

DRAFT
POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Thursday, June 22, 2023, 12:30 PM

Board Members

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

Also Present

Lynn Wenguer, Executive Director	John Shefferman
Alexandra Goyes, Deputy Director	Brenda Alfano
Anna Parish, Board Attorney	Kenneth Giles
Kyle Campbell, CAPTRUST	Jason Fox
Fred Nesbitt, Communication Director	Jerome Post, City Human Resources Director
Kenneth Giles	Justin Moscardelli and Ethan Meyers, Westfield
Jason Fox	Capital
Eric Derrol	Jose Munoz, W Scott Priebe, George Poorman,
Timothy Ryan	Geneva Capital

ROLL CALL/CALL TO ORDER

The meeting was called to order at 12:30 PM. Roll was called and a quorum was determined to be present.

MINUTES:

Regular Meeting: May 10, 2023

Mr. Hole suggested changes to the May minutes.

Motion made by Mr. Naugle, seconded by Mr. Joseph to approve the Minutes of the Board's May 10, 2023, meeting. In a voice vote, motion passed unanimously.

NEW HIRES:

Chair Rudominer welcomed the new hires.

BENEFITS:

FIRE DEPT:	Member Termination:	Reice Rahman
POLICE DEPT:	New Retiree:(DROP Termination):	Mark R. Debord Lori A. Stewart
	Service Retirement:	George C. Stengel Jr.
	DROP Retiree:	Benjamin Dusenbery
	Vesting:	James McDowell
	Member Termination:	Zachary Bennis

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

BILLS:	Foster & Foster	\$34,013.00
	CAPTRUST	\$33,985.16
	Klausner, Kaufman	\$9,240.00
	Dr. Cornel J Lupu	\$4,500.00
	Klausner, Kaufman	\$3,500.00
	Klausner, Kaufman	\$3,500.00
	Marcum	\$2,250.00
	Klausner, Kaufman	\$500.00

Motion made by Mr. Joseph, seconded by Mr. Fortunato, 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

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt stated the annual report had been sent out to retirees. He said the FPPTA conference would be held the following week and he would host a panel on the changing pension community.

SERVICE INCURRED DISABILITY HEARING:

Kenneth Giles

Ms. Parish described the process for the hearing.

Jason Fox, Mr. Giles's attorney, said the only question was whether the disability was in the line of duty. He said the injury was incurred in October 2020 while Mr. Giles was at work, and pointed out that the day before the injury, he could fulfill his duties. Mr. Fox acknowledged Mr. Giles had other, different issues prior to this injury, but since 2012 had been full-time, full duty. Mr. Fox described how Mr. Giles had been able to perform many facets of the job prior to the injury. He added that the pain Mr. Giles currently had was specific to and dating from this injury and had not resolved. Mr. Fox stated no doctor had

indicated Mr. Giles needed or was seeking any treatment up to the day before the injury. All doctors indicated this was the result of the work injury aggravating another condition.

Mr. Bayne confirmed that the city had terminated M. Giles's service, satisfying the "total disability" requirement, and that doctors had all concluded the disability was permanent. The only question was whether this was in-service or non-service incurred.

Ms. Parish said even though there was a previous condition, Mr. Giles had experienced several evaluations over the years and passed without restrictions. Jerome Post, City Human Resources Director, confirmed there were no full-time positions available that could accommodate Mr. Giles's restrictions.

Mr. Hole referred to several dates of medical treatment in the year prior to the injury and asked what they were for. Mr. Fox stated they related to muscle spasms and other pain that were very different from the pain after the injury and they had not prevented Mr. Giles from doing his job.

Mr. Post confirmed that Mr. Giles had been fired on 4/28/22 and had been reinstated and immediately put on administrative leave because he could not perform the function of a Police Officer. Chair Rudominer said based on Mr. Giles's employment status, the disability was not considered total, but one could read the IMEs and make that determination. Mr. Giles stated he was being paid by the city while on administrative leave.

Motion made by Mr. Bayne, seconded by Mr. Joseph to approve the service-incurred disability pension for Mr. Giles, because it met the criteria for being total, permanent, and service-incurred, effective 6/22/23. Motion passed 7-0.

CAPTRUST:
Monthly Investment Review

Kyle Campbell

Mr. Campbell provided the update. He reported the portfolio was at \$1.1 billion as of Friday's close. The fiscal year return was approximately 9%. Net gains so far for the fiscal year were over \$100 million. He said their actions on private credit had benefited from rising rates in the past couple of quarters. There were no recommendations to rebalance.

SMALL CAP GROWTH PRESENTATIONS
Westfield Capital:

Justin Moscardelli and Ethan Meyers

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

Mr. Moscardelli and Mr. Meyers stated their reasons for taking advantage of small-cap opportunities now. Mr. Moscardelli described the firm, stressing that they were 100%

employee owned. He named some of their current Florida clients and said he would be the Board's point of contact. Mr. Meyers described their team, investment philosophy and strategies.

Mr. Moscardelli discussed performance and their fees. He said fees were: 1% on the first \$25 million; 0.75% on the next \$50 million; 0.60% on the balance. Their fee could also be performance-based if a client wished.

Mr. Moscardelli discussed the Planet Fitness franchise and said this was a phenomenal business model that provided great returns because the franchisee was responsible for buying equipment and leasing the facilities.

Mr. Hole asked why they were low-weighted in info-tech, consumer services and consumer staples and Mr. Meyers explained that they searched for opportunities for quality and growth. Mr. Moscardelli said they maintained a balance of cyclical and secular growth.

Geneva Capital:

Jose Munoz, W Scott Priebe, George Poorman

Mr. Poorman provided an overview of the company, noting they were an independent, employee-owned firm. He stated they managed several large public funds across the country.

Mr. Priebe explained why they still needed to invest in small caps. He said their small cap companies had found niches with potentially large markets, they had a huge runway for growth and were nimble enough to adjust to that growth. He noted small caps tended to outperform large caps over time. Mr. Priebe stated they had not seen small caps this attractive, compared to large caps, in 22 years.

Mr. Priebe discussed market cycle performance and their team. Mr. Munoz noted that their strategy had outperformed by over ten percentage points during Covid, protecting capital on the downside.

Mr. Priebe continued with a description of their approach. He provided a performance update and described their investment philosophy, qualitative assessment, and quantitative analysis. Mr. Munoz discussed their idea generation and their process to construct a portfolio. He then described their sell discipline and risk control.

Mr. Poorman reviewed their performance and noted that since 1999, they had outperformed 95% of the time, in the top 5% of their peer group. He explained their fees: 75 basis points on the first \$50 million invested and 70 basis points on the amount over \$50 million.

Mr. Hole asked if they had changed their business after being taken over by Henderson. Mr. Priebe stated they had not. He also confirmed that there were no management conflicts with their minority partner.

Mr. Poorman named a few of the public funds in Florida with whom they did business.

Mr. Campbell said as of March 31, 2023, for the one-year period, Geneva had outperformed Westfield by approximately 3% and over 10 years, Geneva returns were 12.38% and Westfield was 11.5%.

Mr. Campbell said they wished one of the companies to replace Eagle. He had more experience with Westfield and was fairly confident he could get them to reduce the fee further. He said they did not need to decide immediately.

Mr. Fortunato wanted to have May 31 figures for both companies to compare them.

Mr. Campbell provided a presentation on private markets, a copy of which is attached to these minutes for the public record. He discussed the lifecycle, implementation, and exposure. Mr. Campbell suggested there was room for private equity and credit allocations in 2023 and they could ladder out the investment. He said right now, private real estate was driving 55% of their private market returns; private equity was driving 3%; private credit was driving 10% and the "other" category was driving 32%. Over time, they would reduce the "other" to 18% and add diversification.

Mr. Campbell asked the Board to consider Nuveen Churchill private credit and the Nuveen Winslow private equity later in the year or early in 2024. He was also in favor of increasing the Bloomfield allocation. He suggested another \$7.5 million in Bloomfield and said they could take some from cash and some from equities. Mr. Joseph suggested moving soon to avoid a possible recession.

Motion made by Mr. Joseph, seconded by Mr. Fortunato to move \$7.5 million from equities to Bloomfield. In a roll call vote, motion passed 7-0.

Mr. Campbell stated \$12 million would be coming in from Entrust, which they would reinvest. Lazard Global Infrastructure was a little over their target and they could rebalance. They were overweight in equities right now, and they would use that to satisfy capital calls. He said they were in fine liquidity stance.

ATTORNEY'S REPORT

Anna Parish

Ms. Parish reported Alphabet was being sued by the Department of Justice for alleged anticompetitive activities and corporate misstatements about the seriousness of these issues to investors and the stock had taken a dive. Pomerantz had been retained by an Israeli institution and was looking for an American partner that had securities litigation experience. She recommended applying for lead counsel status.

Motion made by Mr. Bayne, seconded by Mr. Fortunato to become co-lead in the Alphabet litigation, on the advice of counsel. In a voice vote, motion passed unanimously.

Ms. Parish agreed to provide an update on Sega Systems.

Ms. Wenguer said there would be a final hearing on July 10 regarding her contract,

EXECUTIVE DIRECTOR'S REPORT:

Prior Service Purchase

Ms. Parish stated Mr. Klausner had not heard back from Mr. Heinrichs, but there needed to be a finite end date for interest to be calculated and typically, the length of service being purchased, or perhaps twice that, would be the time allowed to pay for it.

Ms. Wenguer said a Police Officer had wanted to buy back time and used funds from two different sources. Some funds had already been deposited when he changed his mind and she said she would write him a check. Mr. Bayne noted if this was a rollover in, it must be a rollover out, or there would be tax implications.

Mr. Hole asked about the final audit and the letter indicating the city had caused the trial balance delay. Ms. Wenguer stated they had a final audit, with the changes. No letter had been sent.

Ms. Wenguer recalled the Board had passed a motion in March indicating that "that the SPD will indicate that vested, deferred retirement benefits are paid as of age 47, for those with 10 or more years of creditable service" but pointed out it should be 20 years of service.

Motion made by Mr. Bayne, seconded by Mr. Joseph, to clarify that at the March meeting, the intent of the motion regarding the SPD was for vested deferred at age 47 *and* when they had accrued 20 years of service. In a voice vote, motion passed unanimously.

Chair Rudominer stated the committee discussing the hiring of an operational consultant had determined that the issues could be handled in-house. They would hire someone full-time to handle day-to-day accounting. They were also in the process of hiring a part-time person for payroll. This may require new office space.

Ms. Wenguer said cybersecurity had been discussed at the recent conference she had attended. She needed to determine how secure their data was with the City and Northern Trust. Mr. Bayne said they needed to consider this independent of the city. Chair Rudominer said the Board's attorney could recommend a security consultant.

PENDING ITEMS:

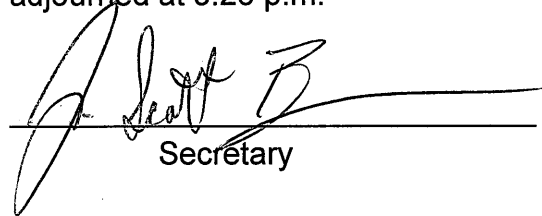
New Business:

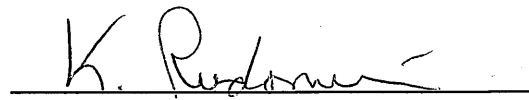
None

Old Business:

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 3:26 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.