

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

**2335 EAST ATLANTIC BLVD.
SUITE 400
POMPANO BEACH, FLORIDA**

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
MARCH 16, 2015**

The Board of Trustees convened at the Pompano Beach Police and Firefighters' Pension Office, Pompano Beach, Florida. The Chairman called the meeting to order at 3:02 PM.

PRESENT: Chairman Paul O'Connell
Vice-Chairman Richard Samolewicz
Trustee Sharra Aaronian
Trustee Daniel Christophers
Trustee Patrick Fletcher
Trustee David Hall
Trustee Peter McGinnis
Trustee Jorge Rossi

ABSENT: Trustee Vincent Femia

ALSO PRESENT: Robert Sugarman, Esq., Board Attorney
Glenda Rowley, Executive Director
Debra Tocarchick, Deputy Director
Gary Morton, Police Retiree Liaison
Mark Bogen, Spector Roseman Kodroff & Willis
Tom Cianflone, Economic Computers

AUDIENCE TO BE HEARD

None

APPROVAL OF AGENDA

MOTION: To approve the agenda for March 16, 2015, as presented.
PASSED 8-0.

APPROVAL OF MINUTES

MOTION: To waive the reading of the minutes of the Regular Board meeting on February 17, 2015 and to approve same as submitted.
PASSED 8-0.

	M O T I O N	S E C O N D	V O T E D Y E S	V O T E D N O
O'Connell			X	
Samolewicz			X	
Aaronian			X	
Christophers	X		X	
Fletcher			X	
Hall		X	X	
McGinnis			X	
Rossi			X	
O'Connell			X	
Samolewicz			X	
Aaronian			X	
Christophers			X	
Fletcher	X		X	
Hall			X	
McGinnis		X	X	
Rossi			X	

Board of Trustees Minutes Page Two	March 16, 2015	TRUSTEES	M	S	Y	N
<u>APPROVAL OF DROP APPLICATIONS</u>						
<p>MOTION: To approve the application for Normal Retirement and DROP entry effective 05/01/2015 from Rhonda Wardlaw. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Fletcher Hall McGinnis Rossi</p>	<p>X</p>			<p>X X X X X X X X</p>	
<u>RATIFICATION AND APPROVAL OF WARRANTS</u>						
<p>MOTION: To ratify and approve payment of benefits and expenses as set forth on Warrants No. 4586, \$26,208.07; No. 4587, \$490,235.94; No. 4588, \$55.00; No. 4589, \$569,532.46; No. 4590, \$2,690.25; No. 4591, \$1,220.18; No. 4592, \$25,767.94; No. 4593, \$20,000.00. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>		<p>X X X X X X X X</p>	
<u>PRESENTATION BY MARK BOGEN, SPECTOR ROSEMAN KODROFF & WILLIS (SRKW)</u>						
<p>Sugarman & Susskind advised the Board that SRKW requested reconsideration of the decision to terminate their portfolio monitoring services. They claim to be a niche market specializing in monitoring foreign investments to protect against securities fraud in other countries. Sugarman & Susskind recently had a favorable experience with this firm for another client in North Miami Beach.</p>						
<p>Mark Bogen, a local attorney representing SRKW, addressed the Board. Mr. Bogen explained that any class action suit that is filed in the United States will automatically include the members of the affected class. However, internationally, an investor must file paperwork to opt in during a specified period. If the international investments are not being monitored, then possible claims are being left on the table. SRKW has 21 affiliated offices around the world and provides the monitoring services at no charge.</p>						
<p>The Board discussed its frustration with the securities litigation process resulting in very nominal recoveries for the class members. Mr. Bogen indicated that many plaintiffs do not realize that they have a lot of control on what the firms are paid and can object to the legal fees. If the Board feels the legal fee is not fair, it needs to come forward and assert that.</p>						
<p>SRKW had previously submitted a letter attesting that they had never been sanctioned by a Court or been subject to disciplinary action by any government agency.</p>						

Board of Trustees Minutes Page Three	March 16, 2015	TRUSTEES	M	S	Y	N
<p>The Executive Director questioned whether the fact that the Fund only buys American Depository Receipts (ADRs), which are traded on US stock exchanges, would account for why there was no notification of international activity during SRKW's past monitoring relationship with the Board. Mr. Bogen indicated he would look into whether it was for this reason or whether there just was no activity.</p> <p>MOTION: To reinstate Spector Roseman Kodroff & Willis as a securities monitoring firm for purposes of domestic and international securities. PASSED 8-0.</p> <p><u>PRESENTATION BY TOM CIANFLONE OF ECONOMIC COMPUTERS RE NETWORK BACKUP/RECOVERY SYSTEM</u></p> <p>When Economic Computers took over the Fund's computer network approximately two years ago, they kept the existing backup/recovery hardware and software in place. They have since researched other systems and have found StorageCraft that has a superior product that will get the office back online faster in the event of a disaster and whose sole business is industrial grade backup and recovery solutions. The product reviews are excellent and the real world contact feedback has been positive.</p> <p>Economic Computers is recommending a two-part network backup and recovery solution. The first part is to continue with the local backups and the second part, which is optional, is to add cloud storage.</p> <p>Mr. Cianflone noted that the Dell backup drive in the server can still be used for the local backups. However, he recommends replacing the current software with the StorageCraft ShadowProtect software and upgrading to 1TB disk cartridges, of which he recommends purchasing three for rotation purposes. Mrs. Rowley noted that the Dell cartridges cost about \$255 under the Florida state contract but she found Imation cartridges that were in the \$160-\$180 range and asked if they would be acceptable. Mr. Cianflone recommended staying with Dell compatible products rather than going off brand.</p> <p>With regard to cloud storage and recovery, the StorageCraft product offers a unique solution which adds another dimension of security and recoverability to the scenario. Companies that offer industrial grade cloud services have to pass a certain vetting process and Economic Computers is very comfortable with the security in place with StorageCraft's cloud service. As a storage-only company, they have no interest in the data, unlike consumer based products like Google or Microsoft. The StorageCraft solution stores an image of the server and does not present</p>	<p>O'Connell Samolewicz Aaronian Christophers Fletcher Hall McGinnis Rossi</p>	<p>X X X</p>	<p> X</p>	<p> X X X X X X X</p>	<p> X X X X X X X</p>	

Board of Trustees Minutes Page Five	March 16, 2015	TRUSTEES	M	S	Y	N
<p>continuance. The Board's special counsel, Mr. Rossman, did not object so Chairman O'Connell approved the continuance, subject to ratification.</p> <p>MOTION: To ratify the Chairman's approval of a continuance re the Jeff Poole forfeiture hearing as requested by attorney Ron Cohen and not contested by attorney Gregg Rossman. PASSED 8-0.</p> <p>There was discussion about a new date for the hearing. Mr. Rossman is not available for the June meeting but is available for the July 20 meeting. Mrs. Rowley said she is waiting to hear from Mr. Cohen.</p> <p>David Benjamin's forfeiture hearing is scheduled for September 21. Sugarman & Susskind clarified for the Board that provided proper notice was sent to Mr. Benjamin, his inability to attend to represent himself personally, or through an attorney, does not preclude the Board from performing the statutorily required forfeiture hearing.</p> <p>The Board agreed that if it does not hear from Mr. Benjamin by August, it will proceed to hire special counsel and conduct the forfeiture hearing in September as scheduled.</p> <p>Sugarman & Susskind recommended that the Board delegate to the Chairman the authority to schedule forfeiture hearings in order to eliminate the need for administrative approval of continuances.</p>	<p>O'Connell Samolewicz Aaronian Christophers Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	<p>X X X X X X X X</p>	<p></p>
<p>MOTION: To delegate to the Chairman the scheduling of the Jeff Poole and David Benjamin forfeiture hearings by way of a regular or a special meeting. PASSED 8-0.</p> <p>Investment manager RBC has changed its proxy voting guidelines from a Taft-Hartley based policy to a custom policy. Mr. Sugarman reported that the Board's policy permits investment managers to use the Board's guidelines or the manager's own proxy voting guidelines, provided they comply with Taft-Hartley guidelines. The question raised is whether RBC's new policy should be accepted by the Board since it is based upon ISS (Institutional Shareholder Services) guidelines but not Taft-Hartley guidelines. Mr. Sugarman suggested that the Board's policy regarding acceptable proxy voting guidelines could be amended to include the Board's guidelines, Taft-Hartley guidelines or ISS guidelines. He further suggested sending them to one of the portfolio monitoring firms for an opinion.</p>	<p>O'Connell Samolewicz Aaronian Christophers Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	<p>X X X X X X X X</p>	<p></p>

Board of Trustees Minutes Page Six	March 16, 2015	TRUSTEES	M	S	Y	N
<p>MOTION: To send RBC Global Asset Management’s proxy voting guidelines to SRKW for their advice on whether the Board should consent to RBC’s request to use their custom RBC GAM proxy guidelines. PASSED 8-0.</p> <p>Wells Capital Management, which is owned by Wells Fargo Bank, has requested approval from the Board to engage in purchases of IPOs that have been underwritten by their parent company. Normally, this practice would be prohibited in the private sector under ERISA Section 406 but they have applied for and been granted “exemptive relief” from the Department of Labor (DOL), provided certain conditions are met.</p> <p>From a legal standpoint, Mr. Sugarman is comfortable with the DOL’s authorization due to stringent ERISA requirements; however, from a business judgment standpoint, they recommended that the request be referred to Graystone Consulting for their opinion.</p>		O’Connell Samolewicz Aaronian Christophers Fletcher Hall McGinnis Rossi	X 	 X 	X X X X X X X	
<p>MOTION: To authorize the Chairman to execute Wells Capital Management’s request to engage Plan assets as specified pursuant to the exemptive authority granted to Wells Capital by the Department of Labor, as outlined in the March 5, 2015 Wells Capital correspondence, upon favorable recommendation from Graystone Consulting. PASSED 8-0.</p>		O’Connell Samolewicz Aaronian Christophers Fletcher Hall McGinnis Rossi	 X 	 X 	X X X X X X X	
<p>Other matters reported by Sugarman & Susskind:</p> <ul style="list-style-type: none"> ➤ Reviewed the Marcum Engagement Letter. ➤ Drafted correspondence to Adam Burns’ IME doctor for clarification of his disability opinion. ➤ Responded to a request from a NY Times reporter who was interested in the Board’s public records on the Blackstone Tactical Opportunities Fund’s holdings of a company called B2R Finance. Although the documents are labeled ‘Trade Secret’, they are still subject to public records law. The Executive Director will notify Blackstone of the request. ➤ Proposals in the Florida legislature, including one (CS/SB 242 and 216) which would require local plans to the use the FRS mortality table for funding purposes. Mr. Sugarman advised that this proposal does not make sense for a closed plan and would likely increase costs to plan sponsors. He advised that the persons with ability to influence this proposal should be persuaded to vote against it. ➤ Reviewed the Executive Director’s correspondence to former firefighter Robert Wolfe regarding his eligibility to receive a distribution of his Share Plan account. 						

Board of Trustees Minutes Page Seven	March 16, 2015	TRUSTEES	M	S	Y	N
<u>COMMITTEE REPORTS</u>						
<i>Building Committee</i>						
<p>The closing on the BOA property sale took place on February 27 and cash proceeds in the amount of \$1,104,227.96 were wired to the Pompano Beach Investors (PBI) account. Chairman O'Connell commented on the excellent job done by the Board's attorney, Norman Leopold.</p>						
<p>The Executive Director questioned what method should be used to reinvest the monthly mortgage interest payments that will be paid to PBI. Staff will discuss this with the investment consultant and report back at the next meeting.</p>						
<p>The Executive Director reported that all insurance policies on the building were cancelled with the exception of a general liability policy with an annual premium of \$3,611. There was a slip and fall a few years ago although there are no active claims at this time. Mr. Sugarman recommended conferring with attorney Norman Leopold with regard to what claims can be asserted against the lender to determine if the policy should remain in force.</p>						
<p>Prior to the closing, the Chairman accepted a reduced market value assessment from the Property Appraiser's office for the BOA property, resulting in a 2014 tax savings of approximately \$7,072.</p>						
<p>Suites 302 and 303 were unexpectedly vacated in advance of their lease expiration. Grover Corlew filed default papers to attempt to collect the past due rent, of which approximately \$8,000 belongs to PBI. The property manager indicated that if they collect, PBI might be entitled to some of that.</p>						
<p>Although there has been discussion in the past about purchasing another building just for the PBPFRS office, which resulted in an early exit clause to be added to the existing lease, there was general consensus that no one was interested in pursuing that at this time. Therefore, the Building Committee was disbanded.</p>						
<i>Professional Advisors' Review Committee</i>						
<p>Committee Chairman Samolewicz reported that Mrs. Rowley submitted her retirement notice, which will be effective December 31. The Board's succession policy is for the Deputy Director, subject to Board approval and a 6-month probationary period, to become the Executive Director. The Professional Advisors' Committee will be tasked with the job of finding a new Deputy Director.</p>						
<i>Investment Committee</i>						
<p>After reviewing the proxy materials, Committee Chairman Aaronian recommended voting the DROP fund's PIMCO proxies in accordance with the recommendation of the PIMCO Board of Trustees.</p>						

Board of Trustees Minutes Page Eight	March 16, 2015	TRUSTEES	M	S	Y	N
<p>MOTION: To vote the proxies for the PIMCO Total Return Fund A and the PIMCO Real Return Fund A for the Special Meeting scheduled on 4/20/15 in accordance with the recommendation of the Board of Trustees of PIMCO Funds. PASSED 8-0.</p> <p>There was no report rendered by the Communication Committee.</p> <p><u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u></p> <p>The Graystone Consulting DROP Performance Report for the quarter ending 12/31/2014 was introduced for review.</p>		X			X X X X X X X	
<p>MOTION: To accept the DROP Performance Evaluation Report as submitted. PASSED 8-0.</p>		X	X		X X X X X X X	
<p>Graystone Consulting submitted a resolution for execution by which the Board would name its authorized signers. Mr. Sugarman recommended that the Board ask them to strike Article 9 and resubmit it to the Board for further consideration.</p> <p>Trustee Hall said that at a recent FPPTA technology session, it was suggested by trustees from other plans as well as two City attorneys that Boards should not record their meetings. He consulted with Mr. Herrera and was advised that it was at the Board's discretion whether or not to record meetings. Mr. Sugarman remarked that recording the meetings leads to more accurate minutes but it can also open the Board to liability for comments made for purposes of discussion. There is nothing in the Sunshine law or the City's charter that requires the meeting to be recorded. Mrs. Rowley noted that in situations of disability and forfeiture hearings, there is likely going to be a court reporter creating a record anyway. She added that the recordings may be destroyed after two years; however, the securities litigation cases require that such records be maintained during the course of the litigation.</p>						
<p>MOTION: To discontinue recording Board meetings. THE MOTION WAS TABLED AT THE RECOMMENDATION OF MR. SUGARMAN IN ORDER TO GIVE PROPER NOTICE TO THE PUBLIC.</p> <p>Trustee Hall raised a question about insurance for Trustees traveling on pension related business. The Board directed the Executive Director to search for a travel insurance policy that would provide life, medical and/or</p>		X	X			

Board of Trustees Minutes Page Nine	March 16, 2015	TRUSTEES	M	S	Y	N
<p>accidental death & dismemberment coverage and bring the information back to the Board for further consideration.</p> <p><u>EXECUTIVE DIRECTOR'S REPORT</u></p> <p>Mrs. Rowley reported that she signed a notification of benefit form for Vincent Ciccone.</p> <p>Mrs. Rowley reported that she is currently working on an RFP for a new pension administration system. Her goal is to have a new system implemented prior to her retirement.</p> <p>Trustee McGinnis volunteered to search for shirts for the trustees and staff and to determine whether permission is required to use the new city logo on the shirts.</p> <p>Trustee Samolewicz reported that he participated in the 9463 Foundation for Florida's Fallen Officers' state motorcycle ride, followed by dinner afterward at the American Police Hall of Fame museum in Titusville. The Foundation is named for Chris Reyka's badge number. He noted some of the work done by these organizations and recommended that everyone visit the museum if given a chance.</p> <p>The Chairman reported that Grover Corlew agreed to provide space in the lobby of the building for a bronze plaque to honor Pompano Beach's fallen police officers and firefighters. The Chairman volunteered to bring information and pricing on plaques back to the Board.</p> <p><u>ADJOURNMENT</u></p>						
<p>MOTION: To adjourn the March 16, 2015 meeting at 4:58 PM. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Fletcher Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X</p>	<p>X X X X X X X</p>	
<p>Respectfully submitted,</p> <p></p>						
<p>Glenda Rowley, Executive Director</p> <p><u>Distribution:</u> Board of Trustees Robert A. Sugarman, Esq. Pedro Herrera, Esq. David Harris, Actuary City Manager Mayor and City Commission</p>	<p>City Clerk Assistant City Attorney City HR Director President IAFF Local 1549 Marcum Webmaster</p>					

REGULAR MEETING – MARCH 16, 2015

ITEM NO. 6 - WARRANT NOS. 4586 THROUGH 4593

Ratified and Approved on 03/16/2015

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
4586	Bauman and Rossman, LLC The Howard E. Nyhart Company, Inc. Office Depot Glenda Rowley	Jeff Poole Forfeiture: Invoice No. 23, \$6,450.00; Invoice No. 30, \$2,200.00; Total \$8,650.00 Invoice No. 0109691, January 2015, \$8,352.00; Invoice No. 0110247, February 2015, \$8,500.00; Total \$16,852.00 Invoice No. 1758786841, Office Equipment, \$167.93; Invoice No. 756356117001, Office Supplies, \$34.19; Total \$202.12 Reimbursement for Denise Picarella retirement gift card; \$503.95	26,208.07
4587	LPL Financial FBO Gary W. Bader	Trustee-to-trustee transfer of balance of employee-directed DROP account due to separation of service on 02/17/2015 (subject to market adjustment); \$490,235.94	490,235.94
4588	Travelers	Account No. 8958VA069, Policy No. 396D2434UB, additional premium for workers' compensation insurance for 2014 policy period; \$55.00	55.00
4589	UBS Financial Services FBO Peter Clavell – IRA	Lump sum distribution of 95% of Fund Rate DROP account via trustee-to-trustee transfer due to separation of service on 12/15/2014; \$569,532.46	569,532.46
4590	G&C Platinum 2500 Investors, LLC	Recurring monthly office rent, effective 4/1/2015; \$2,690.25	2,690.25
4591	Bank of America	Glenda Rowley: Meeting supplies, \$46.66; office supplies, \$63.58; Christmas gift \$42.39; 2 trustee computers, \$631.98; Total \$784.61 Debra Tocarchick: Meeting supplies, \$63.62 Paul O'Connell: Business lunches, \$371.95	1,220.18
4592	Alerus Financial Economic Computers Morgan Stanley Smith Barney Xerox Corporation	Inv. No. 20155213, Fund Rate DROP Administration and Recordkeeping fee quarter ended 12/31/14; \$900.00 Inv. No. 1490, dated 3/10/15, on-site service; \$159.90 Consulting fee quarter ending 12/31/14, \$20,798.58; DROP consulting fee quarter starting 1/1/15, \$3,750.00; Total \$24,548.58 Inv. No. 078361916, February lease; \$159.46	25,767.94
4593	Patrice Delaney	Change in annual installments from DROP account commencing 4/1/15; \$20,000.00	20,000.00