

June 7, 2016

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Tuesday, June 7, 2016, 10:00 a.m.**

COMMUNICATION TO CITY COMMISSION:

The State has received and approved the 2015 annual report in compliance with F.S. 112.664.

Present

Michael Dew, Chair
Ken Rudominer, Vice Chair
Dennis Hole, Trustee
Jim Naugle, Trustee
Scott Bayne, Trustee [arrived 10:12]
Lynn Wenguer, Executive Director

Absent

Jeff Cameron, Trustee
Richard Fortunato, Trustee

Also Present

Laura Garcia, Controller
Alexandra Goyes, Deputy Director
Robert Klausner, Board Attorney
Kevin Schmid, CapTrust [by phone]
Jim Ingersoll, President, Retirees' Association
Paul Debold, Vice-President, Retiree's Association
Fred Nesbitt, Communication Director
Lisa Edmondson, Recording Secretary, Prototype Inc.

ROLL CALL/CALL TO ORDER

Chair Dew called the meeting to order at 10:08 a.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 11, 2016

Motion made by Mr. Hole, seconded by Mr. Rudominer, to approve the minutes of the May 11, 2016 meeting. In a voice vote, the motion passed unanimously.

COMMENTS FROM THE PUBLIC

None.

NEW HIRES

Chair Dew recognized the new hires.

BENEFITS:	Police Dept.:	Drop Retiree:	Jack Dicristofalo
		Drop Retiree:	John D. O'Donahoe
		Drop Retiree:	Mark R. Renner
		Drop Retiree:	Scott K. Hickey

BENEFITS:	Fire Dept.:	New Beneficiary:	Dulce Carbo
		Survivor Death	Bessy Manchester

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

BILLS:	Klausner & Kaufman	\$525.00
	Holland & Knight	\$150.00

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

INPUT FROM ACTIVE & RETIRED POLICE OFFICERS & FIREFIGHTERS

Mr. Ingersoll said the plan was doing well. He noted that foreign investment were down over \$10 million from when they started and he felt the Board needed to do more research on the money managers.

COMMUNICATION DIRECTOR'S REPORT:

Mr. Nesbitt had nothing to report.

EXECUTIVE DIRECTOR'S REPORT:

Legal Contract

Ms. Wenguer reported Mr. Klausner had submitted a contract. She had distributed a list of costs since Mr. Klausner had been their attorney. She noted that these were not true costs because they had used Mr. Cypen as well during that period.

Regarding forfeiture hearings, Mr. Klausner stated such hearings must be run per the State Administrative Procedures Act and they must hire an advocate to prosecute the case while the Board attorney advised the Board. This was why he had included it in the contract.

Mr. Klausner stated the Board's attorney cost approximately \$3,000 per month. He had worked out an agreement with Mr. Cypen, including an accommodation to him. If the Board wished Mr. Cypen to attend a meeting, he would, but Mr. Klausner had the primary role as Board Attorney.

Motion made by Mr. Rudominer, seconded by Mr. Hole, to accept the contract as documented. In a voice vote, motion passed unanimously.

In-Service Distributions

Ms. Garcia informed the Board that the City was almost finished with the GERS list and she hoped it would be complete by the end of the week. They would conduct a workshop to inform employees how this affected them and then issue the 1099Rs.

Investment Updates

Kevin Schmid, CapTrust

Performance-based Fees

Mr. Schmid had been in contact with all of the managers and conversations were ongoing.

Entrust

Mr. Schmid had discussed another partial redemption with Ms. Wenguer and they had determined that they would be comfortable with a \$5 million to \$7.5 million redemption, which should cover them through the end of the year for capital calls. Mr. Rudominer felt with the possible British exit from the European Union and the American election coming up it was the wrong time to be "taking off our hedge." He pointed out they were 5% overweight in large caps per their policy and suggested taking the funds from there. Mr. Schmid said this was not so much taking off the hedge as the fact that there were alternative vehicles in the process of calling capital. He felt it made sense to use EnTrust as a source of liquidity and recalled the Board had been disappointed in their performance.

Chair Dew had seen a recent EnTrust performance report and there had been slightly positive returns. He noted that they paid 6% in fees, so they still experienced a loss. Ms. Wenguer explained that once they put in the capital call by 6/30, the funds would remain invested until 9/30. Mr. Schmid acknowledged they were not aware of a definite call for private equity, but he would be surprised if one did not happen within five months.

Ms. Wenguer explained they intended the withdrawal to cover payroll; only \$1million would be intended for a capital call.

Chair Dew agreed with Mr. Rudominer that selling now might appear to be bad timing, but noted that they had to consider the fees; they had other funds charging them less but making money. He stated they wanted to "make sure we're taking from each piece of the pie when it's available."

Motion made by Mr. Hole, seconded by Mr. Bayne, to allow Mr. Schmid and Ms. Wenguer to negotiate a withdrawal of between \$5 million and \$7.5 million from EnTrust.

Mr. Schmid suggested starting with \$5 million; the Board could alter the amount if needed. Ms. Wenguer agreed.

Mr. Hole amended his **motion** to indicate that \$5 million would be withdrawn from Entrust Diversified and Mr. Bayne seconded. In a voice vote, motion passed 4-1 with Mr. Rudominer opposed.

Mr. Rudominer and Ms. Wenguer had attended an NCPERS workshop at which matrices for plans that were not based on rate of return were discussed and this made Mr. Rudominer wonder if they were concentrating on the wrong matrix. He stated someone had completed an evaluation recently of their plan and listed the duration as 10 years and he wondered why. Mr. Schmid did not know how the ten years had been arrived at. Mr. Rudominer agreed to send a copy of the evaluation and matrices presentation to Mr. Schmid.

Chair Dew asked about exceeding their policy maximum by 5% for large caps and Mr. Schmid said this was balanced by being 5% underweight in fixed income. Mr. Schmid felt the Board could consider putting more funds in active management if they had performance-based fees in place.

New Office Assistant

Ms. Wenguer reported she had made a conditional offer to an applicant and they were awaiting the background check.

Ms. Wenguer would not be available and wanted Ms. Goyes to attend the FPPTA forum for pension administrators in July so no one would be in the office. Ms. Wenguer would have calls to the office forwarded to her phone. The Board agreed.

PENDING ITEMS:

New Business:

Ms. Wenguer informed the Board that their report had been accepted by the State and was in compliance with the Senate bill.

Ms. Wenguer informed the Board that the City was performing an actuarial audit of their plan to review Mr. Heinrich's work.

Mr. Rudominer wanted to investigate taping the retirement seminar and posting online. He said the Fire Department had video resources.

Ms. Wenguer remarked that everyone was moving toward digital documents and she intended to create a beta version to see how it worked out before switching over. Mr. Klausner advised Ms. Wenguer to call their counterpart in Tampa, which had switched over a couple of years ago.

Mr. Ingersoll said hedge funds were not doing well and many funds were divesting from them. He felt that as more States and pension funds divested, there would be a lower return over time and an increase in calls.

Old Business:

Schedule A

No discussion.

FOR YOUR INFORMATION:

Municipal Police Officers' & Firefighters' Trust Fund Annual Report Approval

Foster & Foster

Senate Bill 534 Compliance

KCG Recapture Statement

Recapture Summary/April, 2016

There being no further business to come before the Board at this time, the meeting was adjourned at 11:07 a.m.

Secretary

Chairman

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

[Minutes prepared by J. Opperlee, Prototype, Inc.]

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