

**Also Present**

Lynn Wenguer, Executive Director	Robert Bacic, Fort Lauderdale Fire Rescue
Alexandra Goyes, Deputy Director	John Herbst, City Auditor
Robert Klausner, Board Attorney	Susan Grant, Finance Director
Fred Nesbitt, Communications Director	Shane Calvey, Police Officer
Kyle Campbell, CAPTRUST	Michael Dew, former Board Chair
Kevin Fieldman, CAPTRUST	
Megan Gaillard, Assistant City Auditor	

**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: July 14, 2020**

**Motion** made by Mr. Hole, seconded by Mr. Naugle to approve the Board's July 14, 2021 meeting minutes. In a voice vote, motion passed unanimously.

**BENEFITS:**

**FIRE DEPT:**

**New Retiree:(DROP Termination):**

Michael J Hicks

**POLICE DEPT:**

**New Retiree:(Service Retirement):**

Scott Fry

**New Beneficiary:**

Diana Nagele

**Vesting:**

Noah C. Parang

**Member Termination:**

Yamisel Pence

Eusebio Vilches

**Retiree Death:**

Leslie K. Jones

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

**BILLS:**

Lazard	\$172,811.47
Vaughan Nelson	\$67,526.84
Eagle Asset	\$52,809.77
Boyd Watterson	\$52,381.00
Agincourt	\$51,160.93
Aristotle	\$46,184.74
William Blair	\$25,962.56
Rhumblin	\$17,067.00
Intech	\$8,293.96
Klausner, Kaufman	\$3,534.00
Dr. Alexander Bertot-IME	\$2,800.00
Klausner, Kaufman	\$1,890.00
Dr. Jeffrey Worth-IME	\$1,600.00
Dr. Domingo Delgado-Garcia-IME	\$1,200.00

Ms. Wenguer confirmed that the William Blair bill was pro-rated.

**Motion** made by Mr. Bayne, seconded by Mr. Hole, 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:**

None

**CAPTRUST:**

Kyle Campbell, Kevin Fieldman

**Quarterly Investment Review**

Mr. Fieldman said the markets were continuing to move up and they had a positive outlook going forward. He stated consumer spending was driving the GDP. Interest rates were still very low and should remain so for the next couple of years. He reported second quarter corporate earnings were the best they had been in a long time. 89% of companies

had outperformed their earnings expectations. Mr. Fieldman said they were monitoring inflation, which was currently 5.4% for the year and said they had anticipated this. He stated they believed most of the inflation would be transitory, spending would slow and supply issues would be resolved.

Mr. Fieldman said the labor market was tightening and they were watching this closely for the impact on inflation. He noted some people in their late fifties to early sixties may decide to retire early. He stated they were concerned about policy uncertainty regarding interest rates and the impact of the spending bill on spending and taxation.

Chair Rudominer asked how CAPTRUST reconciled the individual managers' views and those of CAPTRUST. Mr. Campbell said they monitored the managers' views for due diligence. They looked at the managers' forward-looking viewpoints to see if they meshed with CAPTRUST's. He acknowledged they were not all the same.

Mr. Campbell said the portfolio was currently \$1,157,538,549, a significant increase from March 2020. He reported all managers in the portfolio had held up well. He anticipated the quarterly return would be 4.1%-4.2% and the fiscal year to date return was 17.85% net of all fees. Mr. Campbell said the return would increase after a positive July and August.

Mr. Campbell had modified the Investment Policy Statement regarding holding zero to 5% [with a target of zero] for opportunistic alternatives or crypto in the future and sent it to Mr. Klausner. He noted they had not added language specific to cryptocurrency.

Mr. Campbell discussed the Asset Allocation Analysis. Chair Rudominer noted that per the analysis, they were not taking on more risk.

Mr. Campbell wished to bring Providence Equity Partners and one other private equity manager to the Board's meeting next month.

Mr. Campbell summed up CAPTRUST's thoughts on Emerging Market Bonds. He said if they allocated here, it would probably be to a global fixed income manager, not a dedicated emerging markets bond manager. Currently, they felt the reward was not worth the risks.

**Motion** made by Mr. Bayne, seconded by Mr. Naugle to accept the 3.93% rate of return for the third quarter. In a voice vote, motion passed unanimously.

Regarding the Affiliated Housing management fee, Mr. Campbell said the fee was on committed, not called capital, so that should be the total for the entire year. Mr. Klausner agreed to look at the contract to determine if the fees should be charged on capital committed or currently invested. He said there was no standard. Ms. Wenguer said Affiliated also referred to it as a "capital call for management fees" and Mr. Klausner

agreed to look at this as well. Mr. Hole requested the Board be made aware of any new contract containing this language so they could address/negotiate it.

#### **ATTORNEY'S REPORT**

Robert Klausner

##### Marcum Engagement Letter

Mr. Klausner said he had read the Marcum agreement and was fine with it. He had just received the AgAmerica documents and would review them.

##### Ordinance re-write

Mr. Klausner reported the ordinance was now with the City to put on a City Commission agenda. He noted the City may want to renumber some of the sections and he would ensure there was not any material reordering.

##### FOP Pensionable earnings

Mr. Klausner said the question was whether the premium paid on a holiday was considered part of total cash remuneration and not considered overtime, which was limited. He had spoken with the actuary, who indicated he had never taken it into account because the City did not report it as pensionable. Apparently, it had been treated as overtime. The actuary had advised that the impact of changing this would be to raise the City's costs, in which case it would be a pension improvement, which was contrary to bond covenants the City had. The second, and larger question was if they were straying into interpretation of the collective bargaining agreement.

Mr. Klausner stated case law was clear that pension boards interpreted only the ordinance, nothing regarding collective bargaining. He advised the Board to authorize him to send a letter to the City and the FOP indicating this should be resolved at the bargaining table.

Ms. Wenguer agreed to bring the Board an example of how this affected one individual next month.

Mr. Klausner stated the prevailing practice had been to treat holiday pay as overtime. He agreed to meet with Ms. Wenguer, the City and an FOP representative to gather information. The actuary should also be involved to determine the possible actuarial impact.

Mr. Klausner agreed to work with Ms. Wenguer and bring more information back to the Board.

Mr. Klausner, Ms. Wenguer and Ms. Grant discussed the Police 1.5%-3% salary supplement. Mr. Klausner stated he had discussed this with Ms. Grant, who indicated that pension contributions were always taken based on the date paid, not the date earned. Ms. Grant said an issue only came up when there was a cut-off, such as retirement or entering DROP. Mr. Bayne noted that if someone's evaluation was done late, it could

affect the payment. Ms. Grant stated this was the responsibility of the supervisor performing and processing the evaluation. Ms. Wenguer stated she had calculated as it was earned, not when it was paid. She said many people since 2017 were affected by this. She informed the Board she could program the software to compute to the proper periods. Ms. Grant said the evaluations needed to be done timely.

After discussion, Mr. Klausner said there appeared to be an inconsistent application of the process. He requested a meeting to discuss this with Ms. Wenguer and Ms. Grant. Mr. Bayne wished to attend as well. They agreed to meet on August 17 at 9 AM.

**COMMUNICATION DIRECTOR'S REPORT**

Fred Nesbitt

Mr. Nesbitt had seen a news story indicating portfolios with active managers had outperformed those with passive management.

**EXECUTIVE DIRECTOR'S REPORT:**

Payroll Outsourcing

Ms. Wenguer said general employees were about to begin outsourcing payroll and Ms. Grant said they intended to outsource all payroll eventually. General employees should be switched over as of 11/1/21. Ms. Grant noted that if Police and Fire paid a vendor to do the payroll, ultimately the City would cover that cost. She stated they had 12 months to switch over Police and Fire.

Ms. Wenguer's Contract

Ms. Wenguer had signed a new contract months ago and reported that the City had decided not to honor it; they had not lowered her salary as per the contract. Mr. Klausner did not believe the City Attorney's opinion was correct and said he was working on a resolution.

Investment Seminar

Ms. Wenguer stated they were considering 1/11/22 and 1/13/22 to coincide with the Board's January meeting date. They could also hold it virtually.

Marcum Engagement Letter

Chair Rudominer asked if they should put out an RFP for an auditor, since they had been using Marcum for so long. Ms. Wenguer noted that over time, the auditor became more familiar with the plan, making the process smoother. Mr. Klausner said some believed they should rotate auditors, but he did not agree. He noted that Marcum was the only auditor that had handled funds of this size and he saw no compelling reason to change. He recommended staying with Marcum this year and Ms. Wenguer could put out an RFP next year if the Board wished.

**Motin** made by Mr. Hole, seconded by Mr. Naugle to approve the Marcum engagement letter. 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 2:23 p.m.

  
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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.