

July 12, 2017

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, July 12, 2017, 12:30 P.M.**

Present

Ken Rudominer, Vice Chair
Scott Bayne, Trustee
Jeff Cameron, Trustee
Richard Fortunato, Secretary
Dennis Hole, Trustee
Lynn Wenguer, Executive Director

Absent

Michael Dew, Chair
Jim Naugle, Trustee

Also Present

Alexandra Goyes, Deputy Director
Jazmin Elliott, Administrative Aide
Fred Nesbitt, Board Communication Director
Linda Logan-Short, Deputy Director/CFO [arrived 1:05 p.m.]
Bonni Jensen, Board Attorney
Kevin Schmid, CAPTRUST
Paul DeBold, Retirees' Association
Derek Joseph, Police Department
Jamie Opperee, Recording Secretary, Prototype Inc.

ROLL CALL/CALL TO ORDER

Vice Chair Rudominer called the meeting 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.

MINUTES:

Regular Meeting: June 14 2017

Ms. Wenguer requested a change to the Communications to the City Commission portion of the minutes.

Motion made by Mr. Bayne, seconded by Mr. Fortunato, to approve the minutes of the June 14, 2017 meeting as amended. In a voice vote, the motion passed unanimously.

NEW HIRES

Vice Chair Rudominer recognized the new hires.

BENEFITS:	FIRE DEPT.:	DROP Retirement:	Kevin Mullen
			Lori J. Veccia
		Retiree Death:	Edgar Remer
	POLICE DEPT.:	New Beneficiary:	Lois Edmondson

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

BILLS:	CAPTRUST	\$21,250.00
	Milliman	\$ 5,000.00

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.

COMMENTS FROM THE PUBLIC

None.

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS

Mr. DeBold reported that meetings with the City Commissioners regarding the additional payment had led to the Retirees' Association's request for an item to be on the Commission's August 22 agenda. He thanked the Board for the help they had offered the retirees on this matter.

EXECUTIVE DIRECTOR'S REPORT:

DROP on Account Designated Beneficiary Policy

Ms. Wenguer said they would do this as a policy now until an ordinance was adopted.

Ms. Jensen explained that this would allow a designated beneficiary to leave the money in the account until the member would have been 70½, at which time they must begin to take distributions.

Vice Chair Rudominer wished to add a disclosure on the form the beneficiary signed indicating that any additional tax consequences would be his/hers.

Ms. Jensen said in this case, the designated beneficiary would "stand in the shoes of the member." She confirmed that a surviving spouse could already step into the shoes of the member per the IRS code, but a non-spouse beneficiary's situation was less clear. Non-spouse beneficiaries could only roll over the money into an inherited IRA; they could not create their own IRA that they would continue to hold until the member would have been 70½. Inherited IRAs could only stay in place for five years before withdrawals must begin.

Motion made by Mr. Bayne, seconded by Mr. Hole, to adopt the policy regarding the maintenance of the DROP account of named beneficiaries of deceased members, retroactive to January 1, 2017. In a voice vote, motion passed unanimously.

Trustee Training Program

Ms. Wenguer read the change she had made to the language pursuant to the Board's input at the prior meeting.

Vice Chair Rudominer said succession planning was a good idea but he felt this was a complicated way to go about it. In the future, they may want to consider a special election.

Motion made by Mr. Bayne, seconded by Mr. Hole to approve. In a voice vote, motion passed unanimously.

Klausner Memorandum

ATTORNEY'S REPORT

Ms. Jensen reported nothing had occurred during the legislative session that would affect governmental sector pension plans.

Ms. Jensen stated the legislature had passed public records pre-suit written public notice, to prevent lawsuits if requests for a call log were not granted immediately upon demand from a member of the public. Five-days' written notice was now required.

Ms. Jensen informed the Board that former firefighters had been granted the public records exemptions that police officers had for a long time.

Ms. Jensen stated the Omnibus FRS bill had been passed. This changed the FRS default position for general employees to the defined contribution program instead of the defined benefit program.

Ms. Jensen announced that in November, Florida voters decided that completely disabled first responders were entitled to an additional property tax exemption. One retiree had already inquired about the exemption. Ms. Jensen explained that the application for the exemption must be filed by August 1 and they must devise an appropriate form. She said it appeared by the language that if a person was disabled per Social Security, he/she was entitled to the exemption.

Ms. Wenguer read the requirements and Ms. Jensen explained how they would word the application to comply with them.

Ms. Wenguer felt they should put information on the website and send mail to members. Mr. DeBold said they had records on retirees, but no information related to a retiree being disabled.

Ms. Jensen agreed to make a packet of information for the one person who had already contacted her.

Ms. Jensen reported the body camera bill had passed. This allowed Police Officers to preview video from a body camera before testifying.

Ms. Jensen informed the Board that there would be ballot question in the fall regarding an additional \$25,000 homestead exemption.

Survey Questions

Ms. Wenguer had distributed the questions and pointed out two minor errors.

Ms. Logan-Short arrived at 1:05 p.m.

Vice Chair Rudominer suggested emailing the survey to active members and mailing the form to retired members. Mr. Fortunato suggested adding a question to the paper form regarding the recipient's willingness to complete the survey via email next year.

The Board agreed the survey should go out at staff's earliest convenience.

PENDING ITEMS:

New Business:

None.

Old Business:

Pension funding Policy

Ms. Jensen explained that the policy described:

- The theories behind setting the assumptions and the cost method
- How they set the discount rate
- Creating a funding target
- How unfunded accrued liability was paid down
- Establishing a contribution schedule
- The asset valuation method
- Recognizing unanticipated plan experience
- Benchmarks

Mr. Hole agreed to review the document and asked that Mr. Heinrichs review it as well and provide his opinion to the Board.

Mr. Bayne asked about the in-service distribution repayment of legal fees the Board had requested. Ms. Logan-short reported it had been denied.

Ms. Jensen reported Mr. Klausner had heard from Lazard and was still working on it.

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

Kevin Schmid

Mr. Schmid stated at the halfway point through the plan year at the end of March they had a 5.5% rate of return and he assumed they would be at approximately 7.5% at the end of the third quarter.

Mr. Schmid reported they had taken cash from Eagle and Vaughn Nelson and opened a small cap index account with Rhumblin which should be set up by the end of the week.

Mr. Schmid said the legal conversation between Mr. Klausner and Lazard regarding the trust agreement was ongoing. If it was approved, they would move funds from the Lazard Mutual Fund to the Lazard Collective Trust, which had slightly more flexibility and a slightly lower fee.

Mr. Schmid recalled that the Board had expressed concern about Sawgrass returns and he had prepared a comparison of returns among the large cap growth firms. He said Sawgrass had been a median to slightly above median manager in their peer group while taking significantly lower risk and their risk-adjusted returns were the best of the group over a seven-year period. He described the returns and risk rating for the managers he had compared. He added that Sawgrass had a 50 basis point fee from which they had refused to budge and he was doubtful they would be able to get a lower fee from another manager.

Mr. Schmid said he did not have a sense of extreme dissatisfaction with Sawgrass. He was not eager to change performance or increase risk. If the Board did interview other managers, he would strongly advocate inviting Sawgrass.

Vice Chair Rudominer stated if they did not want to take on additional risk, they should not act right now.

Mr. Schmid confirmed that Mr. Klausner had provided revised language to include in the CAPTRUST contract. It had been added and the contract had been signed.

COMMUNICATION DIRECTOR'S REPORT:

Mr. Nesbitt had nothing to report.

There being no further business to come before the Board at this time, the meeting was adjourned at 1:30 p.m.

FOR YOUR INFORMATION:

KCG Recapture Statement

Recapture Summary/May 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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