

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, November 10, 2021, 12:30 P.M.**

Communication to the City Commission:

- The Board received and reviewed the quarterly performance report for the final quarter of the fiscal year, showing a one-year return on investments of 18.65%; a three-year return of 9.09%; and a five-year return of 9.27%.
- Over the past 31 years, the average 4Q to 4Q return is 8.8%.
- The Board voted to accept the (.08)% rate of return for the quarter.

Board Members

Ken Rudominer, Chair	A
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	Kyle Campbell and Steve Schott,
Alexandra Goyes, Deputy Director	CAPTRUST
Katherine Alvarez, Administrative Assistant	Kevin Balaod
Stuart Kaufman, Board Attorney	Steve Loleski, Fire Dept.
Fred Nesbitt, Communications Director	Joshua Wells, trainee trustee
	Freddie Batista, Fire Dept.

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 13, 2020

Mr. Hole noted a change to the minutes.

Motion made by Mr. Joseph, seconded by Mr. Bayne to approve the Board's October 13, 2021 meeting minutes as amended. In a voice vote, motion passed unanimously.

NEW HIRES:

Vice Chair Fortunato welcomed the new hires.

BENEFITS:

POLICE DEPT:

New Retiree: (DROP Termination):

Sandra Downs Keesling
Todd Mills
Andreas Mueller
Dale Iben

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

Thomas Gestal
Joseph Hannold
Anthony Gnisci
Michael Berndt

**New Beneficiary:
Survivor Death:**

Theresa Sims
Mary Jane McAtee

FIRE DEPT:

DROP Retiree:

George Depauw

New Beneficiary:

Joanne Yancey

Member Termination:

Jeraim Williams

Survivor Death:

Betty King

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

BILLS:

Lazard	\$167,459.80
Vaughan Nelson	\$66,800.68
Boyd Watterson	\$52,381.00
Eagle	\$51,638.07
Agincourt	\$51,164.96
Aristotle	\$46,046.88
William Blair	\$45,795.66
Intech	\$8,588.49
Klausner & Kaufman	\$3,500.00
Dr. Naveed Shafi-IME	\$2,500.00
Foster & Foster	\$1,600.00

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:**

Freddie Batista asked about the interest members were charged for time during which a member was suspended. He said in November 2020, Mr. Klausner had indicated that "no percentage rate can be charged." He said had been informed in that no interest rate would be charged.

Mr. Kaufman said Mr. Klausner had advised him that there had been a lapse in the repayment and the Board had therefore decided to charge interest. The proper rate was the discount rate they used on investments, but it was within the Board's discretion to change the rate charged. Mr. Hole recalled discussion at the previous meeting, when Mr. Kaufman said he would draft a policy indicating the interest would be what the fund earned at the time. Mr. Kaufman stated the Board had subsequently voted on an assumed rate of return of 7%. He agreed to ensure that the policy was drafted and would be put on the Board's next agenda for review/approval. If there was a discrepancy, he or Mr. Klausner would address it at the next meeting before the trustees approved the administrative rule.

Mr. Batista stated last November, he had also requested being able to use 175 money to buy the time and Mr. Klausner had indicated he could use it. Mr. Kaufman agree to research this as well. Mr. Batista asked how 175 money was invested and Mr. Kaufman stated it was invested with the other assets of the pension fund.

Steve Loleski said he had sent emails with questions to Chair Rudominer. He had asked if everyone who had been suspended without pay had paid back the pension with interest as he and Mr. Batista had. Mr. Loleski stated he wanted a list of "everybody that's ever existed in this pension plan, how they were treated." Mr. Naugle noted this would take significant staff time. Ms. Wenguer did not have a list of those members. She explained that the City's general policy was that for anyone who went out on suspension or leave without pay, when they returned, they were in arrears for contributions and must start repaying immediately. Everyone could pay back the money over one year without interest. Mr. Kaufman said if the payment was not paid within a certain period of time, the pension fund should be paid interest. Vice Chair Fortunato explained that the Board owed it to the members to collect interest if there was a delay in repayment.

Ms. Wenguer said she had approximately 30 members right now who were buying prior service back who were paying 7% interest. She said the Board policy had always been that if it was paid back within the same actuarial year, there was no interest. If it was longer, interest was charged. Mr. Batista wanted to ensure the policy was being enforced universally, not selectively.

Mr. Naugle thought this would require a forensic audit, and that Mr. Batista should pay for. Mr. Batista refused, stating this was "the cost of doing business."

Mr. Kaufman advised Mr. Batista to make a public records request for a specific record. If he requested every single file be researched, Mr. Batista would be responsible for the cost of staff performing the search.

**CAPTRUST:
Monthly Investment Review**

Kyle Campbell, Steve Schott

Mr. Schott reported the fund had made \$187 million over the year, with a return of 18.65%. He provided a market overview and stated the most recent quarter had been effectively flat. Mr. Schott said headwinds included the current logistics logjam, labor issues, an uncertain policy outlook, and regulations affecting China. Tailwinds included corporate revenue and profit strength, the buying power of U.S. households, and a supportive monetary policy.

Mr. Schott said they wanted to keep tight to their targets. They were slightly over in fixed income right now because they were waiting to find good long-term investments in private equity and credit.

Mr. Campbell reported a 25.1% return for the last two fiscal years, with \$236 million dollars made over that period. The fund was at \$1,154,700,473 at the fiscal year end and it was now over \$1.2 billion. He believed their investments would hold up in an inflationary environment. If interest rates rose, it would help returns from private investments but would hurt traditional fixed income.

Mr. Hole asked about the current quarter returns and Mr. Campbell explained that it was the majority of equities that drove things lower. Vaughn Nelson and Eagle had both outperformed the benchmarks but the returns were -2.7% and -1.74%. Aristotle and Intech were both negative as well. He felt the private investments and real estate had helped keep the portfolio around zero.

Mr. Campbell reported for the current quarter, the portfolio was down 8 basis points, after finishing the year at 18.65%. He said that was due to the large-cap composite return of 28.98%, the small-cap/mid-cap composite returning 44.79%, and international equity returning 25.73%. There had been negative returns in fixed income. Mr. Campbell provided an update on the individual managers.

Mr. Hole asked about the AgAmerica side letter. Mr. Kaufman said the letter had been amended to indicate they would only be paying fees on funds called, not funds committed and they were waiting to hear back. Mr. Campbell agreed to follow up with AgAmerica and said going forward, they wanted to ensure that fees were only paid on called capital.

Motion made by Mr. Bayne, seconded by Mr. Hole to invest \$10 million with AgAmerica, conditioned on their acceptance of the amended side letter that fees would only be charged on called funds. In a voice vote, motion passed unanimously.

Motion made by Mr. Bayne, seconded by Mr. Joseph, to the approve the 18.65% rate of return for the fiscal year and the 0.08% rate of return for the quarter. In a voice vote, motion passed unanimously.

Investment Seminar

Ms. Wenguer had contacted Hyatt Centric and asked Mr. Campbell if the managers were traveling. Mr. Campbell stated they were, and suggested having a few managers participate in a roundtable on a topic instead of having them make presentations one at a time. Ms. Wenguer agreed to send a memo regarding the date.

ATTORNEY'S REPORT

Stuart Kaufman

Mr. Kaufman stated the House Bill regarding the COVID presumption had been paired with an identical Senate Bill and they would know in January if it would become law. He noted that to be entitled to the presumption one must provide proof of vaccination.

Regarding the disability claim discussed at the last meeting, Mr. Kaufman said they were awaiting the final reports from Dr. Lupu after he saw the applicant in January.

Mr. Kaufman said Mr. Klausner was still awaiting a response from the City regarding Ms. Wenguer's contract. He suggested authorizing counsel to draft a complaint if the issue was not resolved within the next two weeks.

Motion made by Mr. Hole, seconded by Mr. Joseph authorizing counsel to draft a complaint to be presented to the Board if the issue of Ms. Wenguer's contract was not resolved within the next two weeks. In a voice vote, motion passed unanimously.

Mr. Kaufman said they were still awaiting a decision on the lead plaintiff status regarding SelectQuote.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt reported there was a new PSOB bill that had passed in Congress extending COVID protections until 2022, including trainees and cadets.

EXECUTIVE DIRECTOR'S REPORT:

Contribution Arrears

Discussed earlier.

Fiduciary Liability Insurance

Ms. Wenguer had sent the request for renewal but had not received the bill yet. She requested Board approval to renew if the new policy was \$16,000 or less.

Motion made by Mr. Bayne, seconded by Mr. Joseph, to renew the fiduciary liability insurance for up to a 10% increase. In a voice vote, motion passed unanimously.

Executive Director's Contract

Discussed earlier.

Ms. Wenguer announced Kathy Alvarez had just started working at the pension office.

Regarding the software update, Ms. Wenguer said the update delays were becoming unbearable, and noted the request had been made six months ago. If the update was not done by December, she would request authorization to seek another vendor. Mr. Kaufman agreed to look at the contract and draft a letter informing Milliman that the Board would take action if there was no progress by the next meeting.

PENDING ITEMS:

New Business:

Mr. Loleski had a question about buying back time in Coral Springs. Mr. Kaufman said they were requesting an opinion from the Attorney General about this. He stated they interpreted it to mean that if a member was getting any benefit whatsoever based on prior service, they could not purchase it. If it was just the return of employee contributions they could purchase it, but if there were any employer contributions, it was prohibited.

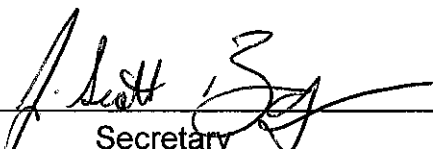
Ms. Wenguer said the City Clerk had confirmed that appointed members had no terms but must be reappointed every few years.

Old Business:

Schedule A

None

There being no further business to come before the Board at this time, the meeting was adjourned at 1:50 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.