



**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, October 14, 2020, 12:30 P.M.**

Notice is hereby given that due to the state of emergency created by COVID-19, the Pension Board will not be meeting in person; rather, the meeting will be held electronically. Pursuant to Governor DeSantis' Executive Order Number 20-69 issued on March 20, 2020, "Local government bodies may utilize communications media technology, such as telephonic and video conferencing, as provided in Section 120.54(5)(b)2. of Florida Statutes."

Communication to the City Commission:

1. The Board reviewed and approved the Police and Firefighters' Retirement System operating budget for 2020-2021.
2. 175/185 reimbursement from the state in the amount of \$6.6 million was received.

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
Robert Klausner, Board Attorney
Fred Nesbitt, Communications Director
Brad Heinrichs, Foster and Foster
Susan Grant, Finance Director
Kyle Campbell, CAPTRUST
Andrew Marino, CAPTRUST
Jamie Opperlee, 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.

MINUTES:

Regular Meeting: September 9, 2020

Motion made by Mr. Bayne, seconded by Mr. Fortunato to approve the Board's September 9, 2020 meeting minutes. In a voice vote, motion passed unanimously.

NEW HIRES

Chair Rudominer recognized the new hires.

BENEFITS:	FIRE DEPT:	DROP Retiree:	Aaron Caja Hamid Rastagh
		New Beneficiary:	Martha Blabon
	POLICE DEPT:	New Retiree: (Term of DROP):	Scott Hussey Scott Hannemann Quintin S. Waters Robert J Smiley
		DROP Retiree:	Robert F. Norvis Joseph W Hoover John Jensen Dana Swisher Andreas Mueller Jody Weymouth
		New Beneficiary:	Valerie Shemeth
		Member Termination:	Dwayne W Blackwood

Ms. Wenguer reported Aaron Caja had 21.1645 of firefighter service and 1.42 in buyback from another organization.

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

BILLS:	CAPTRUST	\$30,079.69
	Rhumblin	\$16,240.00
	Klausner, Kaufman	\$ 6,900.00
	Milliman	\$ 5,375.00
	Klausner, Kaufman	\$ 3,500.00

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.

2020 Experience Study Recap (under separate cover)

Mr. Klausner recommended deferring the item so Mr. Heinrichs could be present to answer questions. He said the suggestions were directed toward anticipated concerns from the Division of Retirement, which had been closely considering rates of return and salary growth assumptions.

Mr. Klausner stated the mortality rate was dictated by statute, and if FRS changed the rate, the plan must follow. If they did not, they could lose chapter money and/or all state aid.

Chair Rudominer wanted to discuss pausing the incremental decrease in the assumed rate of return for a year to help "absorb these other assumptions." He said this would provide some relief to the plan sponsor.

Ms. Grant said the City had programmed the incremental decrease in the assumed rate of return into their five-year forecast.

Mr. Naugle wondered about the impact Covid-19 would have on mortality rates and Mr. Klausner explained that Covid-19 was the leading cause of death for public safety officers this year in the United States. The federal government had included Covid-19 in the death benefit for public safety officers and workers compensation would treat all Covid-19 first responder deaths as job-related.

The Board agreed to postpone further discussion until November.

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

None

CAPTRUST:

Monthly Investment Review

Kyle Campbell and Andrew Marino, CAPTRUST

Mr. Campbell provided an update. He anticipated the rate of return would match their target number for the year but would report the final number when it was available. He recalled they had increased the weight from International to US Equity, increased the growth allocation and allowed more market value in large cap than small. He did not recommend any changes now.

Mr. Marino reported the fund had hit \$1 billion. He stated the Federal Reserve intended to keep interest rates low, which would help mitigate turmoil in the financial market.

Chair Rudominer said they would be overweight in cash after receiving the City's \$13 million contribution and Mr. Campbell stated they would provide a recommendation after the money came in.

ATTORNEY'S REPORT

Robert Klausner

Mr. Klausner reported the ability to hold virtual meetings was currently scheduled to expire in November and he did not anticipate this would change. If they could no longer hold virtual meetings, five members would need to be physically present. Mr. Klausner was seeking an attorney general's opinion on how the public could participate. Other participants, such as Mr. Klausner and Mr. Campbell, would still participate remotely. Ms. Wenguer described equipment they would need to make a hybrid meeting work.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt said the FPPTA conference would be on October 26-28. On the 26th he and Ms. Grant would participate on a panel discussing funding pension plans in the future.

EXECUTIVE DIRECTOR'S REPORT:

2020-21 Annual Budget

Ms. Wenguer said the budget looked good, comparing year-to-date and approved. She stated their lease would expire in February and they needed to renegotiate. She hoped they would be able to get a reduced rate.

Chair Rudominer noted that most of the large overages were for one-time expenses, such as the experience study and special legal counsel for a disability claim.

Mr. Klausner stated the ordinance re-write was in the City' hands and Ms. Grant said the City would get to it in the next couple of weeks.

Motion made by Mr. Bayne, seconded by Mr. Fortunato, to adopt the budget as proposed. In a voice vote, motion passed unanimously.

Investment Seminar

Ms. Wenguer asked if the Board wanted to hold a seminar this year. Chair Rudominer would not object to postponing to next year, and to bringing in one manager per month for an update. The Board agreed to not hold a seminar this year and to only bring in a manager if needed.

2020 Experience Study Recap (under separate cover)

Mr. Heinrichs asked the Board's input on the coming valuation and what assumptions to use. The only assumption they must change was the mortality table, since that was mandated by statute. He must determine that any other assumption they used was reasonable.

Chair Rudominer referred to the graph Mr. Heinrichs had prepared regarding the options combining the assumptions and Mr. Heinrichs explained that the Division of Retirement must approve the assumptions they chose or they could withhold State monies.

Mr. Heinrichs said the Board could consider suspending the decrease in the assumed rate of return this year. He said this would not be a bad time to implement assumption changes that would increase costs in a year when they experienced a gain that would lower costs.

Mr. Heinrichs suggested the Board decide on the assumptions by the end of the calendar year and in the meantime, they should invite the City's input.

Executive Director's Contract

Ms. Wenguer recalled that when she was hired, she had been promised that she would be put into the General Employees Retirement System (GERS), but it had taken 10 years and she had not received credit for prior service.

Ms. Wenguer had worked with Mr. Klausner to compute additional "pensionable earnings" for two years to make up for the time for which she had not received credit. This would not actually affect the salary she was paid.

Mr. Klausner explained this hypothecation was for the value of the benefit Ms. Wenguer would have received if she had been in GERS.

Ms. Wenguer stated her salary was paid by Police and Fire, but her pension was with GERS. Mr. Klausner thought the only limitation the GERS plan would have was if the pensionable salary was over \$285,000.

Mr. Klausner had researched the issue and determined that previous Boards had repeatedly discussed this and promised to create the buyback for Ms. Wenguer.

Ms. Wenguer informed Ms. Grant that she had been in the 401A plan for six of the 10 years. Ms. Grant asked how that computed into these calculations and Ms. Wenguer said she had the money set aside and she would turn it over to GERS.

Ms. Grant did not see how this could be accomplished without an ordinance. She felt a buyback would be a cleaner option. Mr. Klausner thought the important thing was that

GERS received the right contribution. Ms. Grant requested additional time to consider this.

Chair Rudominer explained that if Ms. Wenguer had to pay out of pocket to fund her contribution, it would make no financial sense to stay any longer because she would accrue no additional benefit.

Mr. Fortunato did not object to making Ms. Wenguer whole, but asked about her maximum pension. Ms. Wenguer explained that the maximum was at 31 years and 90%. If she stayed longer, she would be "at max."

Ms. Grant wanted to see an actuarial study of the costs to GERS compared to what contribution the City had made to the 401A.

Mr. Hole stated there had been a "rash of promises" to Ms. Wenguer and the Board had gone to bat for her in the past. He agreed an actuarial study was needed.

Ms. Wenguer said she would take no salary increase for the first two years when the GERS contribution was being reconciled. After that, she was considering a 2.5% salary increase per year. Chair Rudominer wanted the reconciliation to take place over the last two years of her contract instead of the first two.

Mr. Naugle asked Mr. Klausner to bring a recommendation to the Board. Ms. Wenguer agreed to work with Mr. Klausner and bring a proposal back to the Board.

Motion made by Mr. Bayne, seconded by Mr. Hole to extend Ms. Wenguer's contract to the end of the year or until a new contract was negotiated. In a voice vote, motion passed unanimously.

2021 Board Meeting Dates

The Board agreed with the proposed dates.

Trustee Seats - Notice of Elections

Ms. Wenguer said there would be a Police representative election but there was no Fire nominee yet.

Trustee Election - Term Expiration of the 7th Member

Ms. Wenguer reported this term would expire at the end of the year. They would put this on the website and notify the City. She stated this seat must receive Board nomination. Ms. Wenguer reported they had received over \$6 million for Police and Fire from the State.

PENDING ITEMS:

Old Business:

Schedule A

Chair Rudominer had received a lot of feedback from members regarding the DROP distribution and thought they may need to address this again in the future.

New Business:

The Board's next meeting was scheduled for November 10.

FOR YOUR INFORMATION: 175/185 Premium Tax Funds Confirmation

There being no further business to come before the Board at this time, the meeting was adjourned at 2:35 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.

Minutes prepared by J. Opperlee, ProtoType Inc.