

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, November 14, 2023, 12:30 PM**

Communication to the City Commission:

1. Trustees reviewed and approved the quarterly report, which indicated the Plan returned 8.70% for the fiscal year.
2. Trustees approved a -2.82 return for the fourth 2023 fiscal quarter.

Board Members

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

Also Present

Lynn Wenguer, Executive Director	Fred Nesbitt, Communications Director
Alexandra Goyes, Deputy Director	Douglas Hartman
Robert Klausner, Board Attorney	Deputy Fire Chief Robert Bacic
Steve Schott and Brenda Alfaro, CAPTRUST	

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: October 11, 2023

Motion made by Mr. Joseph, seconded by Mr. Hole to approve the Minutes of the Board's October 11, 2023 meeting. In a voice vote, motion passed unanimously.

NEW HIRES:

Chair Rudominer welcomed the new hires.

BENEFITS:

FIRE DEPT: DROP Retiree:

Walter King Jr.
Joshua Smith

POLICE DEPT: New Retiree:(DROP Termination):	Brad A Jenkins
DROP Retiree:	Allen Cabrera
Member Termination:	Alexander Paul
	Clarshae Youngblood
Retiree Death:	Thomas Ogden

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

BILLS:

Lazard	\$135,218.90
Waycross	\$85,170.01
Vaughan Nelson	\$71,497.53
Boyd Watterson	\$42,714.00
Agincourt	\$42,368.04
William Blair	\$41,400.24
Eagle	\$39,428.46
Rhumblin	\$13,206.00
Klausner, Kaufman	\$3,500.00
Klausner, Kaufman	\$3,500.00

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

CAPTRUST:

Quarterly Investment Review

Steve Schott, Brenda Alfaro

Mr. Schott provided the update and distributed hard copies to all trustees. Mr. Schott acknowledged that real estate had been a challenge because of the increase in interest rates. Emerging markets were off for the quarter, as well as US large cap stocks, aside from the "significant seven" which related to Artificial Intelligence [AI]. Fixed income was affecting all asset classes, because of its impact on short and long-term borrowing. Mr. Schott remarked on the positive performance of this risk-adjusted portfolio. He discussed the impact AI was predicted to have on white collar workers. Mr. Schott recommended keeping risk and liquidity in check.

Mr. Schott referred to the executive summary. He stated they were in line with their target asset allocation and said real estate alone accounted for all of the underperformance for the fiscal year. Mr. Schott believed stock and fixed income returns would be volatile and lower than they had seen historically. He believed the portfolio should exceed their actuarial assumption.

Mr. Joseph asked if Mr. Schott thought they should move out of Lazard International Equity Composite if there was going to be an ongoing issue with China. Mr. Schott stated it was all about valuation, but they were "not there yet." Mr. Klausner stated there was pending legislation that targeted Chinese companies for divestment. He wondered if this would force them out of the international index and if it would drive Chinese investment values down. Mr. Schott reported later in the meeting that 8.5% of the world market was invested with China and 30% of the emerging index was invested in China.

Chair Rudominer asked CAPTRUST's interest rate outlook and Mr. Schott stated the firm felt the interest rates could continue to increase. He said they needed to reduce risk as much as possible. Mr. Schott felt equity and fixed income returns would be less going forward. Aside from real estate, Mr. Schott stated the portfolio had performed as they expected.

Motion made by Mr. Joseph, seconded by Mr. Bayne to accept an 8.70% return for the 2023 fiscal year, and a -2.82% return for the final 2023 fiscal quarter. In a voice vote, motion passed unanimously.

Chair Rudominer asked that at the upcoming investment workshop, Mr. Schott discuss risk profile and their tilt toward being risk averse. He asked Mr. Schott to invite a few managers from each asset class to discuss why they should stay risk averse. Mr. Klausner said they should discuss the risk profile and whether it would be worth it to take on more risk. Mr. Schott said he would invite people who could best articulate their strategy.

ATTORNEY'S REPORT

Robert Klausner

Mr. Klausner stated Westfield's contract was ready and he would send it the following day. He reported Police and Fire had concluded collective bargaining and at the City's request, he had drafted the implementation ordinance. Ms. Wenguer said her, and Mr. Bayne's contracts still needed adjustments.

Mr. Klausner stated The FOP had recommended a provider for self-directed DROP, but he said the Board would select the provider and the limits of the options they could provide and would be responsible for continuing observance of due diligence. Mr. Klausner had looked at the cash impact if current DROP members moved into self-directed and included language indicating current deposits would stay, but new DROP money could go into self-directed. He also thought the Board needed to charge participants a fee for performing due diligence. Mr. Hole asked if the Board would be responsible for educating DROP members and if this would affect their fiduciary insurance. Mr. Klausner stated the Board would not be responsible for education and this would probably not affect their fiduciary insurance.

Ms. Wenguer's Contract

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

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt had nothing to report.

EXECUTIVE DIRECTOR'S REPORT:

Self-Directed DROP

Ms. Wenguer had spoken with Susan Grant, Assistant City Manager, who informed her it made sense for the self-directed DROP to run through the Board. Mr. Schott agreed to provide recommendations. Mr. Klausner suggested a special meeting in January to select a vendor. He asked Mr. Schott to have the potential vendor contact him and he and Ms. Wenguer would speak to them.

Investment Workshop

Ms. Wenguer said Thursday, January 11 was available at the Hyatt. Board members agreed to holding the workshop on Thursday only, with dinner the night before. Chair Rudominer said if they were going to do a deep dive into their own internal philosophy regarding their risk profile, the seminar could be "manager light;" they did not need to hear from every manager. This could be done in one day. Ms. Wenguer said this could be the theme for the panels. They would need another day in the future to discuss the self-directed DROP.

Mr. Bayne suggested surveying FOP members to determine how many would be interested in a self-directed DROP and Mr. Joseph agreed to contact them regarding a survey. Mr. Schott noted at some firms, the number of participants would significantly change the fee structure.

Assistant Pension Administrator Position

Ms. Wenguer said her potential hire was considering the position. She and Chair Rudominer had discussed a 5% increase over his current salary of \$138,000. Chair Rudominer recalled that when they discussed the new positions, they had determined they would hire a consultant to perform a workflow study. Ms. Wenguer said after the Assistant Pension Administrator was hired, they would perform the study. Mr. Naugle suggested a \$5,000 hiring bonus. Mr. Bayne said they could offer him 3% over his current salary now and an additional 3% after a six-month review. Board members agreed to a \$5,000 signing bonus and a review in six months.

Office Lease Renewal

Ms. Wenguer had spoken to Norm Adams regarding their needs. He had indicated the rent on the current location was great and encouraged her to negotiate with the landlord. Ms. Wenguer agreed to request a lease renewal to begin negotiations.

Fiduciary Liability Insurance

Ms. Wenguer stated they were renewing at the same rate.

Motion made by Mr. Hole, seconded by Mr. Naugle to approve renewing the fiduciary liability insurance. In a voice vote, motion passed unanimously.

PENDING ITEMS:

New Business:

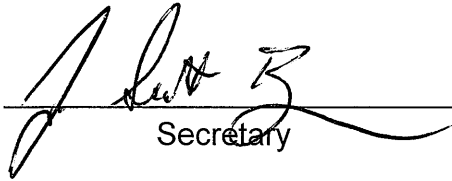
Chair Rudominer discussed all Board members evaluating the executive director and professionals and asked Ms. Wenguer to send trustees the forms.

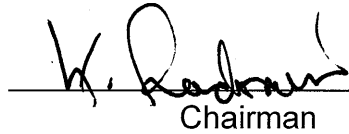
Old Business:

Mr. Hole wanted to discuss the cybersecurity audit and Ms. Wenguer said she hoped they could do this at the December meeting.

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 2:27 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.