

August 14, 2019



**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316**

Communication to the City Commission

The Board reviewed the third quarter performance report: ROI was 2.89% for the quarter; 5.97% for one year and 8.28% for three years.

Board Members

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

Also Present

**Lynn Wenguer, Executive Director
Alexandra Goyes, Deputy Director
Jacqueline Smith, Administrative Assistant
Stuart Kaufman, Board Attorney
Kyle Campbell, CAPTRUST
Fred Nesbitt, Board Communication Director
John Herbst, City Auditor**

ROLL CALL/CALL TO ORDER

The meeting was called to order at 12:30 p.m. Roll was called and a quorum was determined to be present.

PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

The Pledge of Allegiance was followed by a moment of silence.

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

None

BENEFITS:	POLICE DEPT:	New Retiree: (Bac-DROP Retirement) DROP Retiree:	David Wheeler Allen Diamond Steven Novak
		New Beneficiary: Refund of Contribution:	Barbara Schappell Sebastian Sovero

FIRE DEPT:	New Retiree:	Raymond J. Ferrara
	(DROP Termination)	
	DROP Retiree:	Jeffrey A Lucas
		Carmen Quintana
	Vested Retirement:	Vidal Lazo
		Arlene Cohen
	Retiree Death:	George Farrell
	Refund of	Guerda Daniels
	Contributions:	Patrick Staye

Mr. Bayne noted that the retroactive pay could affect benefit amounts.

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

NEW HIRES:

Chair Rudominer recognized the new hires.

MINUTES:

Regular Meeting: July 10, 2019

Mr. Hole noted changes.

Motion made by Mr. Hole, seconded by Mr. Bayne to approve the Board's July 10, 2019 meeting minutes as amended. In a voice vote, motion passed unanimously.

BILLS:	Lazard	\$127,048.53
	Eagle Asset	\$48,754.36
	Vaughan Nelson	\$46,843.20
	Agincourt	\$36,398.75
	Sawgrass	\$35,672.16
	Boyd Watterson	\$32,337.00
	Aristotle	\$31,996.52
	Rhumblin	\$15,400.00
	Intech	\$6,072.53
	Milliman	\$5,250.00
	Klausner, Kaufman	\$3,000.00
	Klausner, Kaufman	\$1,280.00

Ms. Wenguer stated the Lazard Bill was to switch from the co-mingled to an individual account.

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

CAPTRUST:

Monthly Investment Review

Kyle Campbell

Mr. Campbell said they were still seeing overall very good returns for the year. US markets were outpacing international markets for the year. Specifically, fixed income was up over 8% for the year and real estate was up 24% for the year.

Mr. Campbell said there were two things they were noting recently; trade issues and the fixed income market. There was a recent deterioration in the possible trade deals, leading to volatility,

but Mr. Campbell felt a deal would calm the market and boost both the US and international economies.

The second, larger concern Mr. Campbell discussed was the two-year/ten-year Treasury Bond yield curve inversion, i.e., the two-year yield had gone above the ten-year yield, which was the warning sign for the fixed income market.

German GDP had also contracted for the second quarter in a row and if Germany fell into recession, this could affect the greater European market and could eventually trickle into emerging and American markets.

Mr. Campbell said they believed the Federal Reserve would cut rates another 25-50 basis points by the end of the year.

Mr. Campbell stated they felt shifting from traditional to alternative fixed income was a good idea, but delaying this for two to three months would allow them to find the right candidate and hopefully boost their fixed income.

Mr. Campbell reviewed the fund's performance: the second quarter's return was just under 2.9%; 11.2% for the first half of the year. They had seen strong performance from their active managers and real estate had been a good area for the fund as well.

Mr. Campbell stated they had identified potential private market managers they felt could help deliver returns when fixed income market returns became more muted. There were three managers he wanted to invite to present their strategies to the Board:

Angelo Gordon Commercial Real Estate Debt Opportunities, PIMCO Private Income and Churchill.

ATTORNEY'S REPORT:

Stuart Kaufman

Mr. Kaufman reported the 175 and 185 premium tax amounts had been released. Police had increase \$238,000 from last year [approximately 9%] and Fire had increased \$140,000 [approximately 3%].

Mr. Kaufman stated one of their attorneys had attended a roundtable regarding the cancer bill. He explained that the 5-year employment requirement only applied to the \$25,000 lump sum benefit and the health insurance benefit; it did not apply to line-of-duty disability and death benefits. He said they were adding this to ordinances for all their fire plans in the State of Florida.

Mr. Kaufman said they believed the Scott disability hearing would be ready for a hearing in September or October. There was only one deposition remaining.

Cyber Insurance

Mr. Kaufman stated there had been recent cyber ransom attacks on several municipal computer systems. Their firm had discussed this and made recommendations: Ms. Wenguer should: 1. Contact Fort Lauderdale regarding their cyber insurance; 2. Have their vendors commit contractually to having cyber insurance; 3. Agree to make all members aware of any breach within 30 days, to advise what steps were being taken to address the breach and to inform them if credit counseling was available. Mr. Herbst confirmed that the City of Fort Lauderdale had a cyber insurance policy and protocols in place. Ms. Wenguer agreed that there would be a presentation at the Board's next meeting.

COMMUNICATION DIRECTOR'S REPORT:

Fred Nesbitt

Mr. Nesbitt had nothing to report.

EXECUTIVE DIRECTOR'S REPORT:

Website Redesign

Ms. Wenguer informed the Board that she and Mr. Nesbitt had met with the designer, who had explained that anyone could edit the site using Word Press. He could also provide the security they needed and ensure the site was ADA compliant. Ms. Wenguer asked the Board to move forward on this. Mr. Nesbitt said for \$30 per month, the designer provided security and a back-up.

Motion made by Mr. Bayne, seconded by Mr. Joseph, to accept DVK's proposal for a new website design and the additional monthly fee for security and back-up. In a voice vote, motion passed unanimously.

Trustee Training Program

Ms. Wenguer said a trustee trainee had been approved under another plan to go to New York for the FPPTA Wall Street trip and wanted the Board to pay for him to attend. She reminded the Board that their education policy stated that a trustee may be approved for two annual Board-approved conferences *in Florida*. The Board agreed they would not pay for the trainee to attend, since it was against the policy.

October and January Meeting Date Changes

Ms. Wenguer reported the Board's meeting was scheduled for October 9, which coincided with the FPPTA, so they needed to change the date. The Board agreed on October 16. They also agreed to move the January 2020 Board meeting to January 15 and the investment seminar to January 14.

Retirement Seminar

Ms. Wenguer asked if Board members had any items they wanted addressed at the seminar. Board members said the questions they were most often asked were:

- When can I get my money?
- Where should I put my money?
- Which option is best for me?
- At what age can I take my DROP?

Chair Rudominer agreed to use some of his time to address planning issues.

Ms. Wenguer said when they sent out the date reminder for the meeting, they would ask members what questions they would like answered. Mr. Nesbitt stated they could add the answers to the website's FAQ section.

Ms. Wenguer had learned that the City would be paying the firefighters' retroactive pay and had received a spreadsheet. She had done the calculations herself for one example and determined that the amount was off by quite a bit. Ms. Wenguer had contacted the person who had sent the spreadsheet and Linda Logan-Short, stating they needed to address this discrepancy as soon as possible but she had received no reply. Mr. Herbst said staff at the City was working furiously to try to get the ERP system running within the next six weeks.

Ms. Wenguer said there were 55 members since October 2017 who were waiting for their DROP or retirement benefit to be recalculated and she needed to wait for the retro pay to be recalculated. Mr. Kaufman said they had an obligation to get the calculation right and they should notify the City that they should not be making the payments until they were sure they were correct. Ms. Wenguer agreed to forward the information she had to Mr. Bayne and he agreed to see what he could do.

Ms. Wenguer explained that their system calculated benefits based on what a member's rate of pay *should* be, even if the pay increase had not begun on time. Therefore, she did not need to adjust retro pay manually. The problem was, firefighters were getting huge adjustment pays, which skewed her calculation system. She asked the software provider to turn off the

pensionable adjustment function on the online calculator and they informed her this would cost \$1,200.

Motion made by Mr. Bayne, seconded by Mr. Joseph, to pay the software company \$1,200 to remove the pensionable adjustment function from the online calculator. In a voice vote, motion passed unanimously.

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 2:00 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.

Wednesday, August 14, 2019, 12:30 P.M.

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