



**POLICE AND FIREFIGHTERS' PENSION BOARD  
REGULAR BOARD MEETING  
888 South Andrews Avenue, Suite 202  
Fort Lauderdale, FL 33316  
Wednesday, October 11, 2023, 12:30 PM**

**Communication to the City Commission:**

1. The Board of Trustees approved the 2023-2024 Operating Budget for the retirement system.

**Board Members**

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

**Also Present**

Lynn Wenguer, Executive Director	Zach Boyer, Gregory Gosch, Laura Stolfi,
Alexandra Goyes, Deputy Director	Nuveen/Churchill Private Credit
Stuart Kaufman, Board Attorney	Heidi Spencer
Kyle Campbell, CAPTRUST	Fire Chief Robert Bacic
Fred Nesbitt, Communications Director	Douglas Hartman, retiree
	Spencer Witherspoon, Shenkman 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: September 13, 2023**

**Motion** made by Mr. Fortunato, seconded by Mr. Hole to approve the Minutes of the Board's September 13, 2023 meeting. In a voice vote, motion passed unanimously.

**NEW HIRES:**

Chair Rudominer welcomed the new hires.

**BENEFITS:**

<b>FIRE DEPT:</b>	<b>Survivor Death:</b>	Dawn Underwood
<b>POLICE DEPT:</b>	<b>New Retiree:(DROP Termination):</b>	Glenn P Galt
	<b>Service Retirement:</b>	Sergio Fernandez
		Christopher Croteau
	<b>New Beneficiary:</b>	Jill Hirsch
	<b>Member Termination:</b>	Michelle Romero
		Rolando Longueira Silva
	<b>Survivor Death:</b>	Eleanor Deats

**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:**

<b>Foster &amp; Foster</b>	\$6,302.00
<b>Milliman</b>	\$5,750.00
<b>Klausner, Kaufman</b>	\$3,500.00
<b>Foster &amp; Foster</b>	\$1,500.00
<b>Foster &amp; Foster</b>	\$1,200.00

**Motion** made by Mr. Naugle, seconded by Mr. Bayne, 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

**Nuveen/Churchill Private Credit**

Gregory Gosch, Laura Stolfi

Mr. Campbell said this would fill out their alternative income allocation and he had high conviction in their strategy. He recommended a \$20 million commitment, taking from fixed income and equity. Ms. Wenguer said they should have funds coming in from the City at the end of the month to fund this.

Mr. Gosch distributed copies of the presentation to Board members. Mr. Gosch noted how the market had changed in three years. He said Fund III had closed last year and was yielding just under 14% and they were now in Fund V. He stated TIAA was focused on income and risk management. He noted their fees were fractional, compared to competitors. The current fee for this fund was 40 basis points. They already had \$72 million in committed capital.

Ms. Stolfi discussed shifts in the marketplace, which benefited lenders and their investors. She described why banks had stopped providing capital to small and medium-sized businesses. Those businesses now needed to use the private market. Mr. Gosch stated they were the second most active lender in the middle market of private companies.

Ms. Stolfi described their loss outlook. She believed there would be defaults, but they would be because of how a deal was structured, i.e., with too much leverage in a rising interest rate environment. She explained how they prevented this when lending to a business.

Mr. Campbell asked about credit quality and Ms. Stolfi said their market had no ratings and there was no way to ascribe them. They had developed their own risk rating framework ranging from 1 to 10. She stated over 18 years, they had made 814 loans and only taken a loss on 29, which equated to a .05% loss rate.

Ms. Stolfi described the Fund V features. She said all first-wave investors' capital would be called before the next wave. Capital would be locked up for two years from the date of the call, not commitment. Distributions would be quarterly and would begin within the first quarter from when the capital was called. She explained this was due to the seed portfolio.

Mr. Campbell said Nuveen was a leader in private credit and they liked the evergreen structure. CAPTRUST thought very highly of their high conviction strategy.

Mr. Fortunato asked Mr. Campbell's opinion of investing more than \$10 million. Mr. Campbell said they could go higher than \$10 million but should stay under \$50 million. He would be comfortable with a \$35 million investment, which would complete their alternative income allocation. Chair Rudominer asked if Nuveen was in the same space as Capital Dynamics and Mr. Campbell said they were in a slightly different sector of that market.

Mr. Fortunato asked about moving real estate into its own category instead of being included in alternative and Mr. Campbell recalled they had moved Boyd Watterson and GSA from alternatives to real estate with a 15% target.

**Motion** made by Mr. Hole, seconded by Mr. Fortunato to invest \$35 million with Churchill Fund V, subject to the attorney's review and approval of the contract. In a roll call vote, motion passed 6-0.

**CAPTRUST:  
Monthly Investment Review**

Kyle Campbell

Mr. Campbell provided a brief update. He said they had begun the quarter with an 11.8% year-to-date return but with negative equity markets. Bond returns were flat, and he anticipated real estate would be flat or slightly negative for the quarter. But he anticipated alternative income/private credit to be positive for the quarter.

Mr. Campbell stated they had brought in a 14% outside investment from Carlyle Growth Equity Fund. CAPTRUST now had two minority investors: Carlyle and GTCR. The agreement included an additional board seat for GTCR on CAPTRUST's advisory board and board of directors, giving non-CAPTRUST investors just over 25% of board seats.

He stated this would have no effect on the pension fund. Mr. Hole was concerned about the trend of private equity firms buying up healthcare and investment advisors and read a statement he had prepared. He discussed Carlyle's 2020 \$1.4 billion loss in the Acosta bankruptcy and the \$1 billion loss in mortgages and bonds. He said in 2001 Carlyle had managed money for the Bin Laden family. Mr. Hole said according to a study by the University of Oregon, when private equity bought into RIAs, misconduct increased, possibly because of conflicts in business structure between wealth management and profit-driven PE companies. Mr. Hole did not believe CAPTRUST had the same ownership structure it did when the pension fund initially partnered with them, and he felt CAPTRUST's objective may have changed to favor profit overgrowth. Mr. Hole did not feel it was appropriate for this pension fund.

Chair Rudominer said it would have been nice to hear about this deal from someone at the local office, instead of via a letter. He noted that ultimately, the advisor was judged by performance. Mr. Campbell stated CAPTRUST was fully independent regarding recommendations.

Mr. Kaufman read from the client consent letter and said there was an "optional" paragraph indicating they would agree to any future, actual or deemed assignments under the Investment Advisors Act. Mr. Kaufman suggested they not adopt this optional provision. He said the reason for the letter was that the original agreement CAPTRUST had with GTCR permitted GTCR to convert their non-voting ownership to voting and appoint the third board member, increasing their voting percentage beyond 25%. It did not affect the pension fund's underlying agreement with CAPTRUST.

#### **ATTORNEY'S REPORT**

Robert Klausner

Mr. Kaufman said regarding House Bill 3, the State Division of Retirement had indicated they needed to file a "comprehensive report" by December 15. He said they would have a conference call with the other attorneys for Florida pension funds to draft a report to send to the Division of Retirement for approval.

#### Trustee Terms

Mr. Kaufman said the City Attorney had indicated that since Mr. Fortunato had left the City's employment, his term was ending, and he should be replaced. Mr. Kaufman said it had been the Board's practice to allow someone to complete his/her term as a trustee and State law indicated someone could remain until a replacement was elected.

Ms. Wenguer said Mr. Fortunato's term would end on December 31, 2024. She said it had always been Board policy to allow a Board member to complete their term after leaving the City's employ. Mr. Kaufman said the Board was a separate governmental agency and could determine how to elect members. It was the Board of attorneys' advice that Mr. Fortunato could continue until the end of his term.

#### Pension Ordinance

Mr. Kaufman said the City had asked them to draft the ordinance regarding the new Police contract.

Ms. Wenguer's Contract

Mr. Kaufman stated they were still awaiting the judge's determination.

Cancer Presumption Bill

Mr. Hole asked if a member must stay on the City's health insurance for 10 years to be covered by the Cancer Presumption. Mr. Bayne said the union believed that a retired member only had access to the benefit if they stayed on the City's health insurance or union sponsored plan for 10 years.

Self-Directed DROP

Mr. Hole asked Mr. Kaufman's thoughts on liability and sponsorship in a self-directed DROP. Mr. Kaufman said they were not in favor of a self-directed DROP. He stated the investment consultant had to monitor the options and trustees reviewed everything that was offered. Or the Board could refuse to administer a self-directed plan and the city would do it. Ms. Wenguer said originally, the union was supposed to contract for the self-directed DROP.

**COMMUNICATION DIRECTOR'S REPORT**

Fred Nesbitt

Mr. Nesbitt reported he had missed the conference. He agreed to email Board members a paper comparing the 483 local defined benefit plans across Florida and the FPPTA plans.

**EXECUTIVE DIRECTOR'S REPORT:**

2023/2024 Annual Budget (under separate cover)

Ms. Wenguer had added in the Cyber Security audit. Mr. Hole discussed the rent and the possibility of relocating the office.

Mr. Hole asked if the office was preparing a procedures manual. Mr. Wenguer said they were, and she intended to make accompanying videos as well.

**Motion** made by Mr. Bayne, second by Mr. Hole to approve the 2023/2024 budget as amended. Motion passed 6-0.

CAPTRUST Minority Investors

Mr. Naugle wanted to know if there would be a philosophical change at CAPTRUST. Mr. Campbell said there would not.

Milliman License Fees

Ms. Wenguer reported the fees had increased \$700 over last year.

**Motion** made by Mr. Fortunato, seconded by Mr. Joseph to approve the \$700 increase in the Millman contract. In a voice vote, motion passed unanimously.

2024 Board Meeting Dates

Ms. Wenguer distributed the 2024 calendar to Board members.

Investment Workshop

Ms. Wenguer said the workshop could be scheduled for January 9 or 11. Mr. Joseph recalled they also wanted to increase it to two days. Ms. Wenguer agreed to contact the Hyatt to see what was available.

Cyber Security

Ms. Wenguer had spoken with two firms. They estimated it would cost \$40,000 for a cyber security audit and she had added this to the audit line item in the budget. She had also asked their current insurance provider for a quote for cyber insurance.

Chair Rudominer asked Ms. Wenguer to come back with three estimates for an audit.

Ms. Wenguer stated they had received \$680,000 for the Supplemental Firefighters Fund

**PENDING ITEMS:**

**New Business:**

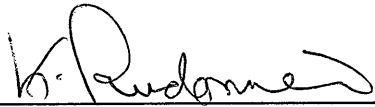
Mr. Hole recalled they had set a policy to reduce the assumed rate of return and asked when this was done. Mr. Campbell confirmed it was now 7.2%. Mr. Bayne said the reduction was to be automatic; they needed to vote to pause the reduction.

**Old Business:**

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 2:33 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.