

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, November 9, 2022, 12:30 P.M.**

Communication to the City Commission:

1. The trustees approved a negative 10.29% year-to-date return.
2. The trustees approved a negative 4.03% return for the quarter.
3. The trustees approved the 2022/2023 budget.
4. The plan was recognized by the Public Pension Coordinating Council for excellence in plan funding and administration in 2022. This is the 13th consecutive year the fund has been recognized for excellence. We are one of about 250 plans out of over 6,000 nationwide with this recognition.

Board Members

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

Also Present

Lynn Wenguer, Executive Director	Robert Klausner, Board Attorney [by phone]
Alexandra Goyes, Deputy Director	Mark Eisner, Eric Wilcomes, Kevin Campbell, Taurus
Kyle Campbell, Greg Shott, CAPTRUST	
Stephanie Simon, Kelly Flynn, Winslow	
Greg Gosch, Nuveen	

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 12, 2022

Motion made by Mr. Hole, seconded by Mr. Naugle to approve the Board's October 12, 2022 meeting minutes. In a voice vote, motion passed unanimously.

NEW HIRES:

Vice Chair Fortunato welcomed the new hires.

BENEFITS:

FIRE DEPT:	DROP Retiree:	James P Pilger Robert Siegel
	Member Termination:	Anthony C Blanco
POLICE DEPT:	Service Retirement:	Floyd Gordon Robert J Mauro
	DROP Retiree:	Nicky Bruce Mark Benoit Steven M Scelfo Jr
	Member Termination:	Raeme Weldon

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

BILLS:

Lazard	\$115,094.74
Vaughan Nelson	\$ 66,712.71
Agincourt	\$ 47,538.76
Boyd Watterson	\$ 47,329.00
Northern Trust	\$ 42,533.09
Eagle	\$ 36,766.54
William Blair	\$ 31,974.51
Rhumblin	\$ 14,697.00
Intech	\$ 7,596.56
Klausner, Kaufman	\$ 3,500.00
Klausner, Kaufman	\$ 175.00
Klausner, Kaufman	\$ 60.00

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:

None

ATTORNEY'S REPORT

Robert Klausner

Mr. Klausner had provided a memo on changes to the Public Safety Officer's Death Benefit Act. Of particular significance was families' ability to file for benefits based on trauma-induced suicide.

Mr. Klausner said the ordinance had been sent to the City Attorney's Office but they still needed to resolve the age 47/50 retirement issue, which must be collectively bargained. Vice Chair Fortunato asked if they could assume age 47 until they heard otherwise. Mr. Klausner thought it would be safer to use age 50. They could always reimburse someone. Mr. Klausner said the Fire Union President was aware of this issue and he had informed the FOP President of it. Mr. Bayne thought this could be addressed with an MOU. Ms. Wenguer said someone had challenged her this week on this point.

Mr. Klausner said the Division of Retirement School had been rescheduled to December 13-15. He encouraged everyone to attend.

**CAPTRUST:
Quarterly Investment Review**

Kyle Campbell

Mr. Campbell said Wilshire had suffered a data breach and CAPTRUST had moved to Invest Metrix. The fiscal year end performance was -14% but this beat over 90% of peers because of their positioning.

Mr. Campbell said in October, the Plan had returned almost \$35 million and was at approximately \$1,040,000,000 at the end of October. Since inception, the return averaged 6.85% per year. He explained they did not want to get back into equities yet, remarking on uncertainty regarding interest rates and the geopolitical atmosphere. He stated they were awaiting the right opportunity to enter back into equities.

Mr. Campbell reviewed the asset allocation over time. They wanted additional investment in Private Equity to bring it up to the policy 20%.

Mr. Campbell stated Waycross was off to a very strong start and he recommended increasing their investment to \$50 million.

Motion made by Mr. Bayne, seconded by Mr. Joseph, to increase the Plan's Waycross investment to \$50 million. In a voice vote, motion passed unanimously.

Mr. Campbell reported on individual managers. He did not recommend making any other changes at this time.

Motion made by Mr. Bayne, seconded by Mr. Joseph to accept the -10.29% year-to-date return and -4.03% 2022 third quarter return. In a voice vote, motion passed unanimously.

PRIVATE EQUITY PRESENTATION: (under separate cover)

Taurus Private Markets: Kevin Campbell, Eric Wilcomes, Mark Eisner

Mr. Campbell described the fund, which they anticipated would total approximately \$175 million to \$200 million. They had raised \$135 million so far from public pension plans,

Taft Hartley Plans and Family Offices. The target return was 17%-20% net to investors and a total 1.75 to 2 X net return.

Mr. Campbell said their estimated annual management fee was 50 basis points, lower than most private equity funds. There was also the opportunity for a lower fee, based on the size of the investment.

Mr. Wilcomes and Mr. Eisner described the team and their individual histories. Mr. Wilcomes described the portfolio construction, stating they anticipated 85% of the capital would be deployed as a traditional private equity fund-to-fund, investing with 15-17 private equity managers, with exposure to over 200 underlying companies. Diversification would be provided through investment strategy, sector, geography, and time.

Mr. Wilcomes explained the opportunity for a reduced management fee. In years one through four, they charged a fee on committed capital and in year five it reverted to the net invested capital for the remaining life of the fund. The average was 50 basis points. If the Plan invested \$20 million, they would provide a two-year fee break; they would charge no fees for the last two years of the fund, reducing the annual average to 45 basis points.

Mr. Campbell said he, Mr. Wilcomes and Mr. Eisner would be the Board's personal points of contact.

Kyle Campbell said the fee break was great but in the last two years of a private equity program, most of the money was distributed anyway, so this should not be a decision-maker.

Winslow Capital Management: Gregg Gosch, Stephanie Simon, Kelly Flynn

Mr. Gosch and Ms. Simon explained the relationship between TIAA, Nuveen, and Winslow.

Ms. Simon explained that companies were staying private longer, with billions in returns accruing to well-positioned private equity investors. She said there were three core themes to what Winslow did: looking at where technology was upending an industry; leveraging life sciences innovation and U.S. onshoring. Ms. Simon discussed the team

Ms. Flynn said they had leveraged her investment team's network initially and their deal flow had only improved. Aside from their network, the deal flow had increased because of the value they added to companies' management teams and boards. They brought what was needed at each stage. Ms. Simon said although companies were staying private longer, for Winslow's strategy, the companies should be planning to go public in the next four years. Ms. Flynn reviewed a few of their successful case studies.

Ms. Simon said 95% of the time, they declined deals because they were looking for a 25% per annum gross return so they could achieve a 20% net IRR and a 2 X return on invested capital. She recalled declining a deal with Uber. Ms. Flynn said they had analyzed Uber and concluded expectations were too high, along with other red flags.

Ms. Simon reported their first fund had a higher than 20% IRR. Their second fund had a moderately negative IRR because they had slowed the investments down. They would likely start Fund 3 in February with an accelerated deal flow. She noted they had priced the fund very aggressively. At the initial close, TIAA will have invested \$200 million and another \$100 million from elsewhere. To entice investors, they were discounting the management fees to 57 basis points for a \$25 million commitment. The fund term was seven years.

Regarding ESG, Ms. Simon stated governance was critical to what they do, but this was not an ESG fund.

Mr. Klausner said he was familiar with Winslow, TIAA and Nuveen and there had never been an issue with contracts.

Kyle Campbell compared the two firms and recommended a \$17.5 - \$20 million commitment to Taurus and to hold off on Winslow because of the flat IRR. He would bring in other growth equity managers for the Board to consider.

Motion made by Mr. Bayne, seconded by Mr. Joseph, to invest \$20 million with Taurus. In a voice vote, motion passed unanimously.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbit was not present.

EXECUTIVE DIRECTOR'S REPORT:

December Meeting Date

Board members agreed to reschedule the December meeting for Tuesday, December 13 at Noon.

2022/2023 Budget

Ms. Wenguer said the accounting error had been remedied.

Motion made by Mr. Hole, seconded by Mr. Joseph, to approve the 2022/2023 budget. In a voice vote, motion passed unanimously.

Fiduciary Liability Insurance Renewal

Ms. Wenguer said the renewal was at the same amount as last year.

Motion by Mr. Joseph, seconded by Mr. Hole, to approve the Fiduciary Liability Insurance Renewal. In a voice vote, motion passed unanimously.

2022 Public Pension Coordinating Council Award

Ms. Wenguer said they had received the award for keeping their funding standards for the year.

Conversion Process

Ms. Wenguer reported the process was more involved that they had anticipated. The City was involved in an ERP process which was keeping City staff very busy, making it difficult to get meetings with them.

PENDING ITEMS:

New Business:

Mr. Bayne noted three new City Commission members had been elected and he wanted to be sure the new Commissioners were educated about the retirement system. Ms. Wenguer agreed to schedule meetings with the new Commissioners.

Old Business:


Schedule A

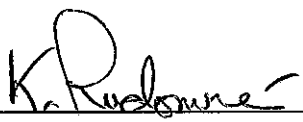
FOR YOUR INFORMATION

Public Pension Coordinating Council

2022 PPCC Award

There being no further business to come before the Board at this time, the meeting was adjourned at 2:25 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.