

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
AUGUST 20, 2018**

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 3:00 PM.

PRESENT: Chairman Paul O'Connell
Trustee Sharra Aaronian
Trustee Daniel Christophers
Trustee Robert Drago
Trustee Vincent Femia
Trustee David Hall
Trustee Peter McGinnis (arrived at 3:55 PM)
Trustee Jorge Rossi

ABSENT: Vice-Chairman Richard Samolewicz

ALSO PRESENT: Robert Sugarman, Esq., Board Attorney
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director
Eric Niehaus, Robbins, Geller, Rudman & Dowd
Charles Mulfinger II, Graystone Consulting
Scott Owens, Graystone Consulting
Tayt Odom, The Nyhart Company, Inc.
Lawrence Watts, The Nyhart Company, Inc.

VISITORS: Steve Hudson, IAFF President

AUDIENCE TO BE HEARD

None

APPROVAL OF AGENDA

MOTION: To approve the August 20, 2018 agenda as presented.
PASSED 7-0.

	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	
Aaronian			X	
Christophers			X	
Drago		X	X	
Femia			X	
Hall			X	
Rossi	X		X	

<p>Board of Trustees Minutes Page Two</p> <p style="text-align: right;">August 20, 2018</p>	TRUSTEES	M	S	Y	N
<p><u>APPROVAL OF MINUTES</u></p> <p>MOTION: To waive the reading of the minutes of the Regular Board Meeting on July 10, 2018 and to approve same as presented. PASSED 7-0.</p>	<p>O'Connell Aaronian Christophers Drago Femia Hall Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>	<p>X X X X X X</p>
<p><u>APPROVAL OF DROP APPLICATION</u></p> <p>MOTION: To approve the application for Normal Retirement and DROP Entry effective 9/26/2018 from Battalion Chief Michael Gurr. PASSED 7-0.</p>	<p>O'Connell Aaronian Christophers Drago Femia Hall Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>	<p>X X X X X X</p>
<p><u>RATIFICATION AND APPROVAL OF WARRANTS</u></p> <p>MOTION: To ratify and approve payment of benefits and expenses as set forth on Warrant Nos. 4997, \$108,521.42; No. 4998, \$18,525.00; No. 4999, \$6,086.25; No. 5000, \$400.00; No. 5001, \$1,050.00; No. 5002, \$43,494.08; No. 5003, \$71,263.18; No. 5004, \$3,028.91; No. 5005, \$100,000.00; No. 5006, \$52,653.11; No. 5007, \$3,633.91; No. 5008, \$5,906.27; No. 5009, \$5,249.19; No. 5010, \$510.50. PASSED 7-0.</p>	<p>O'Connell Aaronian Christophers Drago Femia Hall Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>	<p>X X X X X X</p>
<p><u>PRESENTATION BY ROBBINS, GELLER, RUDMAN & DOWD, LLP RE LAS VEGAS SANDS LITIGATION RESULT</u></p> <p>Eric Niehaus of Robbins, Geller, Rudman & Dowd, briefed the Board on the final outcome of the lengthy Las Vegas Sands securities litigation case that had been pending in the District of Nevada. Mr. Niehaus described the case as a tough one to swallow after nearly a decade of litigating and many procedural hurdles, a lot of discovery, and much time and money spent on depositions and experts. The case went through two judges and ultimately the appellate court in the 9th Circuit. Unfortunately, they did not prevail.</p> <p>Mr. Niehaus reiterated that at no point did they feel the case lacked merit in any way and it is a case they would still take on today if presented. Mr. Niehaus described the complexity of the case involving a lot of financial modeling, spreadsheets and testimony from investment bankers; as well as defendants who did a good job of confusing and conflating the issues. As a result, it became very difficult for the court to understand.</p> <p>Mr. Niehaus explained the basis of dismissal as two-fold; causation and falsity of public statements. The case was brought during the financial crisis and involved a company that repeatedly claimed they had enough funding to get through the crisis. Plaintiffs alleged and presented evidence that they did not.</p>					

Board of Trustees Minutes Page Three	August 20, 2018	TRUSTEES	M	S	Y	N
<p>Ultimately, the court felt that even though some of the bankers were not completely clear about what they were offering to the company, there was enough evidence to show they had at least some funding in place. Mr. Niehaus felt that it was a very complex case that got lost in the numbers and the court lost sight of the essential facts of the case.</p> <p>Based on the opinion, it seemed that the appellate court did not want to dig too deeply into the case from a factual standpoint and gave deference to the district court judge. They are a very busy jurisdiction, and they tend not to want to overrule a district court judge unless they see a glaring, clear error. In this case, given the amount of underlying evidence, he felt the appellate court did not want to take the time and rather gave deference to the district court's ruling.</p> <p>Mr. Niehaus indicated that his firm's out of pocket costs were in the millions and it was not a good result. He thanked the Board for its commitment to the case.</p> <p><u>INVESTMENT PERFORMANCE REPORT FOR JUNE 30, 2018</u> <u>GRAYSTONE CONSULTING</u></p> <p>Charles Mulfinger and Scott Owens, on behalf of Graystone Consulting, presented the investment performance report for the quarter ending June 30, 2018. The Plan had a strong quarter with a gain of over \$5 million and beat the benchmark. Mr. Mulfinger highlighted two investment managers, Sands and Brookfield (Center Coast), for outstanding performance in the quarter.</p> <p>Mr. Owens reported on the overall state of the economy noting that it continues to move forward. Both the manufacturing and service indices reflect that the economy is continuing to expand with 105 months in a row of positive expansion. The GDP is at 4.1% which is the highest it has been since 2014. The unemployment rate has been teetering between 3.9% and 4.1%. Also on a positive note, the labor force is increasing which in turn is causing a structural shift that is decreasing government assistance. The Fed will meet two more times this year and announced their decision as to whether to raise rates will be dependent upon the data.</p> <p>During earnings season, 83% of companies that reported earnings beat their estimates. This is bringing valuations more in line with the historical norms which makes the market look better relative to a year ago. Volatility picked up in the first quarter of the year and appears to have fallen off again.</p> <p>In reviewing the capital markets, all markets were positive for the quarter. The dispersion between the best and worst performers was widespread ranging from the highest at 8.3% for the Russell 2000 Value to the lowest at 1.18% for the Russell 1000 Value. Performances across the board were positive with smaller companies doing the best followed by large-cap then mid-cap. Energy was the top performing S&P sector and industrials and financials were the worst performing sectors.</p>						

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<p>US investors were hurt in the international markets as a result of the value of the dollar going up dramatically. Emerging markets fared worse being down in local currency, against the rising dollar. The fixed income markets were mostly down and overweighting in government produced better results than overweighting in corporate.</p> <p>Market value gain for the quarter was \$5,038,798 with a total portfolio market value of \$237,055,117. In reviewing the Plan's asset allocation, with the exception of international equities which were slightly underweight to their target, total equity exposure was at 50.87% to the target benchmark of 50.0%. Fixed income was slightly underweight, private real estate and private equity was slightly overweight, and hedge funds, private equity and MLP's were all slightly underweight. No recommendations for rebalancing were made.</p> <p>Mr. Owens and Mr. Mulfinger reviewed each investment manager's performance relative to their benchmark.</p> <p>Total gross returns for the quarter, 1-year, 3-year and 5-year periods were - 2.16%, 9.21%, 6.50% and 8.15%, respectively. The "Summary of Relevant Facts" and "Breakdown of Returns", showing values and returns by manager, are attached on the backup.</p> <p>Mr. Owens stressed the importance of having diverse manager styles that are non-correlating and complement each other during various times of volatility in the market and emphasized that the Plan is very well diversified hence the positive outcome.</p> <p>Mr. Mulfinger expressed the value of maintaining the same managers in specific asset allocations over a long period of time in order to get a better glance of manager performance. Investment managers who can counterbalance over a full market cycle are critical to a positive portfolio.</p> <p>Some discussion ensued regarding future expectations nine years into a bull market. Mr. Mulfinger pointed out studies recently conducted which show that while this is the longest stretch of a bull market, it is not the strongest. Today it is still a 20% discount of growth in the economy compared to historical cycles.</p>						
<p>MOTION: To approve the June 30, 2018 Performance Evaluation Report as presented by Graystone Consulting. PASSED 8-0.</p>	<p>O'Connell Aaronian Christophers Drago Femia 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>	

Board of Trustees Minutes Page Five	August 20, 2018	TRUSTEES	M	S	Y	N
<p>MOTION: To set the net investment rate of return for the quarter ended 6/30/2018 at 2.16% for purposes of the Fund Rate DROP earnings in accordance with Mr. Mulfinger’s 8/10/2018 letter of certification. PASSED 8-0.</p> <p><u>JOINT DISCUSSION WITH GRAYSTONE AND NYHART REGARDING THE PLAN’S ASSUMED RATE OF INVESTMENT RETURN</u></p> <p>The Board proceeded to discuss the Plan’s current 7.50% investment return assumption in conjunction with its Graystone and Nyhart representatives.</p> <p>Mr. Mulfinger noted to the Board that the actuary’s report analyzes the shorter and longer-term investment horizons using not only Morgan Stanley’s 7-year and 20-year outlook, but also Horizon’s survey of market expectations which is comprised of the 10-year and 20-year outlooks of the average of many investment advisors.</p> <p>Graystone prepared its Asset Allocation Analysis of July 2018 taking into consideration the Plan’s current asset allocation. The expected investment return over the next 7-years is much lower than the Plan’s 7.50% assumed rate. The probability of achieving 7.50% is less than 50% and they would like to see it greater than 50%. In looking out over the next 20-years, the Plan comes closer to achieving 7.50%, based on Graystone’s return assumptions which reflect more of the historical averages without tempering them down because no one can realistically predict today what the next 20-years will bring. Today’s valuations are fairly expensive; however, Graystone’s report is attempting to look forward to what the next 7-years can be expected to bring. Currently bond rates are very low, bonds go up, bonds don’t perform well, stock markets are fairly high 9 ½ years into a Bull market - so for the next 7-years they have lower expectations.</p> <p>If the Plan were to become more conservative in its allocation over time because part of it is open and part closed, then this may cause the Board to become even less aggressive in the return assumption (lower it faster); however, if the Board is comfortable with the longer 20-year period, it may use that to support the existing 7.50% return assumption as still being appropriate. Graystone’s opinion is that lowering the investment assumption rate closer to 7.0% is the prudent step; however, they also recognize the Board’s partnership with the City and the associated cost of lowering the assumption. The terminology Graystone would use for the 7.50% rate of return is the high end of reasonableness.</p> <p>The Board reviewed the data on Florida plans contained within Nyhart’s Investment Return and Discount Rate Discussion report and observed that many plans are still at a 7.50% rate of return. Both Mr. Mulfinger and Mr. Odom commented that many plans are coming down across the board.</p>	<p>O’Connell Aaronian Christophers Drago Femia 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>	

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<p>Mr. Odom responded that Nyhart’s report reflects historical data and is valuable for comparison purposes; however, the investment assumption rate should set based upon forwarding looking expectations rather than historical results.</p> <p>It was pointed out that the Plan has weathered the dot.com bubble, 9-11, and the worst recession in our lifetime and yet the Plan is still at its assumed rate of return over the longer-term. Mr. Mulfinger was asked specifically what makes him more comfortable reducing the rate rather than staying status quo. Mr. Mulfinger responded that 30 years ago interest rates were much higher and the interest received on bonds was much greater. For the past 30 years, there has been declining interest rates, which are just now at the bottom, and starting to move up. When interest rates were declining, bond prices were moving up. In the current interest rate environment, that same 30-year Treasury is at 3.2% and the 10-year Treasury is even lower, so you are only getting the coupon rate. If interest rates start to move up over the next 7-years, bond prices decline, creating a depreciation of the bond value over a period of time until rates are higher which could even potentially produce a negative value for a period of time. Averaging in just a flat return of 22.50% of the fixed income allocation, puts more pressure on the rate the equity allocation has to earn over the next 7-years; somewhere in the 13-14% area which Graystone does not feel is realistic. In looking out over 20-years, the bonds will be higher and there will no longer be the depreciation issue; however, this is not the case in the shorter-term.</p> <p>A question was raised whether there should be a plan to take into consideration separating the reserves with the closed side being more conservatively managed than the open side. Mr. Mulfinger’s opinion was that this is not in the best interest of the Plan. One of the justifications for the current equity allocation and diversity is that the Plan is managed as one.</p> <p>Some discussion ensued regarding an asset-liability study to project the liability and payment streams and form an asset allocation that lines up best with the Plan. Mr. Mulfinger indicated that this would not be his recommendation since it would likely point toward a more conservative allocation in fixed income, and the timing is not ideal since the Board has been strategically moving away from fixed income in advance of rising interest rates.</p> <p>Mr. Odom of Nyhart concurred with Mr. Mulfinger that a 7.50% investment assumption rate is at the high end of the spectrum. The Board could elect to stay there but the terminology that would be used is the rate is at the high end of the reasonable range. The 20-year look forward suggests that 7.0% is a more likely expected investment return. Mr. Odom commented that a single right number does not exist; however, 7.0% would be in the middle of the reasonable range. Anywhere from 6.50% to 7.50% is a reasonable range although they are not recommending lower than 7.0%. Mr. Lawrence added that more funding leads to more flexibility in the future – it is far easier to adjust later if the rate is too low rather than too high.</p>						

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<p><u>Amortization of Unfunded Liabilities</u></p>							
<p>The Board then turned its discussion to the Actuary's recommendation to shorten the amortization period for unfunded liability on future bases from 30-years to 20-years.</p>							
<p>MOTION: To shorten the amortization period for unfunded liability on future bases to 20-years effective with the 10/1/2018 annual valuation, as recommended by Nyhart. PASSED 8-0.</p>		O'Connell			X		
<p>Upon discussion, Mr. Odom added that he recommended the immediate change versus a phase-in since they are not changing any of the historical bases. The immediate change makes no real difference compared to a 5-year phase-in.</p>		Aaronian			X		
<p>Mr. Odom explained that the contribution rate is made up of many different components with one of them being the cost of the benefits being earned. The other part is the unfunded liability which has to be paid off like a mortgage. The police group is closed and is a level dollar method so it works truly like a 30-year mortgage of the unfunded liability. The fire group is open and is a percentage-of-payroll method. As payroll grows, the payment grows. The valuation treats the two groups differently from a liability and amortization standpoint.</p>		Christophers			X		
<p><u>Assumed Rate of Investment Return (Continued)</u></p>		Drago	X		X		
<p>The Board returned to its discussion regarding the investment assumption rate. If the Board reduced the rate from 7.50% to 7.0% over five years, it would hypothetically increase the contribution an estimated \$300,000/year. This does not assume an outsized asset return. Good asset return would certainly decrease the cost but it would take really significant asset return of perhaps 13-15% annually to entirely offset it. One school of thought is now would be an opportune time to lower it assuming the market continues to outperform.</p>		Femia			X		
<p>As justification for the 7.0% rate of return, Mr. Odom pointed toward the Morgan Stanley survey of average assumed rates over a 20-year outlook, net of fees, at 7.07%; and the alternative Horizon assumed rates, net of fees, at 7.07%. By lowering the investment assumption rate, the Board is de-risking the Plan and lowering the unfunded liability.</p>		Hall			X		
<p>The Board weighed the recommendations and analyses of its investment consultant and actuary and agreed that it was prudent to lower the assumed investment rate of return to 7.0% through a five-year phase in commencing 10/1/2018.</p>		McGinnis			X		
		Rossi		X	X		

Board of Trustees Minutes Page Eight	August 20, 2018	TRUSTEES	M	S	Y	N
<p>MOTION: To lower the assumed investment rate of return from 7.50% to 7.0% over a five-year phase-in of 1% per year, commencing on the 10/1/2018 actuarial valuation, as recommended by Graystone and Nyhart. PASSED 8-0.</p> <p><u>SUGARMAN & SUSSKIND PA LEGAL REPORT</u></p> <p>At the request of the Chairman, Mr. Sugarman proposed to the Board the possibility of allowing a service-incurred disability retirement for those members who served at Ground Zero 911 and have since developed illnesses directly related to that service. Currently there are two government programs to assist those who have developed illnesses; the World Trade Commission Health Program (WTC) and the Federal Victim Compensation Fund. This would be in addition to those programs for affected members who are not yet retired and a conversion for those who are already retired.</p> <p>Mr. Sugarman described two scenarios of making a disability determination either by utilizing the Board’s existing disability process or by relying on a determination from one or both of the two government programs that are specifically for first responders. Mr. Sugarman inquired whether the Board of Trustees wanted him to draft a proposed ordinance to open a window to be submitted to the City Commission for consideration.</p> <p>The Board discussed the possibility of opening a window to affected members. After much deliberation the Board did not feel there was a way to put the proposed idea into action without creating the possibility of unintended consequences. The discussion died for lack of a motion.</p> <p>Sugarman & Susskind is in the process of filing their response brief in the Jeff Poole appeal matter and has asked for more time. A claim was made for defense expenses under the Plan’s fiduciary liability errors and omissions insurance coverage which was initially granted with Sugarman & Susskind hired as the Plan’s attorney at \$285/hour.</p> <p>Mr. Sugarman asked the Board for direction regarding a possible settlement agreement in the Captain Sandell death benefit matter. The parties have tentatively agreed that the share plan monies will go to Captain Sandell’s daughter, Lauren; and both his daughter, Lauren, and his son Richard III, will receive one-half of the accrued pension benefit for their lifetimes.</p> <p>Each party is covering their own legal fees; however, Ms. Diana Sandell has requested that the Board reimburse her for out-of-pocket expenses of approximately \$8,800 - \$8,900. Mr. Sugarman pointed out the argument on each side of the request.</p>	O’Connell Aaronian Christophers Drago Femia Hall McGinnis Rossi	 X 	 X 	 X X X X X X X	 X X X X X X X	

Board of Trustees Minutes Page Nine	August 20, 2018	TRUSTEES	M	S	Y	N
<p>The Executive Director pointed out that the accrued normal benefit does not commence until Captain Sandell's normal retirement date in the year 2020.</p> <p>The request for out-of-pocket costs was tabled until an itemized list of expenses is provided for the Board's review.</p> <p>Mr. Sugarman informed the Board that Mitchell Grossman's IME appointment was postponed by the doctor until September 4.</p> <p>Mr. Sugarman informed the Board that Adam Burns is suing for malpractice the attorney that handled his disability claim. Mr. Sugarman has agreed to be deposed by Ms. Wolfson's attorney. Due to attorney/client privilege there are very limited things that Mr. Sugarman can disclose, such as Board meeting discussions or anything that is public record, unless the Board waives its attorney/client privilege. The Board unanimously agreed to not waive attorney/client privilege.</p> <p>Upcoming educational opportunities: FPPTA Fall Trustees School September 30 – October 3 in Bonita Springs; and the DOR School November 14 – 16 in Orlando.</p> <p>Mr. Sugarman updated the Board with regard to three new attorneys to the firm bringing the total number up to nine.</p>						
<p><u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u></p>						
<p>The Executive Director submitted a memorandum regarding the annual review of disability retirees. Under the Board's policy, everyone has met one or more of the criteria to be exempted from the review except for Mark Munson and Mark Rider.</p>						
<p>MOTION: To accept all disability retirees as exempt from the annual review with no further action with the exception of Mark Munson and Mark Rider. PASSED 8-0.</p>	<p>O'Connell Aaronian Christophers Drago Femia Hall McGinnis Rossi</p>	<p>X</p>			<p>X X X X X X X X</p>	
<p>The Executive Director presented her research and findings regarding cyber-liability insurance along with coverage and cost comparisons for multiple insurance carriers.</p>						
<p>The Board discussed its obligation to protect its members from the risk of a data breach and concurred that the benefits of cyber liability insurance justify the cost particularly given that public employees such as police and fire are often targets of cyber-crime.</p>						

Board of Trustees Minutes Page Ten	August 20, 2018	TRUSTEES	M	S	Y	N
<p>MOTION: To bind a policy with Ullico for cyber-crime liability insurance at \$2 million limits of liability and at annual premium cost of \$1,313.75; and to cancel the cyber liability data breach response coverage with Foremost as recommended by the Executive Director. PASSED 8-0.</p> <p>The Board reviewed the <i>Your Pension Matters</i> newsletter for quarter ended June 30.</p> <p><u>COMMITTEE REPORTS</u></p> <p><i>Communications Committee:</i> Committee Chairman Rossi reported that CNI quoted a cost of \$1,474.20 for the creative design and website updates identified by the Board. In addition, Pension Technology Group (PTG) conducted a demo of the Employee Self-Service (ESS) portal for staff and will provide a price quote soon. In addition, Trustee Drago has feedback from the IFEBP Communications & Technology Conference to share.</p> <p>Chairman Rossi suggested convening a Communications Committee to discuss the issues and invite PTG to perform a demo of the ESS portal to the Committee at the meeting.</p> <p>The Budget Committee is scheduled to meet on August 21. No other Committee Reports were rendered.</p> <p><u>EXECUTIVE DIRECTOR'S REPORT</u></p> <p>The Executive Director reported on the status of the test migration from the old server to the new. The majority of services tested are working and fully functional; however a problem was detected with the mail exchange. The current mail system is hosted on CNI's server platform which is fifteen years old and no longer supported. Additionally there is a size limitation and it does not archive emails that are forwarded through the nine sub-domain trustee mailboxes. The IT Consultant recommends moving to an online mail exchange system and proposed Microsoft Office 365 Enterprise. This will provide unlimited archiving for the three primary administration mailboxes and 50GB of archiving storage for the nine trustee accounts.</p> <p>MOTION: To approve the conversion to an online mail exchange and the purchase of MS Office 365 Enterprise at an annual cost of \$2,016.00; as recommended by Economic Computers, upon presentation of proper documentation of the product's security compliance. PASSED 8-0.</p>	<p>O'Connell Aaronian Christophers Drago Femia 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>X X X X X X X</p>
	<p>O'Connell Aaronian Christophers Drago Femia 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>X X X X X X X</p>

<p>Board of Trustees Minutes Page Eleven</p> <p style="text-align: right;">August 20, 2018</p>	<p>TRUSTEES</p>	<p>M</p>	<p>S</p>	<p>Y</p>	<p>N</p>
<p>Mr. Sugarman addressed the fact that emails are public record and since the mail system was not preserving emails of the nine trustee accounts, each trustee should search their emails on their personal devices and compare it with staff to determine if anything is missing. Any emails between trustees and staff are already properly archived.</p> <p>Chairman O’Connell requested approval of the cost of signage for the Sgt. Chris Reyka Memorial Park dedication which is scheduled for Sunday, October 7 at 12 PM.</p> <p>MOTION: To approve an expenditure of \$400.00 to Baron Sign Manufacturing for the addition to the signage at the Sgt. Chris Reyka Memorial Park. PASSED 8-0.</p> <p>Other items reported:</p> <ul style="list-style-type: none"> ➤ Alerus erroneously used April 18 instead of April 19 as the loan repayment date for those fund rate members that are making bi-weekly loan payments in the June 30 reporting. This resulted in six members receiving an aggregate total of \$0.47 more in interest earnings than they should have. In the interest of administrative expediency, the Executive Director recommended that the Board pass on this immaterial error and approve the DROP Management Report. The Board agreed by consensus. ➤ Signed DOR acknowledgment letters for receipt of state premium tax checks. ➤ Signed Notification of Benefits Form for Samantha Kievman. ➤ The fiduciary liability insurance policy was renewed at a cost of \$18,525 (\$225 higher than last year’s premium). ➤ The Marriott Contract was renewed with no increase from 2018 rates on any rates or concessions; overnight parking fee lowered by \$2.00. ➤ Reported two public records requests from Frank Lee and America Transparency. ➤ Entering the final year on office lease. Executive Director will check on lease options. 	<p>O’Connell Aaronian Christophers Drago Femia Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	
<p>ADJOURNMENT</p> <p>MOTION: To adjourn the August 20, 2018 meeting at 6:44 PM. PASSED 8-0.</p>	<p>O’Connell Aaronian Christophers Drago Femia Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	

Respectfully submitted,



Debra Tocarchick, CEBS
Executive Director

DISTRIBUTION:

Board of Trustees
Robert A. Sugarman, Esq.
Pedro Herrera, Esq.
Tayt Odom, Actuary
City Manager
Mayor and City Commission
City Clerk
Assistant City Attorney
City HR Director
President IAFF Local 1549
Marcum

REGULAR MEETING – AUGUST 20, 2018

ITEM NO. 6 - WARRANT NOS. 4997 THROUGH 5010

Ratified and Approved on 08/20/2018

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
4997	Standish Mellon Sands Capital Renaissance Investment Lazard	Inv mgmt fee quarter ending 6/30/2018; \$16,346.01 Inv mgmt fee quarter ending 6/30/2018; \$45,929.28 Inv mgmt fee quarter ending 6/30/2018; \$25,446.23 Inv mgmt fee quarter ending 6/30/2018; \$20,799.90	108,521.42
4998	Trustee and Fiduciary Insurance	Renewal of RLI Fiduciary Liability Insurance for one year effective 08/08/2018, limit \$5,000,000, deductible \$10,000; \$18,525.00	18,525.00
4999	Frank P. Moortgat	Normal Retirement benefit commencing 9/1/2018 as a result of reaching end of DROP period on 8/31/2018; \$ 6,086.25	6,086.25
5000	Aventura Heart Center	Independent medical examination prepayment fee for Mitchell Grossman; \$400.00	400.00
5001	Dr. David Korn, MD	Independent medical examination prepayment fee for Mitchell Grossman; \$1,050.00	1,050.00
5002	Sugarman & Susskind Office Depot Xerox Corporation Comerica Bank Morgan Stanley	Inv No. 130149, R. Sandell interpleader; \$1,665.00 Inv No. 164123262001, Office supplies; \$81.72 Inv No. 094076615, July lease, \$172.94; excess print charges, \$15.13; Total \$188.07 Inv No. 443328; custodial fee for quarter ended 6/30/2018; \$16,559.29 Inv consulting fee qtr ending 6/30/2018, \$21,250.00; DROP consulting fee qtr starting 7/1/18, \$3,750.00; Total \$25,000.00	43,494.08
5003	Brookfield (Center Coast) BlackRock Victory Capital Wells	Inv mgmt fee quarter ending 6/30/2018; \$13,405.00 Inv mgmt fee quarter beginning 7/01/2018; \$18,550.66 Inv mgmt fee quarter ending 6/30/2018; \$13,132.00 Inv mgmt fee quarter ending 6/30/2018; \$26,175.52	71,263.18
5004	G&C Platinum 2500 Investors, LLC	Recurring monthly office rent effective 10/1/2018; \$3,028.91	3,028.91
5005	Theodore M. Martin	Annual installment from Employee-Directed Mutual Fund DROP account effective 9/1/2018 due to separation of service on 8/21/2018; \$100,000.00	100,000.00
5006	Theodore M. Martin	Lump sum distribution of Share Plan account as a result of separation of service on 08/21/2018; \$52,653.11	52,653.11
5007	Sharra Aaronian Daniel Christophers Richard Samolewicz Robert Drago	OPAL Conference expense reimbursement; \$731.66 OPAL Conference expense reimbursement; \$1,134.93 OPAL Conference expense reimbursement; \$302.67 IFEPB Comm & Tech Conf expense reimbursement; \$493.95, IFEBP Alternative Investment expense reimbursement; \$970.70, Total \$1,464.65	3,633.91

REGULAR MEETING – AUGUST 20, 2018

ITEM NO. 6 - WARRANT NOS. 4997 THROUGH 5010

Ratified and Approved on 08/20/2018

5008	Theodore M. Martin	Normal Retirement benefit commencing 9/1/2018 as a result of reaching end of DROP period on 8/21/2018; \$ 5,906.27	5,906.27
5009	Bank of America	Debra Tocarchick: Telephone & internet; \$295.09, Office supplies; \$139.99, Publications; \$110.97, Mail courier; \$39.54, Board meeting supplies; \$4.49, Total \$590.08 Maureen Femia: Board meeting supplies; \$27.84, One-Day Seminar Meal Expense; \$8.54, Medical records; \$7.00, Total \$43.38 Paul O'Connell: Business lunches; \$168.74 Sharra Aaronian: Opal Public Funds Summit expenses; \$224.68 Daniel Christophers: Public Funds Forum Registration; \$815.00, OPAL Public Funds Summit expenses; \$31.07, Total \$846.07 Robert Drago: IFEBP Communications Conference expenses; \$892.37, IFEBP Alternative Investment Conference expenses; \$1,882.26, Credit balance from FPPTA cancellation; (\$600.00), Total \$2,174.63 Richard Samolewicz: Public Funds Forum Registration; \$895.00, OPAL Public Funds Summit expenses; \$306.61, Total \$1,201.61	5,249.19
5010	Francotyp-Postalia, Inc. The Berwyn Group CNI	Inv No. #RO1129909, 08/02/2018 – 11/01/2018 quarterly postage meter lease; \$78.00 Invoice 40797; annual license fee for death check verification services through July 2019; \$400.00 Invoice 93472, dated 8/13/2018, website maintenance (spam); \$32.50	510.50

SUMMARY OF RELEVANT FACTS
Pompano Beach Police & Firefighters' Retirement System
As of June 30, 2018

Distribution of Assets:

Equity	
-Large Cap. Value	\$29,702,430
-Large Cap. Growth	\$32,316,503
-Mid Cap. Value	\$11,937,304
-Small/Mid Cap. Growth	\$12,374,737
-International Value	\$17,289,651
-International Growth	\$16,969,285
Total Equity	\$120,589,909
Fixed Income	\$52,497,672
Private Real Estate	\$19,661,748
Fund of Hedge Funds	\$22,233,421
Master Limited Partnerships	\$10,753,464
Private Equity	\$9,859,353
Cash (Non-Managed Account)	\$1,459,548
Total Portfolio	\$237,055,117

Distribution by Percentages:

	Policy	Current
Equity Breakdown		
-Large Cap. Value	12.50%	12.53%
-Large Cap. Growth	12.50%	13.63%
-Mid Cap. Value	5.00%	5.04%
-Small/Mid Cap. Growth	5.00%	5.22%
-International Value	7.50%	7.29%
-International Growth	7.50%	7.16%
Total Equity	50.00%	50.87%
Fixed Income	22.50%	22.15%
Private Real Estate	7.50%	8.29%
Fund of Hedge Funds	10.00%	9.38%
Master Limited Partnerships	5.00%	4.54%
Private Equity	5.00%	4.16%
Cash (Non-Managed Account)	0.00%	0.62%
Total Portfolio	100.00%	100.00%

Other Important Facts:

Total Portfolio	\$237,055,117
Total Gain or (Loss) - Gross of Fees	\$5,038,798

BLACKROCK

Total Assets	100.00%	\$29,702,430
Equity	96.43%	\$28,640,654
Cash	3.57%	\$1,061,776
Fees		(\$18,264)
Gain or (Loss)		\$686,716

SANDS CAPITAL MANAGEMENT

Total Assets	100.00%	\$32,316,503
Equity	95.60%	\$30,895,201
Cash	4.40%	\$1,421,302
Fees		(\$45,388)
Gain or (Loss)		\$3,365,371

NUANCE/RBC GLOBAL

Total Assets	100.00%	\$11,937,304
Equity	92.35%	\$11,024,455
Cash	7.65%	\$912,849
Fees		(\$10,265)
Gain or (Loss)		\$186,956

WELLS

Total Assets	100.00%	\$12,374,737
Equity	95.98%	\$11,877,244
Cash	4.02%	\$497,493
Fees		(\$27,096)
Gain or (Loss)		\$589,246

Pine Grove Fund of Hedge Fund

Fund of Hedge Fund	100.00%	\$10,559,717
Gain or (Loss)		\$174,724

Center Coast Master Limited Partnerships

Fund of Hedge Fund	100.00%	\$10,753,464
Gain or (Loss)		\$950,099

NB CROSSROADS (PRIVATE EQUITY) #1

Total Assets	100.00%	\$3,605,274
Gain or (Loss)		\$0

LAZARD (International Value)

Total Assets	100.00%	\$17,289,651
Equity	95.88%	\$16,577,490
Cash	4.12%	\$712,161
Fees		(\$21,317)
Gain or (Loss)		(\$577,692)

RENAISSANCE (International Growth)

Total Assets	100.00%	\$16,969,285
Equity	98.84%	\$16,772,595
Cash	1.16%	\$196,691
Fees		(\$26,647)
Gain or (Loss)		(\$862,993)

STANDISH MELLON

Total Assets	100.00%	\$26,193,530
Fixed	98.27%	\$25,739,473
Cash	1.73%	\$454,057
Fees		(\$16,394)
Gain or (Loss)		(\$43,022)

INCORE/VICTORY (FORMERLY MUNDER)

Total Assets	100.00%	\$26,304,143
Fixed	99.50%	\$26,173,904
Cash	0.50%	\$130,239
Fees		(\$13,137)
Gain or (Loss)		(\$37,930)

INVESCO (Private Real Estate)

Private Real Estate	100.00%	\$16,661,748
Fees		(\$45,485)
Gain or (Loss)		\$302,429

OFFICE BUILDING

Total Assets	100.00%	\$3,000,000
Gain or (Loss)		\$31,875

Ironwood Fund of Hedge Fund

Fund of Hedge Fund	100.00%	\$11,673,704
Gain or (Loss)		\$208,384

MAIN ACCOUNT (NON-MANAGED)

Cash	100.00%	\$1,459,548
Gain or (Loss)		\$1,720

NB CROSSROADS (PRIVATE EQUITY) #2

Fund of Hedge Fund	100.00%	\$2,583,737
Gain or (Loss)		\$0

BLACKSTONE (PRIVATE EQUITY)

Total Assets	100.00%	\$2,277,608
Gain or (Loss)		\$62,914

GOLDMAN SACHS (PRIVATE EQUITY)

Total Assets	100.00%	\$1,392,734
Gain or (Loss)		\$0

BREAKDOWN OF RETURNS
Pompano Beach Police & Firefighters' Retirement System
As of June 30, 2018

TRADITIONAL INVESTMENTS

BLACKROCK		Your Returns				
<i>Large Cap. Value</i>		Gross	Net	Russ 1000 Value	PSN Money Mgrs.	S&P 500
	Quarter	2.35	2.29	1.18	1.81	3.43
	1 year	10.31	9.90	6.77	9.63	14.37
	3 year	11.06	10.50	8.26	9.28	11.93
	5 year	10.86	10.21	10.34	11.11	13.42
	Since 1/31/2013	11.02	10.42	11.24	NA	13.98
SANDS CAPITAL				Russ 1000 Growth	PSN Money Mgrs.	
<i>Large Cap. Growth</i>						
	Quarter	11.00	10.85	5.76	4.17	
	1 year	35.28	34.53	22.51	18.60	
	3 year	16.75	16.07	14.98	12.15	
	5 year	18.28	17.58	16.36	14.52	
	Since 5/31/2003	13.52	12.88	10.35	NA	
NUANCE/RBC GLOBAL				Russ Mid Value	PSN Money Mgrs.	
<i>Mid Cap. Value</i>						
	Nuance/RBC Global - Quarter	1.58	1.49	2.41	3.35	
	Nuance/RBC Global - 1 year	2.75	2.43	7.60	11.15	
	Nuance/RBC Global - 3 year	3.17	2.63	8.80	9.73	
	Nuance/RBC Global - 5 year	10.19	9.65	11.27	11.77	
	Nuance/RBC Global - Since 1/31/2009	15.22	14.57	16.81	NA	
WELLS				Russ 2500 Growth	PSN Money Mgrs.	
<i>Small/Mid Cap. Growth</i>						
	Quarter	4.89	4.66	5.53	8.62	
	1 year	21.95	20.91	21.54	24.65	
	3 year	11.57	10.58	10.86	12.18	
	5 year	13.73	12.71	13.87	14.33	
	Since 1/31/2009	19.57	18.54	18.44	NA	
LAZARD				MSCI AC Wld x US		
<i>International Value</i>						
	Quarter	(3.23)	(3.35)	(2.61)		
	1 year	8.10	7.57	7.28		
	3 year	5.32	4.79	5.07		
	5 year	6.68	6.14	5.99		
	Since 1/31/2013	5.45	4.94	4.74		
RENAISSANCE				MSCI AC Wld x US		
<i>International Growth</i>						
	Quarter	(4.84)	(4.98)	(2.61)		
	1 year	4.08	3.45	7.28		
	3 year	4.00	3.35	5.07		
	5 year	7.70	7.00	5.99		
	Since 1/31/2009	10.33	9.65	9.37		
STANDISH MELLON				BC Aggregate	BC Int. Aggregate	BC Int. Gov/Credit
<i>Fixed Income</i>						
	Quarter	(0.16)	(0.23)	(0.16)	0.09	0.01
	1 year	(0.06)	(0.27)	(0.40)	(0.32)	(0.58)
	3 year	1.73	1.46	1.72	1.27	1.16
	5 year	2.36	2.03	2.27	1.83	1.60
	Since 4/30/2003	3.97	3.64	3.84	3.52	3.31
INCORE/VICTORY (Munder)				BC Aggregate	BC Int. Aggregate	BC Int. Gov/Credit
<i>Fixed Income</i>						
	Quarter	(0.14)	(0.19)	(0.16)	0.09	0.01
	1 year	0.07	(0.13)	(0.40)	(0.32)	(0.58)
	3 year	1.94	1.77	1.72	1.27	1.16
	5 year	2.50	2.36	2.27	1.83	1.60
	Since 9/30/2002	4.27	4.05	3.94	3.61	3.44

ALTERNATIVE INVESTMENTS

INVESCO						
<i>Private Real Estate</i>		Gross	Net	NCREIF	NCREIF ODCE	BC Aggregate
	Quarter	1.85	1.57	1.81	2.05	(0.16)
	1 year	8.28	7.07	7.20	8.44	(0.40)
	3 year	9.28	8.07	8.26	9.36	1.72
	5 year	11.01	9.80	9.77	11.04	2.27
	Since 7/31/2006	6.41	5.27	7.41	6.55	4.11
OFFICE BUILDING						
<i>Private Real Estate</i>				90-Day T-Bill	BC Aggregate	
	Quarter	1.07	1.07	0.44	(0.16)	
	1 year	4.34	4.34	1.32	(0.40)	
	3 year	4.35	4.35	0.64	1.72	
	5 year	8.29	8.29	0.39	2.27	
	Since 3/31/2007	0.58	0.51	0.64	3.89	
Ironwood						
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	BC Aggregate	
	Quarter	1.82	1.82	1.15	(0.16)	
	1 year	7.73	7.73	4.12	(0.40)	
	3 year	3.75	3.75	1.91	1.72	
	5 year	5.66	5.66	3.01	2.27	
	Since 7/31/2008	3.65	3.65	1.42	3.76	
Pine Grove						
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	BC Aggregate	
	Quarter	1.68	1.68	1.15	(0.16)	
	1 year	5.24	5.24	4.12	(0.40)	
	3 year	2.78	2.78	1.91	1.72	
	5 year	3.03	3.03	3.01	2.27	
	Since 9/30/2008	3.86	3.86	2.16	3.87	
Center Coast						
<i>Master Limited Partnerships</i>				Alerian MLP	BC Aggregate	
	Quarter	9.69	9.56	11.80	(0.16)	
	1 year	(7.16)	(7.61)	(4.58)	(0.40)	
	3 year	(7.57)	(8.03)	(5.93)	1.72	
	Since 1/31/2015	(7.95)	(8.35)	(7.58)	1.58	
Neuberger Berman						
<i>Private Equity #1</i>		Time-Wtd	Dollar-Wtd	S&P 500 / 90 Day T-Bill (Mar)	BC Aggregate	
	Quarter	0.00	0.00	0.44	(0.16)	
	1 year	10.77	11.00	11.06	(0.40)	
	3 year	12.37	12.16	10.84	1.72	
	5 year	13.33	13.23	12.76	2.27	
	Since 3/31/2010	4.68		12.71	3.08	
Neuberger Berman						
<i>Private Equity #2</i>		Time-Wtd	Dollar-Wtd	S&P 500 / 90 Day T-Bill (Mar)	BC Aggregate	
	Quarter	0.00	0.00	0.44	(0.16)	
	1 year	13.52	13.42	11.06	(0.40)	
	3 year	10.62	11.45	10.84	1.72	
	Since 7/31/2014	6.88		10.59	1.86	
Blackstone						
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	S&P 500	BC Aggregate	
	Quarter	2.80	2.42	3.43	(0.16)	
	1 year	19.29	16.63	14.37	(0.40)	
	3 year	11.56	9.14	11.93	1.72	
	Since 11/30/2013	11.96		11.62	2.26	
Goldman Sachs						
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	S&P 500 / 90 Day T-Bill (Mar)	BC Aggregate	
	Quarter	0.00	0.00	0.44	(0.16)	
	1 year	6.06	6.55	11.06	(0.40)	
	3 year	7.26	7.55	10.84	1.72	
	Since 12/31/2013	7.57		10.50	2.43	

TOTAL FUND				Policy Index
<i>Time-Weighted Return (TWR)</i>				
Quarter	2.16	2.05		1.68
1 year	9.21	8.74		7.21
3 year	6.50	5.99		6.05
5 year	8.15	7.61		7.56
Since 9/30/2002	7.75	7.25		7.47
Since 6/30/1995	7.27			

TOTAL FUND				Actuarial Rate	CPI +3
<i>Dollar-Weighted Net Return (IRR)</i>					
Quarter		2.05		1.82	1.30
1 year		8.80		7.50	6.03
3 year		5.80		7.50	4.85
5 year		7.66		7.50	4.52

Note

Per the Board's request, all performance results (including but not limited to rates of return, risk, measures, unit values, and dollar values) prior to September 30, 2002, were provided by GRS Asset Consulting Group, who was the previous consultant. The performance data is believed to be accurate, but there is no assurance. Graystone Consulting has not calculated or independently verified the accuracy of the returns or market values and is not responsible or liable for any mistake or miscalculations. Effective September 30, 2002, all valuations and rates of return are calculated by Graystone Consulting.