

**May 8, 2019**

**POLICE AND FIREFIGHTERS' PENSION BOARD  
REGULAR BOARD MEETING  
888 South Andrews Avenue, Suite 202  
Fort Lauderdale, FL 33316  
Wednesday, May 8, 2019, 12:30 P.M.**

Communications to the City Commission:

1. Trustees received the second fiscal year quarter report showing the plan's investments had an 8.02% return for the quarter, 4.8% for the year and 7.79% for three years.

**Board Members**

Ken Rudominer, Chair	P
Richard Fortunato, Vice Chair	P
Scott Bayne, Secretary	P
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  
Fred Nesbitt, Board Communication Director  
John Herbst, City Auditor  
Jill Prizlee, Fort Lauderdale GERS board member  
Robert Klausner, Board Attorney  
Paul DeBold, retirees' association president  
Jack Chew, retirees' association  
J. Wells, Pension Board Trustee trainee  
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: April 17, 2019**

Chair Rudominer discussed the technical nature of the Foster and Foster presentation and suggested that in the future, the minutes indicate the full report is available for inspection instead of trying to summarize the report.

**Motion** made by Mr. Naugle, seconded by Mr. Joseph to approve the Board's April 17, 2019 meeting minutes. In a voice vote, motion passed unanimously.

**NEW HIRES:**

Chair Rudominer recognized the new hires.

<b>BENEFITS:</b>	<b>POLICE DEPT:</b>	<b>DROP Retiree: Survivor Death:</b>	Ronald Magno Gretchen Karmazin
	<b>FIRE DEPT:</b>	<b>Vested Retiree: Retiree Death:</b>	Robert Soto John S. Evans
	<b>Non-Service Incurred</b>	<b>Disability Application (under separate cover)</b>	Sauvens Castelly

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

<b>BILLS:</b>	<b>Lazard</b>	\$121,883.96
	<b>Eagle</b>	\$47,972.34
	<b>Agincourt</b>	\$37,395.94
	<b>Boyd Watterson</b>	\$33,366.00
	<b>Foster &amp; Foster</b>	\$24,703.00
	<b>Intech</b>	\$5,803.79

**Motion** made by Mr. Bayne, seconded by Mr. Joseph, 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**

Mr. DeBold stated he had enjoyed reading Mr. Heinrichs's report.

**CAPTRUST:****Steve Schott, Kyle Campbell****Quarterly Investment Review**

Mr. Schott and Mr. Campbell provided the market review and economic outlook. They reported the last quarter had provided a rebound, more than making up for the 2018 losses. Their complete report is available for inspection.

Chair Rudominer asked if there was any need to rebalance their asset allocation, based on the comments in the executive summary. Mr. Schott stated there was not. The Board agreed the executive summary was desirable.

Mr. Campbell reported the rate of return for the quarter had been 8.02% against a benchmark of 8.79%.

Chair Rudominer wondered if they should benchmark Boyd Watterson's GSA against real estate funds or a bond fund, since this was listed in their alternative investments. Mr. Schott explained that aside from the yield, it did not have the characteristics of fixed income.

Mr. DeBold recalled that Mr. Heinrichs had advised the Board to ask their investment advisors about a possible "run" on the retirement fund at the last meeting. Mr. Schott stated they had spoken to Mr. Heinrichs after the last meeting. Ms. Wenguer said once a member provided notice of retirement, there was a 45-day wait to start receiving funds. She said approximately 50% of retirees left their money in the fund. Mr. Naugle was not comfortable referring to the funds as "comingled" and Mr. Klausner explained that the DROP agreement indicated the member was consenting to the fund investing DROP money for him/her. It was essentially a custody arrangement. Chair Rudominer added that the percentage of the fund set aside for the DROP had a guaranteed return.

Mr. Campbell said in their continued effort to reduce costs, they had been talking with Northern Trust, which does indexing with index funds. Rhumblin index costs were three basis points across the board, which was very competitive, but there was a 1.6 basis point custody fee added to that so the index cost was really approximately 4.6 basis points (approximately \$80,000). If they were to do the index funds through Northern Trust, there would be no custodial fee and the index costs would be 1 basis point for the S&P 500 and 2 basis points for the 400 mid cap and 600 small cap, or approximately \$30,000 for all index costs. Mr. Campbell said there were some considerations: this fund would seed Northern Trust Collective Investment Trust S&P Small cap 600, and if there were any administrative or plan expenses, this would be the sole fund paying for those until there were other investors.

Ms. Wenguer asked if Mr. Klausner would be comfortable having Northern Trust as the custodian and index manager and Mr. Klausner said he would need to determine if having them do both relieved them of responsibility or gave them more responsibility. Usually, the custodian should be at arm's length from the manager. He noted that if it was a pure index, there was no discretion other than buying the index. Mr. Naugle suggested they take the next step toward changing to Northern Trust and the Board agreed.

Mr. Schott informed the Board that Mr. Schmid may be leaving the firm. He advised Mr. Klausner to communicate with Mr. Campbell and himself with for the time being.

Mr. Schott announced that CAPTRUST had been ranked third out of the top 50 institutional consultants in the country by Barron's and the Wall Street Journal.

**Motion** made by Mr. Fortunato, seconded by Mr. Naugle, to adopt the 8.02% rate of return for the second fiscal year quarter. In a voice vote, motion passed unanimously.

### **CAPTRUST Contract**

Mr. Klausner had made a couple of minor changes to the agreement. He asked Mr. Schott to send the agreement to him as a Word document he could edit himself.

### **ATTORNEY'S REPORT:**

**Robert Klausner**

Mr. Klausner reported the cancer bill had been signed by Governor DeSantis. He believed the law was meant to be prospective to July 1. Unlike the heart bill, which was a rebuttable presumption, the cancer presumption was not rebuttable. He said they were considering the tax implications of the coverage.

Mr. Klausner explained that this was a workers compensation bill, meant to replace the workers compensation process for people who became permanently disabled due to cancer.

Mr. Klausner said there was a public records bill that meant better protection for already confidential information. There was also an additional death benefit for law enforcement officers.

### **COMMUNICATION DIRECTOR'S REPORT:**

**Fred Nesbitt**

Mr. Nesbitt had nothing to report.

### **EXECUTIVE DIRECTOR'S REPORT:**

Ms. Wenguer said Mr. Klausner had informed her they needed a written order for Robert Soto's vested retirement. Mr. Klausner explained that the order would include a time limit for changing his mind. Ms. Wenguer had discovered that Mr. Soto had an arrears amount that must be paid to get credit for the vested time. She would inform Mr. Soto about this.

Mr. Bayne said they needed to revisit their previous approval of Mr. Soto's benefit because the arrearage must be reconciled first. Mr. Klausner advised the Board to reconsider their previous approval and to approve Mr. Soto's benefit upon receipt of the arrearage.

**Motion** made by Mr. Naugle, seconded by Mr. Hole, to reconsider the Board's previous vote on only Mr. Soto's retirement benefit. In a voice vote, motion passed unanimously.

**Motion** made by Mr. Bayne, seconded by Mr. Naugle, to table the issue of Mr. Soto's retirement benefit until the Board's next meeting. In a voice vote, motion passed unanimously.

Ms. Wenguer reported the Bloomfield Capital contract had been executed but they had not funded yet. They had funded the Boyd Watterson Government Fund the previous week. They had received a \$1.9 million distribution from EnTrust.

### **Retirement Seminar**

Ms. Wenguer reported the seminar was now scheduled for September 27.

### **PENDING ITEMS:**

#### **New Business:**

#### **Old Business:**

Schedule A

There being no further business to come before the Board at this time, the meeting was adjourned at 1:43 p.m.

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Secretary

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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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