

DRAFT
POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, December 11, 2019, 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	P
Dennis Hole, Trustee	P
Derek Joseph, Trustee	P

Also Present

Lynn Wenguer, Executive Director
Alexandra Goyes, Deputy Director
Jacqueline Smith, Administrative Assistant
Robert Klausner, Board Attorney
Kyle Campbell, CAPTRUST
Jeff Marano, EnTrust
Sophia Park Millen, EnTrust
Mark Guariglia, EnTrust
Fred Nesbitt, Board Communication Director
Jamie Opperee, Prototype Inc. Recording Secretary

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: November 13, 2019

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

NEW HIRES:

Chair Rudominer recognized the new hires.

BENEFITS: POLICE DEPT:	New Retiree: (Service Retirement)	John H Czech Jr.
	New Retiree: (Term of DROP)	Donald G. Solinger Kimberly DiCristofalo
	DROP Retiree:	William G. Stewart III Carmelo Colon Jr. Mark Breen Carl D Hannold Michael Balke
	New Beneficiary:	Amy Hoover
	Survivor Death:	Dale Clark Jean Knapp
FIRE DEPT:	New Retiree: (Term of DROP)	Claus Poehl
	New Beneficiary:	Doris D. Bloomberg
	Retiree Death:	Jimmy Lookadoo
	Survivor Death:	Lois Gene Leary

Chair Rudominer pointed out that they needed to keep liquidity in mind, because they did not know how many DROP retirees there would be every year. Ms. Wenguer had a list of people terminating the DROP, and she noted that a member could leave before his/her term was up.

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

BILLS:	Northern Trust	\$38,723.89
	Aristotle	\$32,896.03
	CAPTRUST	\$21,250.00
	Aon Risk Services	\$15,909.00
	Klausner, Kaufman	\$3,533.83
	Marcum	\$1,001.00

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

**COMMENTS FROM PUBLIC/ INPUT FROM ACTIVE & RETIRED
POLICE OFFICERS & FIREFIGHTERS:**

No members were present.

**ATTORNEY'S REPORT:
CAPTRUST Contract**

Robert Klausner

Mr. Klausner said he was talking with CAPTRUST's counsel regarding changes he had submitted to the contract. He said the contract was set to expire on December 31, so he advised the Board to extend it through the end of January, by which time he anticipated they would have a new contract.

Motion made by Mr. Naugle, seconded by Mr. Hole, to extend CAPTRUST's contract through the end of January. In a voice vote, motion passed unanimously.

Mr. Klausner reported the Division of Retirement was taking very aggressive positions with some funds regarding individual aspects of actuarial evaluations. He said the Division was operating without rules; state administrative agencies could not interpret statutes on an individual basis, they must issue administrative rules that were subject to a process and they had not done so.

COMMUNICATION DIRECTOR'S REPORT:

Fred Nesbitt

Mr. Nesbitt referred to the nationwide strikes in France and noted that pensions were a worldwide issue. Governments wanted to raise the retirement age and people did not.

Mr. Nesbitt reported that the General Employees had met the requirements for a COLA and asked the City Commission for an adjustment. The City's actuaries had provided ideas and the Commission had met to discuss it three times. The Commission wanted to do something, but did not want the funds to come out of the General Fund, which the City Manager was adamant about. Taking funds out of the pension fund would require amortizing the costs. Mr. Nesbitt reported the Commission would discuss this again.

EXECUTIVE DIRECTOR'S REPORT:

Investment Workshop

Ms. Wenguer reported they would meet on January 14 from 10 a.m. until 5 p.m. at the Riverside Hotel.

Ms. Wenguer was considering the W Hotel for next year.

PENDING ITEMS:

New Business:

None

Old Business:

Schedule A

Mr. Klausner stated he hoped to have the ordinance rewrite in January.

CAPTRUST:

Kyle Campbell

Monthly Investment Review:

Mr. Campbell said stocks had continued to move forward in the fourth quarter. Small caps were up 7.5% and internationals were up over 5.5%. He stated the flat fixed income environment was when they should start seeing gains from the private credit investments.

For the year, Mr. Campbell reported the S&P 500 was up over 27%, small caps were up over 22%, international equities were up 11.5% and fixed income was up 8.5%.

Entrust Permal Special Opportunities Fund:
(under separate cover)

Mark Guariglia

Mr. Campbell explained that MOIC, Multiple On Investment Capital was cash-on-cash returns and IRR was the rate of return over the time period invested.

The Board recessed from 1:09 to 1:12 waiting for EnTrust representatives.

Ms. Mullen provided an overview of the strategy of the Special Opportunities Fund III. She said their target IRR for investments was 13-14%.

Ms. Mullen drew the Board's attention to page 3, the Performance Summary and said the important metric was realized/exited investments. She reviewed individual investments. Ms. Parks explained that the worst performer had been Ultra, an oil and gas exploration and production company. They had invested as it was going through restructuring but natural gas prices had seriously declined and they had failed to account for how much that would affect the success or failure of that investment.

Ms. Mullen referred to page 10, Distributions, and said the pension fund had begun investing in the Special Opportunities Funds in March 2018. From April through July, they had received 33.23% back and as of November 1, they received another 11.73%. By the end of 2019, they would receive a total of 48% or \$16.8 million of their \$35 million investment back. They would continue to get distributions on a quarterly basis.

On page 5, Current Capital Allocation, Ms. Mullen referred to Estre, a Brazilian waste management company. They had underestimated the political component of the investment and the company had lost a couple of large contracts and suffered a 25% loss of revenue. The company was now restructuring.

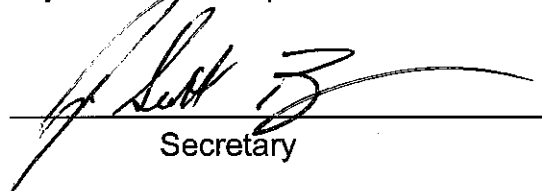
Chair Rudominer said the plan's internal numbers showed EnTrust down in the double digits for the year. He asked what return they could look forward to next year and if EnTrust would just extend the fund until it met the IRR.

Ms. Mullen said they would sell as investments reached the point they felt they should exit, and she believed the IRR would normalize to 13-14%.

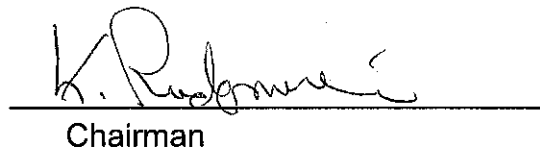
Chair Rudominer said they used the HFRI fund of funds benchmark and asked Ms. Mullen if she felt this was fair. Ms. Mullen stated they did not have a standing benchmark internally; the investments were extremely varied, so it was difficult to identify a comparable benchmark. Since most of their investments were from hedge funds, she felt the HFRI was fine.

Mr. Guariglia asked the Board to keep in mind that these were companies that would be restructured or have an activist manager.

There being no further business to come before the Board at this time, the meeting was adjourned at 2:05 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.