

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, October 16, 2024, 12:30 PM**

Board Members

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

Also, Present

Lynn Wenguer, Executive Director	Scott Moseley, FOP President
Alexandra Goyes, Deputy Director	Steve Schott and Kyle Campbell, CAPTRUST
Robert Klausner, Board Attorney	Paul Vande Berge, Deputy Director-Finance
Lindsey Garber, Board Attorney	Linda Short, Finance Director
Fred Nesbitt, Communications Director	

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 11, 2024

Chair Rudominer suggested a change to the minutes.

Motion made by Mr. Naugle, seconded by Mr. Joseph to approve the Minutes of the Board's September 11, 2024 meeting as amended. In a voice vote, motion passed unanimously.

NEW HIRES:

Chair Rudominer welcomed the new hires.

BENEFITS:

POLICE DEPT: Survivor Death:

Lois Carrie
Paula White

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

BILLS:

Northern Trust	\$51,533.27
Klausner, Kaufman	\$3,500.00
Milliman	\$1,975.00
Klausner, Kaufman	\$525.00

Motion made by Mr. Hole, seconded by Mr. Cameron, 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:**

Self-directed DROP

Scott Mosely, FOP president, said it was the union's intent during contract negotiations that participants in the original DROP could transfer their original balance in its entirety into the self-directed DROP and that lieutenants and captains would only have an 8-yr DROP. Mr. Klausner had reviewed the collective bargaining agreement for lieutenants and captains, and they were allowed to exercise the self-directed DROP. He believed that to be uniform, the same should extend to sworn management as well, since they did not bargain.

Ms. Wenguer reported the self-directed DROP was up and running. Mr. Klausner said the policy must be revised to reflect it applied to managers as well. They needed to decide if someone could transfer the entire balance out of the Pension Plan. Mr. Klausner opted that as long as there was informed consent, there was no breach of fiduciary responsibility to allow someone to cash out their pension. Mr. Klausner recommended extending the same privileges to Police managerial employees as those extended to lieutenants and captains.

Motion made by Mr. Hole, seconded by Mr. Joseph, to extend the same privileges to managerial employees that are extended by ordinance to sworn Police lieutenants and captains.

Ms. Klausner said even if everyone eligible for the self-directed DROP took their money out of the Plan, there would be no material economic impact. Chair Rudominer noted they currently had a policy that there was a 45-day wait to remove funds and Mr. Klausner stated this should be subject to the same rule.

Mr. Klausner restated the motion:

To extend the same self-directed DROP privileges to managerial, confidential, sworn Police personnel that are contractually given to Police lieutenants and captains. In a roll call vote, motion passed 6-0.

Board members and Mr. Campbell discussed the fact that members taking \$30 million out of the Fund would not hit the "break point" of the Plan. Mr. Klausner pointed out that

the city would pay the Plan \$20 million in cash in less than 45 days, so the Plan would only need \$10 to \$13 million.

Motion made by Mr. Joseph, seconded by Mr. Hole, to allow a member to transfer their funds one time, in accordance with existing timing rules. In a roll call vote, motion passed 4-2 with Mr. Bayne and Mr. Naugle opposed.

Ms. Wenguer stated members had 90 days to decide. Current DROP members must decide by January 16, 2025.

CAPTRUST:

Kyle Campbell

Monthly Investment Review:

Mr. Schott provided an update. He said the portfolio had an approximately 12% return at the end of the third quarter but not all managers had reported yet; some would take a couple of months. He estimated the year-end return would be in the mid-teens. The quarter-end portfolio balance was \$1.2 billion. Mr. Campbell stated approximately 5% of the portfolio was not reporting but noted some of those would go up as the managers made capital calls. On the other hand, some of the Entrust money and Invesco would probably come down a bit. He said they could report 95% of returns available by the second month or wait another month and most likely have the other returns as well. Ms. Wenguer said they needed to implement a holdback policy because of the delay. Board members discussed how to address the discrepancy. Ms. Garber stated some other Plans used the "80/20 rule," holding back 20% until the quarter's end.

Chair Rudominer stated for members removing their funds, they could use the 80/20 rule but for approving the rate of return, they could use the 45-day number. Ms. Wenguer said there would still be a holdback and a later adjustment. Mr. Klausner noted that at distribution, all of their alternative investments required a holdback for expenses and final accounting to avoid having to claw money back. Ms. Wenguer did not want to specify a time period, but to indicate the member would receive the funds as soon as the return had been determined. She suggested a 10-15% holdback. Mr. Campbell and Mr. Schott thought 20% was probably a bit much but it was better to err in holding back too much rather than too little. Ms. Wenguer agreed to work with Ms. Garber on the holdback provisions. Chair Rudominer anticipated Captrust would provide the year-end numbers in December.

Mr. Campbell recommended selling out the remaining \$34 million of their Lazard Global Infrastructure investment to cover upcoming cash needs.

ATTORNEY'S REPORT

Robert Klausner

GQG

Ms. Garber said they were close to an agreement with GQG. One pending issue was the Investment Policy Statement regarding unsecured investments and the amount an international equity manager invested in non-US securities. Exceeding 5% would require written consent. Mr. Campbell stated he was comfortable with GQG holding up to 10%.

Motion made by Mr. Bayne, seconded by Mr. Hole, to draft a letter to go outside the Investment Policy Statement to allow GQG's international equity manager to invest up to 10% in non-US securities, based on the consultant's recommendation. In a voice vote, motion passed 6-0.

Ms. Garber stated she would send a separate letter to indicate the Board could change this at will.

Mr. Joseph asked about Capital Dynamics and Mr. Campbell thought the lower return was not directly related to the recent split and described the changes in their funds. He stated the new firm was the same partner and Capital Dynamics would be the parent group. He recommended not investing in Fund III when it became available.

Marcum Engagement Letter

Ms. Garber said they needed to revise the engagement letter with Marcum and would bring it back for Board approval. Chair Rudominer asked if the audit would cover the self-directed DROP. Ms. Short said the DROP distributions as of October 1 would not be part of the 2024 audit.

Ms. Wenguer's Contract

Ms. Garber stated the previous evening, the City Commission had passed the ordinance to allow Ms. Wenguer to buy back her time. Once they had a signed copy, they would file to dismiss the case.

Ms. Garber provided an update on State legislation. Vendors were now required to sign an affidavit indicating they did not use coercion for labor services. Vendors with access to personal, protected information must file an affidavit stating they were not owned by a foreign country of concern.

Ordinance Re-write

Ms. Short was still waiting for the City Attorney and Mr. Klausner to meet. Later in the meeting, Mr. Klausner said he was waiting for his request to meet with the city attorney to be granted.

Mr. Hole said Mr. Klausner was going to create a status update of litigation they were involved in, including payouts.

Mr. Nesbitt had nothing to report.

EXECUTIVE DIRECTOR'S REPORT:

Self-Directed DROP

Chair Rudominer recalled they were supposed to look onto whether the current ordinance language included members' contributions for the extended period. Ms. Wenguer confirmed they must pay 1.5% or 1.75%.

Retirement Seminar

Ms. Wenguer said they still needed to reschedule. She may also choose a new venue. Ms. Short said there was a large conference room in the 101 Tower building that could be used.

2024-25 Annual Budget

Ms. Wenguer had updated the budget and provided it to Board members.

Motion made by Mr. Joseph, seconded by Mr. Hole to accept the presented budget for fiscal year 2024/2025. In a voice vote, motion passed 6-0.

Regarding IMEs, Ms. Garber said someone at her office worked with a company that identified doctors willing to perform them. She would have her call Ms. Wenguer.

Mr. Bayne asked about the increase in actuarial costs last year and Ms. Wenguer said she did not anticipate anything abnormal this year.

Ms. Wenguer said the software provider had not yet billed them for revising the retirement forms. She said the contracted rate was \$21,000 and they had not been billed yet for all the changes. The Board has already approved \$20,000 for changes to the software.

2025 Board Meeting Dates

Board members were provided with the schedule for 2025.

Investment Workshop

Ms. Wenguer said Captrust had suggested a date in the week of January 13-17 for the investment seminar. Mr. Naugle suggested confirming available dates with the vendor first.

Trustee Seats Elections

Trustees Unopposed

Ms. Wenguer reported Mr. Rudominer and Mr. Mosely had run unopposed. The election for the seventh seat was next month.

Executive Director Prior Service

Ms. Wenguer thanked the Board for their support.

Retroactive Members Pay

Ms. Wenguer said they were working to get members' retroactive pay done. They were satisfied with rank and file but needed further research into what was done for management.

RFP for Investment Consultant

Ms. Wenguer said Captrust' s service had deteriorated. Chair Rudominer recalled they had discussed issuing an RFP for a consultant just to see what was available. He noted Captrust had been very helpful getting the Self-Directed DROP up and running. Mr. Klausner thought an evaluation was appropriate and agreed to send the evaluation template, as well as a list of consultants they usually send them to.

PENDING ITEMS:

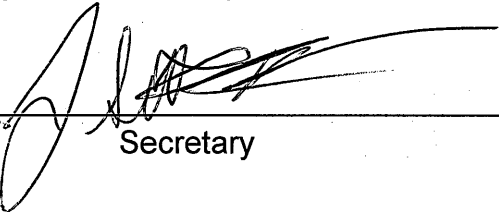
New Business:

None

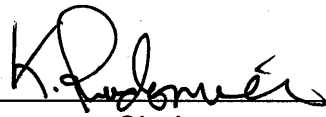
Old Business:

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 2:50 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.