

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, February 10, 2021, 12:30 P.M.**

Communication to the City Commission

1. During the first quarter of the plan's FY2021, the ROI on the plan's assets is 9.71%; 10.41% for the year; and 8.75% for five years. The plan's assumed rate of return is 7.30%.
2. The Board approved the 9.71% plan rate of return for the last quarter.

Board Members

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

Also Present

Lynn Wenguer, Executive Director	Linda Logan-Short, Deputy Finance Director
Robert Klausner, Board Attorney	Michael Dew, former Board Chair
Fred Nesbitt, Communications Director	John Herbst, City Auditor
Alexandra Goyes, Deputy Director	Susan Grant, Finance Director
Kyle Campbell, CAPTRUST	Josh Wells, Trustee Trainee
Andy Marino, CAPTRUST	Rick Schultz

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.

ELECTION OF OFFICERS

Motion by Mr. Hole, seconded by Mr. Joseph, to nominate Mr. Rudominer Chair. Chair Rudominer was unanimously reelected.

Motion by Mr. Joseph, seconded by Chair Rudominer, to nominate Mr. Fortunato Vice Chair. Vice Chair Fortunato was unanimously reelected.

Motion by Mr. Joseph, seconded by Chair Rudominer, to nominate Mr. Bayne Secretary. Mr. Bayne was unanimously reelected.

MINUTES:

Regular Meeting: January 13, 2020

Motion made by Mr. Hole, seconded by Mr. Bayne to approve the Board's January 13, 2021 meeting minutes. In a voice vote, motion passed unanimously.

BENEFITS: FIRE DEPT:	New Retiree (Service Retirement):	John C Mcloughlin Serge De Winter Beau R. Johnson Warren L Parker
	DROP Retiree:	Jermaine Frazier Guy A. Goulet Harold E Knowles Karl A. Yeager
	New Beneficiary:	Donna Pritchard
	Retiree Death:	Ann M Linehan Leslie F Walters Jr.
POLICE DEPT:	New Retiree (DROP Termination):	Robert F. Norvis
	DROP Retiree:	Timothy P. McCarthy Jaime F Costas
	Member Termination:	Brandan Stedfelt
	Beneficiary Death:	Carol L Knapp

Ms. Wenguer explained that Chief Frazier had overbought his prior service. Mr. Bayne stated Chief Frazier had purchased prior service and then continued working, not entering the DROP in timely manner.

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

BILLS:	Lazard	\$163,733.96
	Eagle	\$65,809.97
	Vaughan Nelson	\$50,396.00
	Sawgrass	\$44,323.71
	Agincourt	\$40,904.90
	Northern Trust	\$38,520.34
	Boyd Watterson	\$36,837.00
	Aristotle	\$35,743.15
	Rhumblin	\$17,570.00

Intech	\$11,797.69
Klausner, Kaufman	\$3,500.00
Marcum	\$2,305.00

Motion made by Mr. Hole, seconded by Mr. Naugle, 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:**

None

**CAPTRUST:
Quarterly Investment Review**

Kyle Campbell, Andrew Marino

Mr. Marino stated 2020 had been a very strong year for the capital markets, ending with U.S. stocks up 13% and real estate up 5%. The market had been skewed in growth stocks. He noted the ten-year treasury had been lowered to 30 basis points in the midst of the pandemic and the return had been 10.6%.

Mr. Marino stated there were four pillars of economic policy that set the baseline:

- Monetary policy was and would continue to be forgiving and steady.
- Fiscal policy would be different; another stimulus package would come, tax policy would change, corporate rates would probably increase from 21% to 28% and the personal rate would probably increase for high earners.
- Trade policy, which developed slowly, was unlikely to change immediately.
- Regulatory policy was likely to change, and be more aggressive.

Mr. Marino discussed the economic outlook. He believed they were on the cusp of a pretty strong cyclical recovery. As the pandemic improved, they anticipated the second half of 2021 and into 2022 would be very strong, with a GDP over 3%.

In the portfolio, Mr. Marino said they wanted to trim the gains from 2020 and early 2021 but maintain a slight overweight in equities. He noted the impact Facebook, Amazon, Microsoft, Apple and Google had on earnings in 2020 and said they believed this would broaden to the rest of the market during the cyclical recovery. This suggested a tilt back to value, smaller companies and emerging markets.

Mr. Campbell said the biggest threat to fixed income right now was inflation, not rising rates. Mr. Campbell recalled they had taken gains and rebalanced in January to indexed large caps. They believed active management would continue to do well and they should stay close to their equity targets.

Mr. Campbell stated the portfolio was currently \$1.1 billion. He reported the returns: 9.71% for the quarter; 10.4% for the year and 8.75% over five years.

Mr. Joseph asked if Mr. Campbell advised them to stay in Invesco Private Equity, since they seemed to consistently underperform. Mr. Campbell explained that fund was in wind-down mode and when they received the funds, they would consider other areas in which to deploy it. Mr. Campbell explained that the lack of a report for the quarter made them appear worse than they had been over time.

Mr. Bayne asked if they should remain in Invesco, or if Mr. Campbell suggested other options. Mr. Campbell stated they were currently talking to Invesco about future funds and were seeking others as well.

Mr. Campbell reported they had three options in large-cap growth for the Sawgrass funds: William Blair, Winslow and American Century. All three were willing to work within the fund's parameters.

Chair Rudominer suggested Mr. Campbell provide material on William Blair and Winslow from the presentations they had already provided to the Board, and bring the third manager in. Mr. Campbell agreed, and said the third manager would probably be American Century.

Mr. Campbell recalled Mr. Bayne had asked about private real estate. He explained they had core, core plus and some niche real estate investments. They still felt private real estate brought a high degree of diversification to a portfolio.

Mr. Campbell said CAPTRUST was recommending increasing the allocation in Boyd Watterson GSA. This should be a good income-generating investment with low yields.

Chair Rudominer recalled they had reduced their real estate in core funds under the premise of wanting to get ahead of the write-downs and asked if these had happened yet. Mr. Campbell stated the write-downs had been happening slowly over the last few quarters. He felt they would see more in the next few quarters before it stabilized.

Chair Rudominer stated he sat on the Boyd Watterson Fund advisory board so he could not participate in a vote related to them.

Mr. Campbell recommended adding \$10 million to the Boyd Watterson GSA Fund.

Motion made by Mr. Naugle, seconded by Mr. Joseph to add \$10 million to the Boyd Watterson GSA Fund. In a voice vote, motion passed 4-0 with Chair Rudominer abstaining.

Motion made by Mr. Hole, seconded by Mr. Joseph to approve the 9.71% plan rate of return for the last quarter. In a voice vote, motion passed 5-0.

ATTORNEY'S REPORT

Robert Klausner

Mr. Klausner reported the City Attorney's office had formatted the ordinance and it would be on the City Commission's agenda in the immediate future.

Mr. Klausner stated there had been bill proposed to close the Florida Retirement System to new members two years from now. According to their own actuarial report, this would not save any money for 25 years. This would affect the approximately 200 cities that used FRS for their retirement system. There was a question of whether this would violate their defined benefit contracts with FRS.

Mr. Bayne said Fort Lauderdale had recently entered into FRS for General Employees. Ms. Grant said they were following this bill very closely. They were asking the lobbyists to be sure it had an opt-out window if the bill could not be killed. She explained that the defined contribution plan the City had previously offered employees had a 9% contribution. The FRS defined contribution plan had a contribution of over 10%, only 3.3% of which went to the employees' accounts; the rest went to fund the unfunded liability.

Mr. Klausner believed this would be a breach of the State's contract with the City. He felt it would completely end their ability to recruit and retain personnel for agencies such as BSO. He remarked the bill was terrible public policy.

Mr. Bayne agreed it was a horrible bill for General Employees and it would put additional strain on the City. Mr. Klausner said when a city contracted with FRS, they agreed to pay a pro rata portion of the plans' existing unfunded liability. Cities had to decide if the additional cost was worth being out of the pension business.

Mr. Klausner stated the Department of the Treasury Bureau of Fiscal Services had a "Do Not Pay" list that searched public resources and all commercial obituary services. He had made an inquiry about this service being available and what the cost was.

COMMUNICATION DIRECTOR'S REPORT

Fred Nesbitt

Mr. Nesbitt stated he was starting on the annual report and invited the Board's input.

EXECUTIVE DIRECTOR'S REPORT:

Ms. Wenguer reported Ms. Smith had resigned.

Chair Rudominer said he had wanted to integrate Ms. Wenguer's office HR with the City's HR. Ms. Wenguer had been in contact with the City's HR Department and they had a list of City employees who had been laid off or furloughed. She would consult this list first.

Ms. Wenguer informed the Board that the audit would be presented at next Board meeting.

PENDING ITEMS:

New Business:

Regarding purchasing prior service, Ms. Wenguer said she did inform people that this was irrevocable.

Old Business:

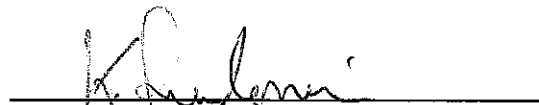
Schedule A

None

There being no further business to come before the Board at this time, the meeting was adjourned at 1:39 p.m.



Vice-Chairman



Chairman

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