

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, February 14, 2024, 12:30 PM**

Communication to the City Commission

1. Trustees reviewed and approved the performance report for the first quarter of the fiscal year, showing a 6.53% return for the quarter and 10.53% return for the past 12 months.
2. Trustees approved 6.53% as the return on investments 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	P
Dennis Hole, Trustee	P
Jim Naugle, Trustee	P

Also Present

Lynn Wenguer, Executive Director	Spencer Witherspoon
Alexandra Goyes, Deputy Director	Eric Pekrol, Police Department
Lindsey Garber, Board Attorney	Fred Nesbitt, Communications Director
Robert Klausner, Board Attorney	Steve Schott, CAPTRUST
Fire Chief Robert Bacic	Paul Vanden Berge, Deputy Director -Finance
Scott Mosely, President of the FOP	Gregory Gosch, Stephanie Simon, Winslow
Scott Hoffer, Vice President of the FOP	Growth Capital
Douglas Hartman, Police Department	

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: January 10, 2024

Mr. Klausner clarified an earlier statement he made. The December meeting minutes reflect this: "Mr. Klausner said there was an issue regarding implementation of the collective bargaining agreement, which he had discussed with Susan Grant, Assistant City Manager. She indicated the City was willing to 'eat the cost' and would address this

issue during re-writes. Otherwise, all the other implementation provisions were there. The actuary reported this would cost the city \$1.5 million.”

Mr. Klausner said the City wanted it to be made clear that they were aware of a cost associated with an early retirement issue and that they had chosen not to address it in this round of bargaining but would deal with it in a later round. They therefore had a “knowing acceptance” of the increased cost.

Mr. Bayne noted the subcommittee had not met, but the minutes indicated they had. Ms. Wenguer confirmed there had been a meeting, but it was not the subcommittee.

Motion made by Mr. Bayne, seconded by Mr. Naugle to table the Minutes of the Board’s January 10, 2023 meeting. In a voice vote, motion passed unanimously.

NEW HIRES:

Chair Rudominer welcomed the new hires.

BENEFITS:

FIRE DEPT:	New Retiree:(DROP Termination):	Martha Massarelli David Carter Freddie Batista Richard Thorpe
	New Beneficiary:	Elouise Walczak Sandra Pilcher Theta M. Story
	Survivor Death:	Dana Swisher
POLICE DEPT:	New Retiree:(DROP Termination):	William C. Schulz
	DROP Retiree:	Keith Moniz
	New Beneficiary:	Virona Hardison

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

BILLS:

Lazard Asset Mgmt.	\$149,995.13
Waycross	\$96,104.53
Vaughan Nelson	\$71,036.75
William Blair	\$47,911.80
Boyd Watterson	\$44,658.00
Agincourt	\$43,644.55
Eagle	\$43,567.00
Rhumblin	\$13,194.00

Motion made by Mr. Hole, 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:**

Scott Hoffer, Vice President of the FOP, requested options other than Mission Square and Corebridge for the self-directed DROP.

CAPTRUST:

Quarterly Investment Review

Steve Schott

Mr. Schott said two companies had responded to the self-directed DROP RFP: Corebridge and Mission Square. He preferred Mission Square.

Mr. Schott reported it had been a very good quarter and calendar year. He discussed their asset allocation and said the return for the last three months was 6.53%. He said the most serious detraction had been in real estate, which accounted for all the underperformance for the fiscal year. Mr. Naugle asked the locations of the properties in those funds and Mr. Schott said the properties tended to be in large cities.

Mr. Schott said the alternative allocation would remain at 35% and noted the private credit allocation was almost full. The fixed income composite yield was at 4.85% and large cap was 12.96% compared to the S&P of 11.69%. The small cap composite had returned 12.79% outperforming Russell. The international composite returned 8.79%, which was below the 10.42% benchmark. The real estate composite was down 5.56%. Mr. Schott reviewed individual sectors and managers' performance. Mr. Schott stated the portfolio was currently at \$1,149,605,000.

Chair Rudominer said page 27 showed the 10-year performance 6.29%. He asked about the asset allocation and Mr. Schott said they felt this allocation was appropriate. He stated they continually wanted to add best-in-class ideas in the alternative area with private equity and credit.

Ms. Wenguer had noticed that Lazard had lost \$13.5 million in the last month but there had been no distributions out. She needed to make sure there was no issue with the bank's reporting. Mr. Schott was not aware of any serious issues at Lazard but reported there had been a recent management change.

Chair Rudominer asked if the "Year to Date" in the reports referred to fiscal or calendar year and Mr. Schott thought it was calendar year. Chair Rudominer asked for the charts to be formatted in fiscal years instead.

Ms. Wenguer said the bank statement showed Lazard at \$68 million but Lazard's statement reflected \$81 million as of 1/31/24. She said she would take it up with the bank.

Motion made by Mr. Fortunato, seconded by Mr. Hole, to approve the quarterly return of 6.53% in a voice vote, motion passed unanimously.

Ms. Wenguer asked Mr. Schott where they could take cash from, and Mr. Schott recommended taking out of the overweight in public equities.

Self-Directed DROP

Mr. Schott said only two of six firms had responded to the RFP. He noted that the others had declined because there was not enough money involved. Mr. Klausner noted they would need an engagement agreement with the chosen firm. He added that he would not advise considering more than five funds because due diligence became incrementally harder. Mr. Bayne said the city used Mission Square and Nationwide and he thought they might be able to piggyback.

Mr. Schott noted that in this marketplace, CAPTRUST was the number one or two working with these funds, but the firms felt it did not make business sense because of the time and effort to set these up.

Mr. Schott discussed the self-directed DROP quotes and fee schedules. Mr. Bayne noted the Plan would not cover any of the expenses and all costs would be passed through to the members. Mr. Klausner recommended selecting a few mutual funds from which the members could choose. He said Miami was the model because they had the largest self-directed DROP. Mr. Klausner cautioned that they could not use any of their existing managers because they had million-dollar minimums to invest, and they could not co-mingle the funds.

Mr. Schott said the firms they had sent the RFP to be Mission Square; Corebridge Financial; Fidelity Investments; Vanguard, Empower Investments and TIAA and only Corebridge and Mission Square had responded. Mr. Klausner agreed to ask Corebridge and Mission Square for their contract terms and withdrawal penalties. Mr. Bayne reminded the Board that the FOP did not like either vendor and Mr. Hoffer confirmed it. Mr. Schott said they would be happy to reissue the RFP but noted there were only so many companies offering this service. Mr. Hoffer asked if they could use Fidelity as the custodian and CAPTRUST as the manager and Mr. Schott agreed to find out. Mr. Klausner thought the city may be able to talk to whoever they used and ask them to add these members. Ms. Wenguer agrees to call Linda Short, Finance Director.

Ms. Wenguer wanted the prospective firms to make presentations to the Board and Mr. Schott agreed to invite them.

Mr. Cameron asked what was wrong with Corebridge and Mission Square and Mr. Hoffer said Mission Square was historically proprietary funds with high fees and Corebridge was basically IAG and Black Stone combined. He said he would rather be with Fidelity, Schwab, Black Rock, or Vanguard than these "quasi hybrid insurance companies."

Motion made by Mr. Fortunato, seconded by Mr. Hole to direct Mr. Klausner to talk to Misson Square and Corebridge regarding their contract requirements and withdrawal penalties. In a voice vote, motion passed unanimously.

Motion made by Mr. Fortunato, seconded by Mr. Hole to remand the issue back to the subcommittee for further study. In a voice vote, motion passed unanimously.

Private Equity Presentation
Winslow Growth Capital:

Gregory Gosch, Stephanie Simon

Mr. Gosch and Ms. Simon provided a presentation, a copy of which is attached to these minutes for the public record. Mr. Gosch noted this fund had low fees and provided the opportunity to invest with the largest retirement system in the Western Hemisphere outside of Social Security: TIAA.

Chair Rudominer asked Ms. Simon if KKR and the leveraged buyout had destroyed the American economy. Ms. Simon said KKR did the opposite of what Winslow did: KKR did buyouts and Winslow invested in venture-backed, fast-growing companies. Winslow's investments were typically mid to late-stage venture capital, which had outperformed buyout funds as well as comparable public equity indices.

Mr. Schott said it appeared the multiples were going down in this area and noted that Fund I's IRR had decreased from 19% to 10%. Ms. Simon said since January 2023, the public equity markets had largely recovered but the private market was just now coming back. Ms. Simon noted they did not use leverage and these companies typically had no debt.

Chair Rudominer asked how this compared to other private equity and Ms. Simon said this was established venture investing with new, rapidly growing companies. Chair Rudominer asked that Mr. Schott remind the trustees what each alternative investment did as the Plan's alternative investment list grew.

Ms. Simon said the fees were 125 basis points on \$10 million and 85 basis points at \$25 million, on committed capital. She said the key to committed capital was the speed with which it could be deployed. They currently had a deal in the works that the Plan could participate in. Ms. Simon said they would call approximately 10% of the committed capital immediately.

Chair Rudominer asked about their current private equity allocations and Mr. Schott agreed to provide it. Mr. Schott said Winslow would be a different, diversified type from what they currently had, and it had a lot of opportunities for return and a lot of opportunities for loss. He suggested if the Board wanted to move into this area, they should consider a couple of other options before deciding. Mr. Schott agreed to provide the Board with some other firms to consider.

Regarding the apparent Lazard loss, she had discussed earlier, Ms. Wenguer said the figure was not a typo, and Mr. Campbell had informed her there was no withdrawal and he was looking into it. The loss occurred between 1/31/24 and 2/13/24.

Mr. Schott stated they felt the asset allocation was correct from a risk/return point of view. Chair Rudominer asked about future funding for their alternative investments and Mr. Schott agreed to confirm the Entrust redemption feature. Mr. Bayne wanted to move out of Entrust as soon as possible. Chair Rudominer felt the reason Entrust had not monetized and closed the fund was because some of the investments had not come to fruition yet. He did not want to sell early and suffered a loss.

ATTORNEY'S REPORT

Robert Klausner

Mr. Klausner reported he had filed a motion for rehearing on the mandamus case, which the judge had denied. He had then filed a notice of appeal and the first brief was due at the end of April, unless they reached another resolution.

Mr. Hole recalled a member who wanted to take \$100,000 out of his share money to defend himself against a criminal charge. Mr. Klausner agreed to check the progress of that case.

Investment Policy Statement

Mr. Klausner said this required some fine tuning and recommended tabling it to the next meeting.

Motion made by Mr. Bayne, seconded by Mr. Joseph to table the Investment Policy Statement to the next meeting. In a voice vote, motion passed unanimously.

Ms. Wenger asked Mr. Schott if they should further break down the alternatives to indicate percentages in private debt, private equity, etc. and Mr. Schott advised against micromanaging. Ms. Wenguer said Westfield had requested changes to the Plan's Investment Policy Statement and Mr. Schott and Mr. Klausner were not comfortable with that. Mr. Schott said in general, Westfield was requesting more flexibility in how they invested, and he objected to that.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt had nothing to report.

EXECUTIVE DIRECTOR'S REPORT:

Investment Policy

Ms. Wenguer asked for corrections and changes, which she would send to Mr. Campbell.

Self-Directed DROP

Discussed earlier.

Ms. Wenguer wanted the ability to wire money to a member's institution when they terminated employment, waiving the \$25 fee. Mr. Bayne did not object and said this was an administrative cost. Ms. Wenguer agreed this should be added to the SPD.

Mr. Hole asked about the verification forms and Ms. Goyes said they were continuing to receive them. Ms. Wenguer stated in two weeks they would send the last certified letter warning that if the form was not returned, their benefit would cease. Mr. Klausner wanted to add something to the retirement application indicating the member understood that he/she must return a verification form in accordance with the Fund's time schedule and if they did not, they consented to the suspension of their benefit. Ms. Wenguer agreed.

Westfield Policy Amendment

Discussed earlier.

PENDING ITEMS:


New Business:

None

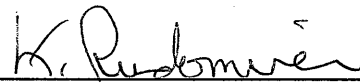
Old Business:

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 2:57 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.