

January 3, 2018

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, January 3, 2018, 12:30 P.M.**

Board Members

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

Also Present

Alexandra Goyes, Deputy Director
Jazmin Elliott, Administrative Aide
Fred Nesbitt, Board Communication Director
Robert Klausner, Board Attorney
Kevin Schmid, CAPTRUST
Paul DeBold, Retirees Association

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.

ELECTION OF OFFICERS

Mr. Bayne nominated Mr. Rudominer for Chair. In a voice vote, Mr. Rudominer was elected unanimously.

Mr. Hole nominated Mr. Bayne for Vice Chair, seconded by Mr. Naugle.

Mr. Rudominer nominated Mr. Fortunato for Vice Chair, seconded by Mr. Bayne. Mr. Bayne withdrew himself from consideration.

In a voice vote, Mr. Fortunato was elected unanimously.

Mr. Hole nominated Mr. Bayne for Secretary. In a voice vote, Mr. Bayne was elected unanimously.

MINUTES:

Fixed Income Committee Meeting: December 4, 2017

Ms. Wenguer withdrew this agenda item.

COMMENTS FROM THE PUBLIC/ ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS

Mr. DeBold welcomed Chair Rudominer and said he hoped to continue their good working relationship. He reported their annual meeting would be on February 18.

BENEFITS: POLICE DEPT.: Gregory Fautas

James Jagers

FIRE DEPT.:	New Retiree: (Term of DROP)	Robert Abate
	Refund of Contributions:	Giovanni Giordani
	DROP Retiree:	Walter Bahrenburg
	New Beneficiary:	Gay Larke

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

BILLS:	Northern Trust	\$35,718.33
	Milliman	\$13,625.00
	Marcum	\$1,925.00
	Holland & Knight	\$75.00

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

ATTORNEY'S REPORT

Mr. Klausner had met with the Retirees' Association attorney regarding his interpretation of the DROP ordinances. He agreed to review the material and report to the Board the following month. Chair Rudominer asked Mr. Klausner to prepare an explanation of what the Board would need to do in order to grant a COLA and Mr. Klausner agreed. He explained that he would rewrite the entire ordinance because amendments had been added but old language that had been supplanted had never been removed. He said they intended to repeal Chapter 20 in its entirety and start over with an entirely new ordinance. Mr. Klausner would create a historical appendix describing the changes over time. He stated he would hold a workshop with the Board and City management to review the proposed changes. Mr. Klausner said he would bill hourly and cap the cost at \$50,000.

CAPTRUST: (under separate cover)**Monthly Investment Review**

Kevin Schmid

Mr. Schmid reported the first quarter of the plan year had just ended and was a good quarter for the equity markets. He informed the Board that he had had additional conversations with EnTrust and informed them that the Board had decided not to invest in the Special Opportunities IV Fund because they wanted to see how the Special Opportunities III Fund developed. The investment period for Special Opportunities III Fund had just ended so distributions should begin toward the end of 2018.

Chair Rudominer asked Mr. Schmid what they should do with the cash they would get back from EnTrust. Mr. Schmid said they would assess this when they received it. He noted that typically, they needed to raise cash every three months or so.

Chair Rudominer asked if they should begin considering options for when the Special Opportunities III Fund distribution began. Mr. Schmid suggested they discuss this in the first quarter of the year. They should also discuss whether they wanted to change the asset allocation to reduce fixed income and put more money in illiquid infrastructure investments. Chair Rudominer stated reinvesting with EnTrust was one option for the future and asked Mr. Schmid to invite EnTrust to the Board's next meeting and he agreed. Mr. Klausner would discuss the infrastructure investment consultant RFP at the next meeting as well. He pointed out that the entire process would probably take a year to be ready to commit capital to a project. Mr. Klausner wanted to prepare a letter with Ms. Wenguer prior to inviting EnTrust to a meeting reminding them of the reporting difficulties that had been observed and what would need to happen for the Board to invest anymore with EnTrust. Mr. Schmid explained that if EnTrust did not raise the amount of money they wished for the Special Opportunities IV Fund, there would be an opportunity

for a second closing. He strongly suggested inviting someone other than Gregg Hymowitz to attend the meeting.

Chair Rudominer reported the Fixed Income Subcommittee had lost one member and would lose another temporarily, so for now, the entire Board would act as the Committee. He had spoken with someone at American Realty and been told that they offer this consulting service and they had offered to make a P3 presentation to the Board. Mr. Klausner reminded the Board that they were only seeking a consultant now, but anyone giving a presentation probably wanted to be project manager. Chair Rudominer asked if they could use American Realty as a consultant since they already had money invested with them. Mr. Klausner said this would depend on how their current agreement was structured and he wanted to review it. He said a consultant would perform the due diligence on any project that was pitched to them.

Mr. Naugle was concerned that anyone who would pay a higher interest rate would be someone who was not very credit-worthy and could not borrow at a desirable rate elsewhere. This made him question how good an investment this might be. Mr. Klausner stated another possibility was a government that could pay cash for a project or that wanted a mortgage at a low percentage rate but the Board would still own the building and be paid rent. Mr. Schmid said for a situation such as this, if they owned a stream of payment, they would need a company such as Burgess Chambers to bring projects from various sources, such as American Realty, that were looking for additional equity financing. The Board agreed to invite American Realty to their March meeting.

Mr. Schmid had prepared a "menu" of fixed income alternatives and agreed to discuss this with the Board in February or March.

Mr. Schmid stated they had approximately \$5.3 million in investment gains with EnTrust but the gains were still being held by the fund. He said they should see the majority of the returns come in during the distribution phase. He doubted they would see 20% but felt they would have solid double-digit returns.

COMMUNICATION DIRECTOR'S REPORT:

Mr. Nesbitt had nothing to report.

EXECUTIVE DIRECTOR'S REPORT:

Office Lease

Ms. Wenguer said she had received the lease proposals for one, two and three-year leases the previous day. They had also discussed sharing space with the GE Board, the FOP and the Health Trust. Mr. Klausner stated that was a CRA project and the FOP Health Trust would own the building. Mr. Naugle pointed out that even if they decided to build immediately, it would be three years before the building could be occupied. Mr. Klausner suggested they take the three-year lease option, with an opt-out provision that gave them to option to cancel the lease for the last year with a single payment equal to what would have been the two-year lease rate. Ms. Wenguer agreed to send Mr. Klausner the lease agreement to review.

Mr. Klausner stated he would not want to share a building with the General Employees union because Police and Fire records were handled differently.

Milliman Software Change Proposal

Ms. Wenguer had sent Milliman the contract and been informed that the change could not be done until the end of February. Chair Rudominer noted that this did not include calculating the effects of the post-retirement step. Ms. Wenguer had informed Milliman that this was something the City might want to put together. Mr. Klausner said the City would administer it, pay it and do the bookkeeping on it. It was not a liability of the plan. Mr. Bayne stated this was a separate benefit from the City and Mr. Klausner added that those benefits did not vest the same way and could be eliminated in future collective bargaining agreements.

Mr. Bayne explained that a change in the contract allowed Firefighters and Police to buy back previous service time. This service must have been for another governmental agency of which one had been an

employee and for which he/she had not been credited a benefit. It was the responsibility of the employee to pay the cost of the actuarial work and study.

Mr. Klausner agreed to create a checklist of what was needed to apply for this benefit, such as proof of the employment and information about that employer's retirement plan indicating the person was not eligible for benefits for that period of time.

Chair Rudominer wanted to see a separate line item in the budget to indicate that this was for contractual updates.

Motion made by Mr. Bayne seconded by Mr. Naugle to approve, without numbers 4 and 5. In a voice vote, motion passed unanimously.

Ms. Wenguer said she was aware that there were issues with the website.

PENDING ITEMS:

New Business:

None.

Old Business:

Schedule A

None.

The Board's next meeting was scheduled for February 14, 2018.

There being no further business to come before the Board at this time, the meeting was adjourned at 3:00 p.m.

FOR YOUR INFORMATION:

KCG Recapture Statement

Recapture Summary/November, 2017

Secretary

Chairman

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.

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