

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, August 10, 2022, 12:30 P.M.**

Communications to the City Commission:

1. Trustees reviewed and approved the third quarter performance report showing the plan's return was -7.46% versus the benchmark of -10.62%, beating the benchmark by 316 basis points.
2. Trustees approved a -7.46% return for the quarter.

Board Members

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

Also Present

Lynn Wenguer, Executive Director	Fred Nesbitt, Communications Director
Alexandra Goyes, Deputy Director	Kyle Campbell, CAPTRUST
Katherine Alvarez, Administrative Assistant	Susan Grant, Assistant City Manager/Director of Finance
Stuart Kaufman, Board Attorney	Robert Bacic, Fire Rescue
Anthony Brooks, Chris Greco, Waycross Partners	Josh Wells, Fire Department
Scott Moseley, FOP President	

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 13, 2022

Motion made by Mr. Naugle, seconded by Mr. Joseph to approve the Board's July 13 meeting minutes. In a voice vote, motion passed unanimously.

NEW HIRES:

Chair Rudominer welcomed the new hires.

BENEFITS:

FIRE DEPT: Survivor Death:	Peggy Zettek
POLICE DEPT: New Retiree:(DROP Termination):	Jose Pinto Gonzalez
Service Retirement:	Carlo Fagnoli
New Beneficiary:	Vicki Benoit
Member Termination:	Anna E Perez
	Michael Paen

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

BILLS:

Lazard	\$128,846.50
Vaughan Nelson	\$67,536.80
Boyd Watterson	\$48,594.00
Agincourt	\$48,543.89
Aristotle	\$45,953.36
Eagle	\$37,204.63
William Blair	\$33,730.18
Rhumblin	\$15,040.00
Intech	\$7,801.61
Klausner, Kaufman	\$3,500.00
Klausner, Kaufman	\$3,500.00
Dr. Naveed Shafi	\$3,500.00
Dr. Worth-IME	\$2,200.00
Klausner, Kaufman	\$1,200.00
Minuteman Press	\$1,162.85

Mr. Hole asked which Klausner, Kaufman invoices were being paid and Ms. Wenguer said these invoices were for July.

Motion made by Mr. Joseph, 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:**

An attendee asked why there was no longer Zoom access to meetings and Ms. Wenguer stated they had gone back to the way things were before the beginning of the pandemic.

CAPTRUST:

Kyle Campbell

Quarterly Investment Review

Mr. Campbell said their portfolio positioning had paid off. For the quarter, the policy index was down 10.62% but the portfolio was only down 7.46%. Large caps stocks were down 16% for the quarter and the Barclay's Aggregate Bond was down approximately 5%. Fiscal year-to-date, the portfolio was down 6.54% while the policy benchmark was down 10.29%.

Mr. Campbell remarked that the active managers had done a good job in the quarter and fiscal year-to-date, with most outperforming the averages. He stated the portfolio was very well positioned.

Mr. Campbell said they had been slightly overweight in cash in the past quarter and after the drawdown, they were back in line with their target for equities, with 30% in U.S. and 15% in international.

Mr. Campbell stated Intech had some organizational changes and it may make sense to limit the Intech exposure and put the money in an alpha driver like Waycross.

Chair Rudominer asked if they would put their cash to work after they received their contribution in October and Mr. Campbell said they would use some for-benefit payments and some for-capital calls.

Chair Rudominer asked about the economic climate. Mr. Campbell thought they were already in a recession, but he anticipated it would be mild and shallow. He felt the Federal Reserve would continue raising rates and inflation would continue for a couple of quarters. He thought there would be rate cuts in 2023 to restimulate the economy.

Mr. Campbell recommended they stay close to their targets.

Motion made by Mr. Fortunato, seconded by Mr. Hole, to approve the -7.46% rate of return for the current quarter. In a voice vote, motion passed unanimously.

LARGE CAP GROWTH PRESENTATION:

Anthony Brooks, Chris Greco

Waycross Partners

Mr. Brooks reported inflation had declined slightly this month, but the Federal Reserve would continue rate hikes until the end of the year.

Mr. Greco described the evolution of the firm and how he had come to work there. He said they currently had \$1.8 billion in assets and were growing their client base in Florida.

Mr. Brooks described the structure of the team, and how the stocks were selected and managed. Mr. Greco said since 2017, they were consistently in the top 5% performing managers.

Mr. Brooks said Waycross's advantage was that they were a core manager, not a growth manager, and chose stocks from the large cap universe. Their other benefit was that they managed a concentrated portfolio. They had a 30-stock portfolio, selected from the best stocks in the S&P 500. He described their rationale for having 30 stocks in the portfolio.

Mr. Hole asked about Caterpillar, which he recalled removing from the portfolio a few years ago because it was on the divestitures list. Mr. Brooks said they held Caterpillar because they were in the technical side of industrial machinery. Mr. Greco said if the Board wished, they would leave them out of the portfolio.

Mr. Brooks described their investment process and philosophy. When evaluating a stock, they focused on key factors, which were very specific for each type of stock. He pointed out that they focused on ensuring they had attributes very close to the S&P 500.

Mr. Brooks referred to stocks in the portfolio and said they typically traded approximately three stocks every two months. He said a change in key factors and valuation were the main reasons they traded a stock. Mr. Greco pointed out they had beaten the index by 2.5% since inception.

Mr. Greco had provided a fee proposal and an example of how a \$100 million investment would have grown since inception. The fee on a \$100 million investment would be 45 basis points.

Chair Rudominer asked Mr. Campbell's advice for moving from passive into more active management. Mr. Campbell said he liked the strategy, process, and team at Waycross, and believed the portfolio would benefit from adding them. He advised them to use the funds from Intech.

Chair Rudominer said if they invested in Waycross, he wanted to do it without the collar in the investment Policy Statement [IPS]. Mr. Campbell proposed a 5% maximum or up to market weight. Mr. Kaufman said he was comfortable as long as it did not violate Florida statutes. He would advise a corresponding change to the IPS.

Mr. Campbell advised replacing the \$32 million Intech exposure with Waycross. Depending on how things went, they could draw down on the index to increase their exposure in Waycross.

Ms. Wenguer asked if the fees were negotiable, and Mr. Campbell said it seemed the 45 basis points was what they would do for this size investment. Mr. Kaufman said he would check the rate they had given Cape Coral.

Mr. Campbell suggested taking \$32 million from Intech and enough from index to round it up to \$40 - \$50 million.

Motion made by Mr. Joseph seconded by Mr. Fortunato, to replace Intech's account balance with Waycross, in reference to lifting the collar and negotiating the fees. In a roll call vote, motion passed 5-0.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbit had nothing to report.

ATTORNEY'S REPORT

Robert Klausner

Mr. Kaufman said Bernstein Litowitz had come to them with a potential suit against Syneos Health related to fraud. They estimated the plan had lost \$155,000 on investments. Immediately after announcing their revenues last quarter, the Chief Revenue Officer, CEO, and a board member had resigned. The investigation was ongoing, but no suit had been filed yet. Mr. Kaufman requested authorization for his office and Chair Rudominer to determine if they should file suit prior to the next meeting if Bernstein Litowitz thought there was merit.

Motion made by Mr. Fortunato, seconded by Mr. Joseph, to authorize Klausner, Kaufman and Chair Rudominer to determine if they should file suit against Syneos Health prior to the next meeting if Bernstein Litowitz thought there was merit. In a voice vote, motion passed unanimously.

Mr. Kaufman said the Federal Secure bill was progressing. It had passed the House and it was anticipated that it would be voted on by the Senate before the end of the year. This would raise the age for taking a required minimum distribution from 72 to 73 as of January 1, 2023; to 74, effective January 1, 2030, and to 75, effective January 1, 2033.

Ordinance re-write

Ms. Grant said the City Attorney's office was examining one aspect of the ordinance rewrite that she had questioned.

Ms. Wenguer asked about the question she had raised last month regarding a member who had selected a 100% joint survivor, was divorced, and wanted to transfer the benefit to a child. Mr. Kaufman said the child would get 75%, not 100%. Ms. Wenguer stated this must be added to the SPD.

EXECUTIVE DIRECTOR'S REPORT:

Trustee Training Program

Discussion was tabled to September. Chair Rudominer wanted to discontinue the program.

Pension Payroll

Ms. Wenguer said they were trying to get the new contract with Northern Trust that would be the same as the existing one.

Ms. Grant asked if they would be able to start pension payroll processing next month and requested an organizational meeting with Northern Trust. Ms. Wenguer agreed to set up the meeting.

Ms. Wenguer thanked Mr. Nesbitt for the beautiful annual report.

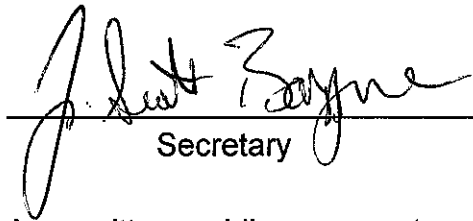
PENDING ITEMS:

New Business:

Old Business:

Schedule A

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.