

**POLICE AND FIREFIGHTERS' PENSION BOARD
REGULAR BOARD MEETING
888 South Andrews Avenue, Suite 202
Fort Lauderdale, FL 33316
Wednesday, June 9, 2021, 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	A
Dennis Hole, Trustee	P
Derek Joseph, Trustee	P

Also Present

Lynn Wenguer, Executive Director
Alexandra Goyes
Robert Klausner, Board Attorney
Fred Nesbitt, Communications Director
Kyle Campbell, CAPTRUST
Susan Grant, Finance Director
Tonya Oliver
Shane Calvey

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: May 12, 2020

Motion made by Mr. Hole, seconded by Mr. Fortunato to approve the Board's May 12, 2021 meeting minutes. In a voice vote, motion passed unanimously.

Ms. Wenguer noted a change to the April minutes.

Motion made by Mr. Joseph, seconded by Mr. Naugle, to correct the April minutes per Ms. Wenguer's request. In a voice vote, motion passed unanimously.

BENEFITS:

FIRE DEPT:	New Retiree:(DROP Termination):	Yuri Grijalva
	DROP Retiree:	Jason Bohan
		Eric Colter
	Retiree Death:	Earl LaChance
	Survivor Death:	Delores Hone
POLICE DEPT:	DROP Retiree:	Avery Figueras
		Patrick O'Brien
	Member Termination:	Charles Osmann
	Survivor Death:	Joan Justynski

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

Non-Service Incurred Disability Application: Jason Mammarelli

Mr. Klausner recalled the doctors had agreed Mr. Mammarelli was permanently and totally disabled but there had been a question regarding causation. Mr. Mammarelli wished to change his application from in-service to non-service connected. His benefit would be \$3,662 per month. Mr. Klausner recommended approval of the non-service connected disability. He explained the difference between the State and local law disability and how the State disability was more advantageous for Mr. Mammarelli.

Tonya Oliver, Mr. Mammarelli's attorney, agreed with Mr. Klausner's recommendation to approve.

Ms. Wenguer said the benefit effective date was August 1, 2018.

Motion made by Mr. Fortunato, seconded by Mr. Joseph, to approve Mr. Mammarelli's non-service disability application, to be effective August 1, 2018. In a roll call vote, motion passed 5-0.

Mr. Mammarelli thanked the Board.

Mr. Bayne arrived at 12:40.

BILLS:

Klausner, Kaufman	\$3,500.00
Dr. Lupu	\$3,200.00
Foster& Foster	\$1,800.00
Minuteman Press	\$1,162.85
Klausner, Kaufman	\$ 600.00

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

Shane Calvey, FOP member, said there were nine holidays paid at 1.5 times an officer's rate of pay. He was concerned that the pay they were allowed to accrue had included holiday pay. Mr. Klausner said the claim was that, based on the FOP agreement, if an officer worked on a holiday, he/she would be paid \$15 per hour instead of \$10 and it ought to be pensionable.

Ms. Wenguer stated for Police, the first 40 hours were pensionable; anything after that was not. She was unsure how the City was calculating overtime. Chair Rudominer said if it were pensionable, it should not be counted toward the 40 hours per week. Mr. Klausner stated depending on how it was treated, there may also be an issues of unpaid employee contributions. The Board agreed Ms. Wenguer should work with Mr. Klausner to determine how the City was treating this situation.

PRIVATE CREDIT PRESENTATIONS

AgAmerica Lending

Brian Philpot, Adara Richter

Mr. Philpot stated they were the only agricultural REIT in the U.S. He described the fund, the structure and return, agricultural lending and the risk profile. He noted that historically, farmers' options for lending had been basically local farm credit co-ops and community banks. He informed the Board that when lending to farmers, AgAmerica Lending was first mortgage holder on the property and they did not sell the loans.

Mr. Philpot stated they had .6% late paying mortgages at any given time, but the vast majority of those were cured within 90 days. He said they kept their weighted average loan-to-value on collateral at 50%.

Mr. Philpot said farmers took out crop insurance wherever it was cost effective. It afforded protection against weather and drastic price reductions.

Mr. Philpot stated their loans were at a 25-year amortization but with a three to five-year balloon. The weighted average duration of the portfolio was between 2.5 and 3 years.

Mr. Philpot continued that the REIT had existed for 11 years and they had paid out a net quarterly dividend of from 8% to more than 10%. He stated they made money on defaults and had only taken back two properties in 11 years.

Mr. Klausner asked if there were any institutional investors in the REIT. Mr. Philpot said there were four RIAs but no pension funds. He said this was a fund whose only asset was a REIT. They had \$800 million in assets. Mr. Campbell said this would qualify as a debt product, not a real estate product. Mr. Philpot explained they appraised the land at the highest and best agricultural value, not the potential development value.

Mr. Campbell recommended a \$5-10 million investment. Mr. Philpot explained that they marked the portfolio on a quarterly basis, so if they received a redemption notice, the money would be returned at the next quarter. They wanted people to consider this a minimum two-year investment, and charged a 3% exit fee before the first anniversary and 2% before the second anniversary.

Mr. Philpot agreed to send Mr. Klausner the subscription documents.

Mr. Campbell felt this fit in well with what they wanted for alternative income. He admitted one drawback was that they would be the first pension fund invested. He felt a \$5-10 million investment would be appropriate.

Capital Dynamics

Tom Hall

Mr. Hall provided an update on Fund I. He reported the underlying loans were earning 7.25%. The average loan was five years but were typically outstanding for two to three years. He said they invested in lower/middle market loans and 100% of their loans were covered by financial maintenance covenants. He was confident they would end up with an 11-13% overall return on the fund.

Chair Rudominer asked if they performed due diligence and underwriting on the companies themselves, not necessarily the fund buying it; they were lending for operations, not to finance a takeover. Mr. Hall explained in this market, it was largely acquisition financing but the sellers were typically the family or entrepreneur that owned the business, and they were usually rolling their equity into the buyout, using the sponsor to grow the business. Mr. Hall stated they did not see themselves as lending to the sponsor; they were lending to the underlying business and that management team, so their diligence was 98% focused on the business itself.

Mr. Campbell said he considered this as debt or alternative income, not private equity. He said he would discuss private equity at the Board's next meeting.

Mr. Hall discussed Fund II. The fund was targeting \$400 million, with individual investments of \$25-\$30 million. The return profile was the same as Fund I, 11-13% with quarterly distributions of cash. The fund would first close in August. Mr. Campbell stated the pension fund would need to make a new commitment to this fund and they would get

a 10% discount on the management fee since this was a founders round and they were invested in Fund I.

Mr. Campbell recommended investing \$20 million in Capital Dynamics Fund II and \$5-\$10 million to AgAmerica. This would get them closer to their target in alternatives. They could pull funds from fixed income, where they were currently slightly overweight. Chair Rudominer pointed out that AgAmerica must be thoroughly vetted first.

Motion made by Mr. Hole, seconded by Mr. Naugle, to rollover the same \$ 20 million commitment into Capital Dynamics Fund II.. In a roll call vote, motion passed 6-0.

Mr. Campbell stated he would negotiate the fee with AgAmerica and provide all the documents to Mr. Klausner and the Board could discuss it next month.

CAPTRUST: Kyle Campbell, Andrew Marino, Steve Schott
Monthly Investment Review

Mr. Campbell said they remained cautiously optimistic as the country opened up. He remarked that some portions of the market had rebounded 100%. He stated CAPTRUST did not view increasing interest rates as a bad thing because it indicated they were moving forward. For the first two quarters of the fiscal year, returns were 13.5%.

COMMUNICATION DIRECTOR'S REPORT Fred Nesbitt

Mr. Nesbitt stated the annual reports had gone out. The FTTPA annual conference would be live this year and Mr. Bayne would be on the trustee panel. He reported former NCPERS president Elmer Kahl had recently passed away.

ATTORNEY'S REPORT Robert Klausner

Mr. Klausner reported that their loss from Emergent Bio Solutions was actually double what they had thought and Nova Scotia Health Workers Retirement System wished to partner with them. This would give them a much larger lead plaintiff position. He stated Pomerantz would handle this.

EXECUTIVE DIRECTOR'S REPORT:
Fort Lauderdale Retiree's Correspondence

Ms. Wenguer referred to the letter the retirees' organization had sent to their members that she had provided to Board members. Chair Rudominer had drafted a letter in response and sent it to Board members to approve before sending.

Mr. Hole had noted some grammatical corrections. He also suggested changing the last paragraph to: "In summary, this Board is under the belief that the ordinance does allow a COLA to be granted for a specific group of retirees only if and when certain financial

conditions have been met." Chair Rudominer agreed to make Mr. Hole's changes and the letter would be sent to the retirees' association on behalf of the Board.

Ms. Wenguer said they had been inundated with the prior service buyback requests and asked Police members to be patient because they were waiting for the software company to make the needed additions.

Ms. Wenguer stated she was waiting to update the summary plan description until the ordinance was adopted by the City Commission. After the ordinance was adopted, Mr. Klausner recommend posting the summary plan description to the City's website and he would create an index.

PENDING ITEMS:

New Business:

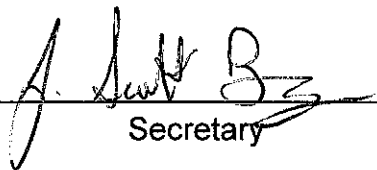
Board members agreed to open their meetings to the public and to use Zoom to allow remote attendance by presenters and the public.

Old Business:

Schedule A

None

There being no further business to come before the Board at this time, the meeting was adjourned at 2:22 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.