



**POLICE AND FIREFIGHTERS' PENSION BOARD
SPECIAL BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, May 19, 2022, 10:00 A.M.**

Communication to the City Commission

1. The trustees reviewed and approved the audited financial statement for the year ending September 30, 2021.
2. The trustees reviewed and approved the actuarial valuation as of October 1, 2021. It shows the plan is pre-funded at 92.4%, an increase from the prior year funding level of 91.9%.

Board Members

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

Also Present

Lynn Wenguer, Executive Director	Susan Grant, Finance Director
Alexandra Goyes, Deputy Director	Drew Ballard, Foster & Foster
Katherine Alvarez, Administrative Assistant	Moises Ariza, Rachael Johnson, Marcum LLP
Kyle Campbell, Greg Schott CAPTRUST(via Zoom)	

ROLL CALL/CALL TO ORDER

The meeting was called to order at 10:00 a.m. Roll was called and a quorum was determined to be present.

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

None

2021 Audited Financial Statements, Marcum LLP Moises Ariza, Rachael Johnson
Mr. Ariza provided a presentation, a copy of which is attached to these minutes for the public record. He reported they had provided a "clean" opinion on the Plan's combined financial statements. Mr. Ariza remarked on the fruitful investment returns; the portfolio

had increased 15% from 2020 to 2021. Their investment income was \$53.3 million; in 2019 it had been \$36 million.

Chair Rudominer and Ms. Grant questioned the source of the projected long-term rate of return. Mr. Ariza said the target allocations were based on the investment policy and the expected rate was provided by the investment consultant. Mr. Campbell described the data they provided the auditor to derive the figures.

Mr. Ariza pointed out that the Plan's net pension liability/asset was an asset for the first time. He explained this percentage of funding was based on accounting standards, and if calculated by actual standards, as by the actuary, it may be slightly different.

Regarding internal controls, Mr. Ariza stated they had identified no deficiencies over financial reporting.

Chair Rudominer said this was a combined statement of the Share Plan and the Pension Plan, and noted there were some line items that were Share Plan specific. Mr. Ariza said pages 37 and 38 differentiated between the Share Plan and the Pension Plan.

Mr. Ariza stated Ms. Wenguer had cooperated with supplying information. They had received the GASB 67 report from the actuary later than usual.

Motion made by Mr. Bayne, seconded by Mr. Fortunato to accept the results of the audit. In a roll call vote, motion passed unanimously.

Actuarial Valuation, Foster & Foster

Drew Ballard

Mr. Ballard provided a presentation, a copy of which is attached to these minutes for the public record.

Mr. Ballard reviewed contribution requirements from the State, City, and members, as well as how Foster & Foster had developed those. He then discussed the Reconciliation of Unfunded Actuarial Accrued Liabilities report. Regarding the Cumulative Gains(Loss) Experience Position, Mr. Ballard said the cumulative loss was now \$119.4 million. He then explained how the actuarial value of assets was calculated and said this was done to smooth gains and losses over five years. He stated If they hit their targets over the next couple of years, the unfunded liability and the City's contributions would decrease.

Ms. Grant invited Mr. Ballard to contact her with any needs they had from the City that would allow them to provide this report sooner.

Motion made by Mr. Fortunato, seconded by Mr. Joseph to accept the actuarial valuation report. In a roll call vote, motion passed unanimously.

**CAPTRUST:
Private Equity**

Kyle Campbell, Greg Schott

Chair Rudominer reported that in Providence's asset class, charging fees on committed capital was the standard so this should not be a determining factor in their decision to invest there.

Mr. Campbell discussed the audit and actuary reports. He said the current outlook on private equity for 10 years was over 7%. Regarding Providence, he confirmed that other funds in that asset class charged fees on committed capital, but noted the fees started with the investment period, not immediately. Mr. Campbell reiterated his recommendation to invest in Providence Equity. He said there were a few other managers they could bring to a Board meeting.

Board members revisited Mr. Hole's motion from the previous meeting, which had been tabled:

Motion made by Mr. Hole, seconded by Chair Rudominer, to invest \$20 million with Providence Equity IX, subject to finalized documents and with the stipulation that the fees would be reduced by 10 basis points.

Chair Rudominer felt they would never meet 7% without this asset class. He felt it was a defensible position to go into this asset class at the stated fee structure.

Mr. Joseph asked why CAPTRUST was recommending Providence and Mr. Campbell stated Providence was a top quartile manager, one of the largest in this area, eight of their prior funds were in the top quartile and they had domestic and global industry contacts. He said top-tier managers typically stayed top-tier managers.

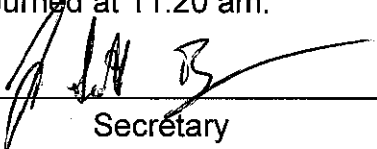
In a roll call vote, **motion** passed 5-2 with Mr. Bayne and Mr. Naugle opposed.

Mr. Fortunato wanted to see presentations from one or two comparable firms that charged the fees only on invested capital.

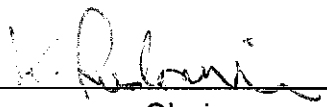
Other Items/Board Discussion

Chair Rudominer wanted to discuss the Share Plan's administrative fees and how they were calculated at a future meeting. Ms. Wenguer agreed to check on it.

There being no further business to come before the Board at this time, the meeting was adjourned at 11:20 am.



Secretary



Chairman

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