



**POLICE AND FIREFIGHTERS' PENSION BOARD
 REGULAR BOARD MEETING
 888 South Andrews Avenue, Suite 202
 Fort Lauderdale, FL 33316
 Wednesday, February 8, 2023, 12:30 PM**

Communications to the City Commission:

1. The Pension Board hosted an investment seminar on January 13 to hear from the performance manager and investment managers on their projected outlook for 2023 and the years ahead.
2. Trustees received and approved the quarterly performance report for the first quarter of the fiscal year. The plan's return on investment is 4.85% for the quarter.
3. The trustees approved 4.85% as the investment return for the quarter.

Board Members

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

Also Present

Lynn Wenguer, Executive Director	Fred Nesbitt, Communication Director
Alexandra Goyes, Deputy Director	Kyle Campbell, CAPTRUST [by phone]
Katherine Alvarez, Administrative	Robert Klausner, Board Attorney [by phone]
Linda Short, Finance Director	

ROLL CALL/CALL TO ORDER

The meeting was called to order at 12:43 PM. Roll was called and a quorum was determined to be present.

MINUTES:

Regular Meeting: January 11, 2023

Not discussed.

NEW HIRES:

Chair Rudominer welcomed the new hires.

BENEFITS:

FIRE DEPT:	New Retiree:(DROP Termination):	Kevin Mullen Darrell R Comer
	DROP Retiree:	Mark J Rossi
POLICE DEPT:	Vested Retirement:	Doni E Robinson
	DROP Retiree:	Francisco M Vetancourt Anna Diaz Sebastian Uebrig
	Member Termination:	Ryan Cabreja Tiffany Pereira Da Costa
	Retiree Death:	Randy Schertler

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

BILLS:	Lazard	\$131,894.92
	Vaughan Nelson	\$ 68,902.79
	Agincourt	\$ 46,849.40
	Boyd Watterson	\$ 46,164.00
	Eagle	\$ 38,112.50
	William Blair	\$ 33,895.92
	Waycross	\$ 33,022.76
	Rhumblin	\$ 14,593.00
	Klausner, Kaufman	\$ 3,500.00
	Klausner, Kaufman	\$ 3,500.00
	Foster & Foster	\$ 3,475.00
	Klausner, Kaufman	\$ 1,050.00
	Intech	\$ 766.03

Motion made by Mr. Bayne, seconded by Mr. Joseph, 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:
Quarterly Investment Review

Kyle Campbell

Mr. Campbell provided the update. He said at the end of the year the Plan was down 9.77% but noted how active management and diversification had prevented steeper

losses. He reviewed headwinds and tailwinds. Mr. Campbell felt the Federal Reserve would raise rates another quarter percent two more times, bringing the overnight Fed funds rate to 5%. He said there was technically a recession because there had been two negative quarters of GDP growth. Mr. Campbell liked the portfolio's current positioning and remarked on the positive returns from their alternative, private income. He noted the private credit returns would increase as rates increased.

Mr. Campbell stated as of the end of the quarter, the portfolio market value was \$1,074,636,358, a gain of \$50 million. He reviewed the asset allocation and stated they were in a good spot but would continue to monitor the alternatives. The return for the quarter was 4.85%; the return for the year was -9.77% the return for the last 5 years was 4.98%; and the return since inception was 6.98%. Mr. Campbell then reviewed several individual managers.

Mr. Hole asked if the rates of return were gross, or net of fees and Mr. Campbell said they were net. Responding to questions from Mr. Hole, Mr. Campbell said they recommended staying with Boyd Watterson, and Lazard. Mr. Hole asked if Mr. Campbell was concerned about Eagle and Mr. Campbell did not recommend a change now, but said he was keeping a close eye on them.

Chair Rudominer asked if they were drifting overweight in international and Mr. Campbell said they may be overweight perhaps by a couple of basis points, but he felt their distribution between US and international was appropriate. He did not recommend rebalancing now.

Mr. Fortunato asked about Winslow and Mr. Klausner stated they had reviewed the limited partnership agreement and the private placement memorandum, but he still needed to review the subscription agreement. He had already drafted a side letter and anticipated having the legal side resolved in a week or so.

Motion made by Mr. Joseph, seconded by Mr. Hole, to accept the 4.85% rate of return for the first quarter of the fiscal year. In a voice vote, motion passed unanimously.

The Board and Mr. Campbell discussed the late data for private equity and alternative investments and how this affected the return. Mr. Klausner said they must choose a way to calculate and stick with it, calendar year or fiscal year. Mr. Campbell stated they could have the "formal quarter" return conversation the third month of every quarter to avoid this issue. Ms. Wenguer stated people were already upset about waiting 45 days; they would "go berserk" if it extended to 75 days. She said she could indicate that the quarterly returns were estimates that would be adjusted at the end of the year.

Regarding Winslow and JMI, Chair Rudominer asked if there was a danger in having too many managers in the private equity space. Mr. Campbell said there was not, as long as they did it over time, they spread it out by vintage year, and it was an established program. They wanted to avoid having too many commitments close together.

Before making a commitment to Winslow, Chair Rudominer requested Mr. Campbell provide a comparison of the portfolio now, the portfolio with commitments they had already made and the portfolio with commitments they had already made plus Winslow.

Ms. Wenguer asked for feedback on the investment seminar. She had heard from some advisors that they were upset because they had not been allotted time to present. Mr. Bayne said if the managers traveled to the event, they should be allowed to present. Mr. Hole had heard from some who attended that they would not object to a day-long seminar to accommodate the managers.

Chair Rudominer suggested have a manager attend a Board meeting every quarter so they would not need to attend the seminar. Board members discussed different possible schedules for the seminar.

ATTORNEY'S REPORT

Robert Klausner

Mr. Klausner said Select Quote had moved unexpectedly to dismiss.

Mr. Klausner recalled he had filed a petition for mandamus months ago against the City regarding Ms. Wenguer's contract. The judge had recently found a preliminary basis for relief, with which the city had been served the previous week. The City's outside counsel should respond in 10-12 days. Mr. Klausner pointed out if the pension office took overpaying staff, this issue would become moot.

Mr. Klausner explained to Mr. Hole that in a class action suit, their claim would remain valid in a fraud case even if they sold the stock. If it was a shareholder derivative case, they must remain a shareholder throughout the case.

Mr. Hole recalled Pat Ryan, a member, had been arrested and requested a \$100,000 share last February. Mr. Bayne said Mr. Ryan's case had gone to a new judge.

Regarding the ordinance re-write, Mr. Klausner said Assistant City Attorney Bangel was reviewing it. Ms. Short said she was meeting with Mr. Bangel and once they had worked through the entire document, she would contact Mr. Klausner.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt reported FPPTA had been good. He said the FPPTA was encouraging pension boards to meet with their local municipal representatives to educate them and allow them to respond to media questions. Ms. Wenguer stated she was more than willing to meet with the City Commission.

EXECUTIVE DIRECTOR'S REPORT:

Draft Summary Plan Description [SPD]

Ms. Wenguer stated the Police prior service needed to be added. Mr. Bayne said contract negotiations were ongoing for the contract that had expired in 2021 and suggested removing the specific date to indicate the date was subject to collective bargaining.

Ms. Wenguer said there was a question regarding a service-incurred pre-retirement death. If one worked beyond normal retirement date and died prior to their actual retirement date, the monthly benefit would be paid for life to the designated beneficiary or beneficiaries as if one had retired on the date of death. The question arose when someone had no spouse but had two children who both were listed as beneficiaries but only one could be paid. She agreed to discuss this with Mr. Klausner.

Chair Rudominer requested a redlined version of the revised SPD and Ms. Goyes agreed to provide it.

Ms. Wenguer said taking over payroll had been much more difficult and time-consuming than she had anticipated. She related several issues that had arisen. She stated she would soon interview a bookkeeper to reconcile the account.

Mr. Hole asked for an update on the audit. Ms. Short said Marcum had requested an \$800,000 adjustment for the \$2 million alternative investment. They had made the adjustment and resent the trial balance in late January. They still needed GASB 67 and 68 reports, which the actuaries were working on.

PENDING ITEMS:

New Business:

None

Old Business:

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 2:20 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.