

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, May 14, 2025, 12:30 PM**

Communication to the City Commission

1. The trustees received and approved the 2nd quarter performance report, showing a negative 0.33 return, subject to adjustment.

Board Members

| | |
|--------------------------|---|
| Ken Rudominer, Chair | P |
| Derek Joseph, Vice Chair | P |
| Scott Bayne, Secretary | P |
| Jeff Cameron, Trustee | A |
| Scott Moseley, Trustee | P |
| Dennis Hole, Trustee | P |
| John Morale, Trustee | P |

Also Present

| | |
|--|--|
| Lynn Wenguer, Executive Director | Kyle Campbell, CAPTRUST [via Teams] |
| Paul Vanden Berge, Deputy Director-Finance | Cliff Kalish, Jim Golan [via Teams], William Blair Investment Management |
| Alexandra Goyes, Deputy Director | Keri Hepburn and Aylon Ben-Shlomo, Aristotle Capital Management |
| Linda Short, Finance Director | |
| Greg Gosch and Laura Stulz, Churchill Asset Management | |

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: April 16, 2025

Mr. Hole and Mr. Nesbitt noted changes to the minutes.

Motion made by Mr. Moseley, seconded by Mr. Joseph to approve the minutes of the Board's April 16, 2025 meeting. Motion passed unanimously.

NEW HIRES:

Chair Rudominer welcomed the new hires.

BENEFITS:

| | | |
|---------------------|--|--|
| FIRE DEPT: | New Retiree:(DROP Termination): | David A. Bourgouin John J Heiser |
| | New Retiree:(Service Retirement): | Eric Stern |
| | DROP Retiree: | Dora Sylvia Santiago Jayne Dominguez Jeffrey Kuras Vincent Pangallo David Torres Jr. Carol Whalley |
| | Survivor Death: | |
| POLICE DEPT: | Self-Directed DROP Retiree: | Eric A. Pekrol Deanna Greenlaw Jesse Gossman Carlos Guerra Vincent Falzone II Maureen Heckner Michael Silva Evelyn Strong |
| | New Beneficiary: | |
| | Member Termination: | |
| | Survivor Death: | |

Motion made by Mr. Hole, seconded by Mr. Bayne, to approve payment of the benefits as stated. Motion passed unanimously.

BILLS:

| | |
|-------------------|-------------|
| Vaughan Nelson | \$64,109.41 |
| William Blair | \$59,459.49 |
| Westfield | \$48,829.74 |
| Boyd Watterson | \$47,211.00 |
| Klausner, Kaufman | \$3,500.00 |
| Milliman | \$2,050.00 |

Motion made by Mr. Joseph, seconded by Mr. Moseley, to approve payment of the bills as presented. Motion passed unanimously.

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

None

INVESTMENT MANAGEMENT REVIEWS:

Chair Rudominer said the Board had asked managers to attend to describe their strategies because the two new Board members had not been able to attend the seminar. He also asked the managers to explain if their strategies were being changed in light of the recent market turmoil. Representatives from Aristotle were not scheduled to present but happened to be in the neighborhood and were invited to address the Board.

Aristotle

Keri Hepburn and Aylon Ben-Shlomo

Mr. Ben-Shlomo discussed the recent market volatility. He said Aristotle focused on owning good businesses at fair prices and typically owned them for a minimum of five years. They also considered how management teams implemented strategy. He said year-to-date, the portfolio was performing in line with the Russell 1000 Value benchmark but acknowledged that the last quarter of 2024 had not done as well. Chair Rudominer asked if their strategy was being affected by market volatility and Mr. Ben-Shlomo said it had, in "the absence of decisions" i.e., they were hesitant about any new, big acquisition due to uncertainty. He informed Mr. Morale that their management fees were typically 40 basis points for an account of \$50 million. Mr. Ben-Shlomo said over the past ten years, their rate of return had been in the top quartile but in the last three years, it was near the bottom. He did not anticipate any wholesale changes to their strategy.

William Blair Investment Management:

Cliff Kalish and Jim Golan

Mr. Kalish said in the near term, their performance was "so-so" but in the long term, they had done very well compared to their peers. He stated their fees were in the "lower 40s" basis points. Mr. Golan remarked on the challenging environment with this administration and tariffs. He stated businesses were generally cautious but optimistic for the longer term. He stated some companies in the portfolio would benefit from the increasing use of AI. Mr. Golan said they wanted to invest in businesses that generated revenues and were profitable. He stated the typical holding period for stocks in the portfolio was four to five years. Mr. Golan explained how the Russell index had increased in concentration and very top heavy largely because the economy had not seen robust growth. He hoped the economy and markets would broaden in the future. He stated Russell had begun capping stocks in the index, and he anticipated that this, coupled with deregulation, would be beneficial for large cap growth managers. Mr. Golan said Russell instituting caps would not cause them to change their philosophy or process. He said he was bullish on America compared to other markets because it was the center of innovation in the world, especially technology. He also thought the administration's focus on deregulation would be helpful to U.S. businesses. He noted that government spending as a percentage of GDP over the last five years had increased from 20% to 26% which tended to crowd out the private sector. They needed to encourage more growth on the private side of the economy and increase "real" GDP to 2-4%. He remarked that Europe had much less growth than the U.S. as well.

Churchill Asset Management:

Greg Gosch and Laura Stulz

Chair Rudominer asked Mr. Gosch about credit and Mr. Gosch said they were advising people to be patient and not panic. Regarding private credit/middle market direct lending, Ms. Stulz said these were mature, substantial businesses, often founder owned and operated. A private equity firm would buy the business using some of their own equity and Churchill would finance the remainder of the debt. She said banks had been retreating from this type of lending for 20 years. Ms. Stulz said Churchill aggregated investor capital into a fund, in this case, called Levered Evergreen Fund V, to make the loans and in exchange for lending principal, they received quarterly interest, which was distributed to investors.

Ms. Stulz said this was an evergreen fund and described the structures of open-end funds and evergreen funds. She said they targeted services-based businesses that were located in the United States and generated their revenues in the United States that were not reliant on an international supply chain. Ms. Stulz said these businesses had preserved their profit margins during the recent higher inflationary environment. She said they were watching 10% of the portfolio for potential impacts due to tariffs. She thought it would take several quarters for privately held businesses to feel the effects of tariffs but noted that the public equity markets felt it right away. Mr. Gosch said they would probably see a higher turn-down rate. Ms. Stulz informed the Board that they used three independent valuation service providers to review the portfolio quarterly. Mr. Gosch said they expected a 12%-13% return this year.

Mr. Gosch said their current fee for the Plan was 40 basis points but because they had hit an aggregate threshold with other CAPTRUST clients, it was actually 35 basis points. He stated the average was 115 basis points. If the Plan invested another \$15 million, their fee would be 30 basis points. Mr. Moseley asked about a benchmark and Mr. Gosch said, "You can't benchmark us" because of the way private funds worked. It was very different from the bond market. Mr. Morale said Nuveen probably had a "shadow rating" of these funds and asked what that rating would be for this fund. Ms. Stulz said the 14% return was after leverage, so the prevailing interest rate was 10-11%. She stated TIA was owned by TIAA, a non-profit insurance company and these loans were in TIAA's general account, which meant they would have an NAIC rating, which was an insurance rating. Ms. Stulz said she could not use a Moody's, Fitch or S&P scale to rate this portfolio. She stated per their own internal risk rating framework, this portfolio was rated 4, which was very good.

CAPTRUST:

Quarterly Investment Review:

Kyle Campbell

Mr. Campbell said they would put William Blair Large Cap Growth Strategy on watch due to the near-term underperformance. He noted their return was in line with their benchmark. William Blair's first quarter return was down 9.7% and the benchmark was down 10%. He discussed the possibility of replacing William Blair. Mr. Campbell noted the industry had been broadly disappointed by active management in the first quarter.

Mr. Campbell said with 8% of the portfolio not reporting yet, the first quarter return was -0.33%, virtually flat. If Churchill came in as anticipated, this would increase the return by 10 basis points. Private equity could add another basis point. Mr. Campbell expected the total return for the quarter would be approximately 10 basis points when all reports were in. On a fiscal year basis, they would be in the top quartile for public plans.

Mr. Campbell said he would report on Capital Dynamics at the next meeting and said it sounded like they would be able to get liquidity immediately. If there was a formal offer next month, Chair Rudominer asked Mr. Campbell to also provide the total ROI. Mr. Campbell was exploring whether they could stay invested in Capital Dynamics Fund I,

which was successful, and not Fund II, which had negative returns, or if it was all or nothing.

Mr. Campbell reported the DROP plan assets were at almost \$25 million at the end of the quarter. All the funds for DROP investment were performing well.

Mr. Campbell said there were benchmarks emerging for private credit. He described how CAPTRUST compared private credit.

ATTORNEY'S REPORT
Ordinance Re-write

Robert Klausner

Mr. Klausner said they were just finishing up the guidepost memo to move the ordinance process along.

Ryan Forfeiture

Mr. Klausner had provided the closeout memo and reported there was no nexus to Mr. Ryan's job and therefore this was a non-forfeitable offense. Mr. Ryan had redeemed his employee contribution and now he could get his share money.

Motion made by Mr. Bayne, seconded by Mr. Hole, to accept the report of counsel and inform Mr. Ryan of his eligibility to access his share funds as of May 14, 2025. In a voice vote, motion passed unanimously.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt had sent out a "Pension Clip" article written by Mr. Klausner and asked Board members to forward other articles to him.

EXECUTIVE DIRECTOR'S REPORT:

Ms. Wenguer asked if they should report a -0.33% rate of return before all reporting was in. Mr. Campbell was confident that the late reporters would only improve the rate and did not disagree with releasing the preliminary figure.

Motion made by Mr. Hole, seconded by Mr. Joseph, to adopt a -0.33% rate of return, for the first quarter of 2025, for administrative purposes and subject to revision. In a voice vote, motion passed 5-1 with Mr. Bayne opposed.

Ms. Wenguer said they were doing well with the audit and the draft financials should be in next week. She said the new employee would start on June 2. She informed the Board that there were 106 Police DROP retirees, 84 of whom were in the Self-directed DROP and 22 were in the traditional DROP.

Ms. Short said she needed the Plan's audit report before the Board's June meeting, or her audit report would be late. She said in the past, the Pension Plan had been audited by the city and the Plan's auditor, and she was considering going back to this. She noted

they did not need the exact numbers; they could use estimates and adjust the following year. Chair Rudominer said they would see what Mr. Klausner recommended to streamline the process. Mr. Bayne said as soon as they had the audit report, they would call a special meeting to accept the report so it could be given to Ms. Short.

PENDING ITEMS:

New Business:

None

Old Business:

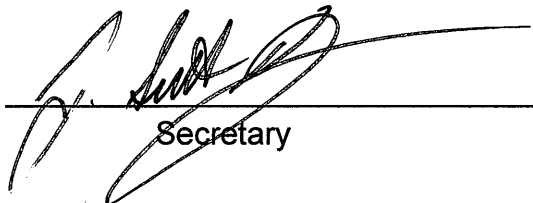
Schedule A

Consultant evaluations

Chair Rudominer asked if the Board wished to close the evaluation of the consultant and move on to the auditor. Board members agreed they were happy with CAPTRUST's services.

Chair Rudominer thought that since they first hired Marcum LLP, there were new players. Ms. Wenguer agreed to contact the person who did their trial balance to make a presentation to the Board.

There being no further business to come before the Board at this time, the meeting was adjourned at 2:45 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.