

June 12, 2019

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, June 12, 2019, 12:30 P.M.**

Board Members

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

Also Present

Alexandra Goyes, Deputy Director
Robert Klausner, Board Attorney
Paul DeBold, retirees' association president
Jack Chew, retirees' association
Steve Schott, CAPTRUST
Kyle Campbell, CAPTRUST
Jamie Opperlee, Prototype Inc.

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.

MINUTES:**Regular Meeting: May 8, 2019**

Motion made by Mr. Naugle, seconded by Mr. Hole to approve the Board's May 8, 2019 meeting minutes. In a voice vote, motion passed unanimously.

NEW HIRES:

Chair Rudominer recognized the new hires.

BENEFITS:	POLICE DEPT:	New Retiree: (Term of DROP)	Mark A. Shotwell
		Lump Sum Refund:	Anelle Telfort
		Retiree Death:	James P. Dodgen
	FIRE DEPT:	DROP Retiree:	Bryan K. Porter Jorge Mederos
		Vested Retirement:	Robert Soto
	Non-Service Incurred	Disability Application (under separate cover)	Sauvens Castelly

The disability application for Sauvens Castelly was postponed because Mr. Bayne was absent.

Ms. Wenguer reported Mr. Soto had made his contributions and was paid in full.

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

BILLS:	Northern Trust	\$37,592.83
	Aristotle	\$30,045.48
	CAPTRUST	\$21,250.00

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

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

None.

COMMUNICATION DIRECTOR'S REPORT:

Fred Nesbitt

Ms. Wenguer stated the annual report had been sent to the printer.

CAPTRUST:

Steve Schott, Kyle Campbell

Monthly Investment Review

Mr. Campbell reported they had committed to Capitol Dynamics Credit Fund and had been 33% of the aggregate commitments. An Asian investor was coming in with a significant contribution and had renegotiated the fees, so existing investors had been permitted to increase their contributions at zero fees and zero carry resulting in a blended fee that was comparable to the Asian investor's fee structure.

Mr. Schott pointed out that they did not want to change their asset allocation just because Capital Dynamics had lowered the fees. He agreed to provide the details but acknowledged he would probably not recommend an additional investment.

Mr. Campbell informed the Board that Bloomfield had made their first call, so they were working to fund it.

Mr. Schott revisited the ongoing discussion about a potential "run" on the fund. Chair Rudominer said his concern was not about an immediate issue, but the potential for a future problem. Ms. Wenguer said everyone had heard what happened in Dallas, but she pointed out that this fund had strict requirements regarding withdrawals and their timing.

Mr. Klausner explained that the issue with their plan was that it was maturing and they had an almost equal number of active and retired members. He described how the Dallas plan was structured.

Ms. Wenguer asked about the index. She had been concerned about the custodian being the same entity as the fund manager. Mr. Klausner explained that money in the custodial fund was insured but the index fund was not. He acknowledged he did not know enough about the separation between the custodial side and the investment side. Chair Rudominer stated they would continue investigating it and asked Mr. Klausner to also look into the Securities Lending program to see if it made sense for them. Mr. Klausner felt securities lending was not worth the money and Mr. Schott said they had always recommended against it.

Chair Rudominer asked Mr. Schott's opinion on the science of behavioral financing and how/if this affected a board. There was a conference on behavioral science and Chair Rudominer wondered if

board members should attend it. Mr. Schott had attended one such short course 15 years ago and said the “herding” and “recency bias” happened less often with an entire board than in an individual.

ATTORNEY’S REPORT:**Robert Klausner**

Mr. Klausner had nothing to report.

EXECUTIVE DIRECTOR’S REPORT:**Website Redesign**

Ms. Wenguer had asked the City if the retirement fund’s website was ADA compliant. As a result of her inquiry, the City was now auditing the Police and Firefighters’ website and would force them off the City’s system within the year, saying it was a security issue.

Ms. Wenguer had a web designer submit a proposal for their website and had discussed ADA accessibility guidelines with him. He informed her that his redesign would comply.

Chair Rudominer and Ms. Wenguer wanted to move forward with the redesign even though the City was auditing their current website. Mr. Klausner advised Ms. Wenguer to contact Bonnie in his office to discuss the ADA requirements. He advised that they could also make the website accessible to members only.

Pursuant to Mr. Naugle’s suggestions, Ms. Wenguer agreed to ask the web designer for references and to perform a background check.

Fire Department Retroactive Pay

Ms. Wenguer reminded everyone that the Fire Department had retroactive pay increases dating back to October 2017. The audit last year had revealed that they had not received the proper pension contributions from the City. She had asked the City to let her look at the calculation before they gave out any contributions. The City had paid three people in the last pay period without Ms. Wenguer reviewing the calculation and Ms. Wenguer had determined that the calculation was “off, by a lot.” The City had admitted the calculations were wrong and would be redone.

Ms. Wenguer stated the City had refused three times to allow her to check their methodology before performing the recalculations. Mr. Klausner said members should be aware that payments should be subject to adjustments.

Ms. Wenguer had informed City Auditor John Herbst about the audit issue and suggested the City’s payroll department should be audited. She said Mr. Herbst was not concerned. Mr. Naugle said the specific reason he created the City Auditor position was for the auditor to act as a second set of eyes for the City Commission.

Ms. Wenguer wanted to inform Mr. Herbst that the City’s payroll department had consistently done poor retroactive pay adjustments. This had been noted in their audit and caused her office extra work. Mr. Naugle stated the City Manager, the Finance Director and City Auditor all needed to know.

Mr. Klausner suggested Ms. Wenguer let Mr. Herbst know that this problem carried a risk of hundreds of incorrect calculations and invite him to be part of the process to go through one set of calculations with someone in payroll to ensure the numbers were correct. Ms. Wenguer agreed to contact Mr. Herbst.

PENDING ITEMS:**New Business:****Old Business:**

Schedule A

Mr. Fortunato asked if they were performing a cyber-security audit. Mr. Klausner had given Ms. Wenguer a contact and she agreed to call. Mr. Klausner also advised her to call Tiffany Ernst, Tampa Police and Firefighter Pension Plan Administrator, because they were in the process of separating their system from the City of Tampa's system.

There being no further business to come before the Board at this time, the meeting was adjourned at 1:36 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.

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