



**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, July 10, 2024, 12:30 PM**

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| <ol style="list-style-type: none"> 1. The trustees reviewed and approved the Audited Statement for the year ending September 30, 2023. 2. The Trustees reviewed and approved the Actuarial Evaluation as of October 1, 2023. |
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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	Jason Fox Esq. [via Microsoft Teams]
Alexandra Goyes, Deputy Director	Hermes Garzon, Marcum LLP [via Microsoft Teams]
Robert Klausner, Board Attorney	Scott Hoffer, FOP Vice President
Fred Nesbitt, Communications Director	Brad Heinrichs, actuary, Foster & Foster
Deputy Fire Chief Robert Bacic	Jeff Burns, Affiliate Development [via Microsoft Teams]
Paul Vanden Berge, Deputy Director, Finance	Nick Rojo, Chris Poulius, Affiliated Development
Denia Billingsley, Police Department HR Analyst	Alyssa Cabrera Toy
Kyle Campbell, CAPTRUST	Victor Pires

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: June 12, 2024

Ms. Wenguer noted changes to the minutes.

Motion made by Mr. Hole, seconded by Mr. Bayne to approve the Minutes of the Board's June 12, 2024 meeting as amended. In a voice vote, motion passed unanimously.

NEW HIRES:

Chair Rudominer welcomed the new hires.

BENEFITS:

FIRE DEPT: DROP Retiree: Michael Dryden

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

BILLS:

Marcum	\$7,975.00
Marcum	\$7,050.00
Klausner, Kaufman	\$3,500.00
Klausner, Kaufman	\$1,987.50
Milliman	\$1,975.00
Klausner, Kaufman	\$390.00

Motion made by Mr. Joseph, seconded by Mr. Hole, to approve payment of the bills as presented. In a voice vote, the motion passed unanimously.

**COMMENTS FROM PUBLIC/ INPUT FROM ACTIVE & RETIRED
POLICE OFFICERS & FIREFIGHTERS:**

Scott Hoffer, FOP Vice President, said members in the self-directed DROP were concerned about the 15-basis point bookkeeping fee. He thought the Plan should cover that. Ms. Wenguer said this had not been finalized.

POLICE DEPT:

Service Incurred Disability Hearing: (under separate cover) Victor Pires

Mr. Klausner described the accident and related medical issues and treatments. He summarized the doctors' finding, which indicated Mr. Pires was permanently disabled and incapable of performing the duties of a Police Officer due to the accident.

Dinia Billingsley, Police Department HR Analyst, confirmed there were no open positions that could accommodate Mr. Pires.

Motion made by Mr. Bayne, seconded by Mr. Joseph to approve the service-incurred disability for Victor Pires, based on the four doctors' opinions that the disability was total and permanent and meeting the criteria for a service-incurred disability, effective July 11, 2024. In a roll call vote, motion passed 7-0.

Jason Fox, Mr. Pires's attorney, thanked the Board.

**2023 AUDITED FINANCIAL STATEMENTS: Marcum
LLP**

Hermes Garzon

Mr. Garzon provided the presentation, a copy of which was provided to Board members and is attached to the minutes for the public record. Marcum had provided an "unmodified" opinion and Mr. Garzon noted this was thanks to a collaborative effort and oversight from all parties involved. He said they had included a note to try to improve the timeliness of the information and acknowledged that the City had implemented new ERP software, which contributed to the delay.

Chair Rudominer asked how changes in the Plan to include a self-directed DROP would affect accounting. Mr. Klausner explained this to Mr. Garzon and agreed to provide Marcum with a copy of the policy once it was finalized, as well as a copy of the approved ordinance. Mr. Garzon said this would require additional footnotes in the audited financial statement. Once it was finalized, they would need to determine if the DROP assets should be disclosed and removed from the total investments on the face of the financial statements or if they should be included in the Plan's total investments. Mr. Klausner asked Mr. Garzon to look at the audit Marcum did for Miami Fire and Police, because their DROP was entirely self-directed. He said they had determined that self-directed funds were not assets of their Plan but the traditional DROP assets for which the Fund was paying a guaranteed return was an asset until the member separated from service.

Motion made by Mr. Joseph, seconded by Mr. Fortunato, to approve the audit as presented and provide for its appropriate distribution. In a voice vote, motion passed unanimously.

2023 Actuarial Valuation: Foster & Foster

Brad Heinrichs

Mr. Heinrichs discussed the self-directed DROP and said typically the assets and liabilities were removed from anything Foster & Foster did and this would also be the case with the auditor, except perhaps in a footnote.

Mr. Heinrichs reviewed the valuation report, a copy of which was provided to Board members and is attached to the minutes for the public record. He noted there had been a \$2.4 million increase in the City's funding requirements due to there being more people in the Plan, and due to "adverse actuarial experience" predominantly because of investment returns lower than anticipated.

Mr. Heinrichs stated every year they calculated whether there was a gain or loss and this year there was a \$23.6 million loss. A COLA could only be paid when they had a "cumulative gain" position.

Mr. Heinrichs stated he was required to calculate the liability if the Plan only invested in fixed income securities [a Low Default Risk Obligation Measure]. That amount was \$1.579 billion. The difference between that and the current accrued liability of \$1.22 billion was

\$350 million. He said that \$350 billion represented the benefit of their investing in equities and things other than fixed income.

Chair Rudominer asked if there were any issues obtaining data for the report and Mr. Heinrichs said the data they needed had only recently been received.

Motion made by Mr. Fortunato, seconded by Mr. Bayne to approve the valuation and adopt the assumptions outlined therein. In a voice vote, motion passed unanimously.

AFFILIATED DEVELOPMENT: Impact Fund Investment Nick Rojo, Chris Poulius,
Jeff Burns

Mr. Rojo provided the presentation, a copy of which was provided to Board members and is attached to these minutes for the public record.

Mr. Rojo said Fund II was effectively an extension of Fund I and had a \$200 million target. Chair Rudominer asked about staffing and Mr. Rojo said he had brought on Mr. Poulius, who had a private equity background, as well as more developers and a controller. They had written policies and procedures and become more institutional. Mr. Rojo said their goal was to have the first closing on Fund II by the fourth quarter of 2024.

CAPTRUST: 10-Year DROP Fund Selection

Kyle Campbell

Mr. Campbell reported at the end of the last quarter, the Fund had an 11.5% return. The portfolio was currently at \$1.2 billion. He believed the markets would be strong through the end of the year.

Chair Rudominer asked about the investment policy regarding removing the collars on the percentage of index funds managers could own. He felt the collars were a good idea. Mr. Campbell recommended keeping things as they were.

Mr. Campbell recommended bringing in two investment managers next month to interview for Lazard proceeds: Harding Loevner and GQG Partners, both of which would pair well with Dodge and Cox. Mr. Klausner asked Mr. Campbell to have the managers send him their boilerplate agreements for him to review.

Ms. Wenguer said the Board needed to approve an amendment to the CAPTRUST contract to assist in the implementation of and prepare a quarterly report on the self-directed DROP.

Motion made by Mr. Hole, seconded by Mr. Joseph, to approve the amendment to the CAPTRUST contract for them to assist in the implementation of and prepare a quarterly report on the self-directed DROP. In a voice vote, motion passed unanimously.

Mr. Campbell and Ms. Wenguer had created a fund menu for the self-directed DROP comprising some target date funds, some active managers, and some index funds. He said target date funds were what people usually used as defaults because it got them into the market, diversified them and glided them into retirement.

Ms. Wenguer was unsure about a start date; they were still awaiting payroll information from the city in order to do the software updates. Mr. VandenBerge said the city had provided the data file to start entering new people and this had been sent to the software vendor. They were meeting with the vendor the following day to discuss reconfiguring the data in the software.

Mr. Campbel agreed to call Mission Square regarding implementing the self-directed DROP.

Motion made by Mr. Hole, seconded by Mr. Joseph to accept Mr. Campbel's list of suggested investment vehicles for the self-directed DROP monies, include designating the target date fund as the default. In a voice vote, motion passed unanimously.

Regarding the self-directed DROP fees, Mr. Klausner said the Plan must cover them for active members; once they separated from service, they were responsible for their own fees.

Mr. Klausner agreed to bring the policy back to next month's meeting for approval. The policy would be that once a member separated from service, the 15-basis point fee from Mission Square would be debited from their accounts. Prior to that, it would be billed to the Plan.

ATTORNEY'S REPORT

Robert Klausner

Mr. Klausner reported the securities cases were ongoing.

In order to save costs, Mr. Klausner said he had a stay order through the end of September on Ms. Wenguer's case in the Fourth District Court of Appeal. He said the city had joined in this motion for a stay. He stated the ordinance had been drafted and there was an actuarial report from the General Employees plan. He said Ms. Wenguer would make her contribution and he thought she should pay half of the interest.

Motion made by Mr. Bayne, seconded by Mr. Hole to approve Ms. Wenguer paying the full employee contribution and half the interest, subject to whatever other administrative action is necessary. Half the interest would be absorbed by the Fund, but it was being credited back through the savings on projected attorney's fees on the appeal. In a roll call vote, motion passed 7-0.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt had nothing to report.

EXECUTIVE DIRECTOR'S REPORT:

CAPTRUST Advisory Agreement

Discussed earlier.

Retirement Seminar

Ms. Wenguer said the Marine Industries facility was fine and the seminar date was October 10.

GERS Cost Study and Ordinance

Not discussed.

PENDING ITEMS:

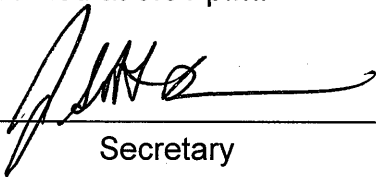
New Business:

None

Old Business:

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 3:01 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.