

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
NOVEMBER 19, 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 3:01 PM.

PRESENT: Chairman Paul O'Connell
Vice-Chairman Richard Samolewicz
Trustee Sharra Aaronian
Trustee Daniel Christophers
Trustee Robert Drago
Trustee Vincent Femia
Trustee David Hall
Trustee Peter McGinnis (entered 3:07 PM)
Trustee Jorge Rossi

ALSO PRESENT: Robert Sugarman, Esq., Board Attorney
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director
Charles Mulfinger, Graystone
Scott Owens, Graystone
Andy McIlvaine, Graystone

AUDIENCE TO BE HEARD

None

APPROVAL OF AGENDA

MOTION: To approve the November 19, 2018 agenda as presented.
PASSED 8-0.

APPROVAL OF MINUTES

MOTION: To waive the reading of the minutes of the Regular Board Meeting on October 10, 2018 and the Special Board Meeting on October 31, 2018, and to approve same as presented. 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
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O'Connell			X
Samolewicz	X		X
Aaronian			X
Christophers			X
Drago			X
Femia			X
Hall			X
Rossi		X	X

O'Connell			X
Samolewicz			X
Aaronian			X
Christophers			X
Drago	X		X
Femia			X
Hall		X	X
Rossi			X

Board of Trustees Minutes Page Two	November 19, 2018	TRUSTEES	M	S	Y	N	
<u>APPROVAL OF BENEFIT OPTION CHANGE</u>							
An application for a one-time change (pop-up) was submitted by Joseph Karey.							
MOTION: To approve a one-time election to change from the 100% Joint and Survivor to the 10-Year Certain and Life form of pension option for retired firefighter Joseph Karey, effective on 12/1/2018, due to the death of his beneficiary on 8/7/2018. PASSED 8-0.		O'Connell	X			X	
		Samolewicz				X	
		Aaronian				X	
		Christophers			X	X	
		Drago				X	
		Femia				X	
		Hall				X	
		Rossi				X	
<u>RATIFICATION AND APPROVAL OF WARRANTS</u>							
MOTION: To ratify and approve payment of benefits and expenses as set forth on Warrants Nos. 5035, \$13,158.00; No. 5036, \$56,957.92; No. 5037, \$5,000.00; No. 5038, \$485,897.15; No. 5039, \$3,858.19; No. 5040, \$5,783.60; No. 5041, \$36,340.96; No. 5042, \$632.16; No. 5043, \$783,306.10; No. 5044, \$9.99; No. 5045, \$41,075.91; No. 5046, \$95,898.05; No. 5047, \$199,434.65; No. 5048, \$16,314.20; No. 5049, \$316,467.75. PASSED 8-0.		O'Connell	X			X	
		Samolewicz				X	
		Aaronian			X	X	
		Christophers				X	
		Drago				X	
		Femia				X	
		Hall				X	
		Rossi				X	
<u>INVESTMENT PERFORMANCE REPORT FOR SEPTEMBER 30, 2018, GRAYSTONE CONSULTING</u>							
Charles Mulfinger, Scott Owens, and Andy McIlvaine, on behalf of Graystone Consulting, presented the investment performance report for the quarter ending September 30, 2018.							
Mr. McIlvaine reported on the overall state of the economy and the markets. To put the market volatility into perspective, he noted that since the start of the fourth quarter there have been sixteen 1% moves compared to zero in the third quarter. Volatility is not necessarily a bad thing, and it is actually an anomaly to have zero moves. The current 9 ½ year bull market is also an anomaly as they typically only last 3-5 years. There is a continued divergence between the US and the international markets due to geopolitical concerns with the US/China trade dispute and the mid-term elections but also a lot of positive economic data coming out of the US.							
The revised GDP for third quarter is 3.5% which is down from the second quarter number of 4.2%. These are the strongest two consecutive GDP quarters in over forty years. The unemployment rate is historically low at 3.7%. The consumer price index is at 2.7%, up from 2.2%, but the long-term average is at 3%. The Fed could be raising interest one more time in 2018 and possibly three or four times in 2019. During earnings season, 86% of companies reporting earnings beat their estimates. Service and manufacturing indices were above 50 again for 110 months in a row. The fundamental economic data is still good so there is still an expectation of more growth ahead.							

<p>Board of Trustees Minutes Page Three</p> <p style="text-align: right;">November 19, 2018</p>	TRUSTEES	M	S	Y	N
<p>The US equities market generated positive returns for the quarter. The S&P rose 7.7% and all eleven sectors finished in the black. The Russell 1000 Growth index outperformed the Russell 2000 7.42% vs. 3.58%, and growth outperformed value in all sectors. Healthcare and industrials led the quarter at 14.5% and 10%, respectively, while real estate, energy and materials all fell below 1%, but still positive for the quarter. International markets were up 1.36%. Fixed income was relatively flat for the quarter up by two basis points.</p>					
<p>The presentation was turned over to Mr. Owens who reviewed the total Fund as of September 30. The Fund gained \$7,195,127 putting the portfolio at a total of \$241,826,607. International value was slightly underweight and all other equity asset classes were slightly overweight putting total equity exposure at 51.58. Fixed income was slightly underweight, private real estate was slightly overweight, and all remaining alternative asset classes were slightly underweight. All asset classes were within the target ranges and no recommendation for rebalancing was made.</p>					
<p>Mr. Owens reviewed each investment manager’s performance relative to their benchmark.</p>					
<p>Mr. Mulfinger discussed the expectation of the master limited partnership arena in the upcoming year. Due to MLP’s being primarily retail-investor owned, the investors prefer to avoid buying toward the end of the year since they do not want to generate a K-1. Therefore, they don’t expect much demand for MLP’s for the remainder of the year. Next year, there should be a bounce because the fundamentals are very strong. One of the original reasons that the Plan got into the MLP space was the tax benefit and the cash flow. The tax benefit is being eliminated over time as institutions force the limited partners and the general partners to merge. After Graystone sees the fundamentals and a pick up in the values, their recommendation will be to get out at an opportune time in the near-term.</p>					
<p>Total gross returns for the quarter, 1-year, 3-year and 5-year periods were - 3.05%, 9.08%, 9.67% and 7.60%, respectively. The “Summary of Relevant Facts” and “Breakdown of Returns”, showing values and returns by manager, are attached on the backup.</p>					
<p>MOTION: To approve the September 30, 2018 Performance Evaluation Report as presented by Graystone Consulting. PASSED 9-0.</p>	<p>O’Connell Samolewicz 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>X X X X X X X X</p>

Board of Trustees Minutes Page Four	November 19, 2018	TRUSTEES	M	S	Y	N
<p>Mr. Mulfinger reviewed the DROP Plan Executive Summary as of September 30. Assets were over \$16 million with a net increase of \$268,958 from the second quarter. There were 83.64% of participants invested in the fund rate option and 2.03% invested in the money market option.</p> <p>Mr. Mulfinger noted that he fully understands and supports the Board’s decision to assess the annual \$15,000 DROP investment monitoring fee to the self-directed participants due to the low utilization rates. Further, he would support the Board’s decision to eliminate the self-directed mutual fund line-up, cancel the Graystone DROP monitoring agreement, and offer only the fund rate and money market in the DROP program.</p> <p>The Executive Director reported that there are now two members remaining in the self-directed mutual fund option.</p> <p>The Board was informed that the DROP record-keeper, Alerus Retirement Solutions, notified the Plan on November 15, that they are terminating their relationships with forward balance and DROP plans as an internal business decision. The Executive Director reported that she spoke with Mark Cirella of Alerus this morning regarding their flexibility on the 60-day termination notice. It is not their intention to cripple their clients, so she believes they will likely extend the date. She would like to target March 31, in order to give sufficient time for the Board to identify, vet and hire a replacement third-party recordkeeper. In addition, she was advised that Alerus does offer a “record-keeping only” service for which she requested information as a possible alternative.</p> <p>The Executive Director also reported that Mr. Sugarman provided some names for possible replacement record-keepers, so staff will reach out to these firms for information and pricing. One additional possibility is to program the pension administration system to handle the DROP reporting.</p> <p>Mr. Mulfinger proposed that they could offer a Morgan Stanley money market fund to DROP participants. The money market fund’s operating expense fee would likely be rebated back since Graystone already receives a consulting fee on these assets. Currently, government money markets are paying 1.7%. If the Board elects not to use a Morgan Stanley money market, there are other money market alternatives such as Fidelity which has a \$1,000 minimum. Whichever money market the Board elects, Graystone would certify the rate of return on a quarterly basis in the same manner it does for the fund rate.</p> <p>The Executive Director will confer with Graystone and other sources and bring back updated information to the Board regarding the transition.</p> <p>Mr. Mulfinger reported that the four mutual fund changes previously made by the Board will take effect the week of November 26. It is possible that these may end up being empty funds if all members are moved out of the self-directed platform by then.</p>						

Board of Trustees Minutes Page Five	November 19, 2018	TRUSTEES	M	S	Y	N
<p>MOTION: To approve the September 30, 2018 DROP Performance Evaluation Report as presented by Graystone Consulting. PASSED 9-0.</p>		O'Connell Samolewicz Aaronian Christophers Drago Femia Hall McGinnis Rossi	X	X	X X X X X X X X	
<p>MOTION: To set the net investment rate of return for the quarter ended 9/30/2018 at 3.05% for purposes of the Fund Rate DROP earnings in accordance with Mr. Mulfinger's 11/8/2018 letter of certification. PASSED 9-0.</p>		O'Connell Samolewicz Aaronian Christophers Drago Femia Hall McGinnis Rossi	X	X	X X X X X X X X	
<p>Mr. Mulfinger updated the Trustees regarding his conversation with an account representative from Sands Capital regarding reducing the required minimum mandate below \$25 million without incurring a fee increase and was given approval. The Board made the following motion based on the Investment Committee's earlier discussion and recommendation.</p>						
<p>MOTION: To divide the existing large cap growth equities portfolio with 50% to Sands Capital and 50% to Sawgrass Asset Management as soon as administratively feasible in January of 2019, as recommended by the Investment Committee and Graystone Consulting. PASSED 9-0.</p>		O'Connell Samolewicz Aaronian Christophers Drago Femia Hall McGinnis Rossi	X	X	X X X X X X X X	
<p><u>SUGARMAN & SUSSKIND PA LEGAL REPORT</u></p>						
<p>Mr. Sugarman reported that they are getting closer to a settlement and resolution in the Captain Sandell death benefits matter. Mrs. Diana Sandell's attorney requested Sugarman & Susskind review a revised proposed settlement agreement and recommend the necessary changes to assist the Court in naming the two children as the beneficiary.</p>						
<p>Having the Court determine the children beneficiaries in this manner requires the benefit payment start by December 31 of the calendar year following the date of death. The Plan ordinance contains conflicting statements regarding the payment of the benefit. Under the pre-retirement death section, the beneficiary does not start the benefit until the member would have reached normal retirement age on August 5, 2020. Under the internal revenue code compliance section, payment to a non-spouse beneficiary must start no</p>						

Board of Trustees Minutes Page Six	November 19, 2018	TRUSTEES	M	S	Y	N
<p>later than December 31 of the year following the year of the member's death. Given the contradictory statements, Sugarman & Susskind recommends complying with the internal revenue code rules for payment disbursement due to the greater consequence. The benefit that would have started in August 2020 will be actuarially reduced to start on April 1, 2016 and will be paid retroactively.</p> <p>A Guardian Ad Litem will be appointed by the Court to make decisions on behalf of the children. Mr. Sugarman proposed the following motion to Board in the event the parties wish to accomplish this prior to the end of the year.</p> <p>MOTION: To authorize the Chairman to approve a settlement agreement in the Captain Sandell death benefits matter, and to sign and/or authorize Sugarman & Susskind to sign the agreement in order to disburse the retroactive benefit and the monthly lifetime benefit payment to the children, as recommended by Sugarman & Susskind. PASSED 9-0.</p> <p>Mr. Sugarman reported that the Wells Fargo derivative matter is still under review by Guttman, Buschner & Brooks.</p> <p>The securities monitoring firm of Spector Roseman & Kodroff is terminating their portfolio monitoring services with the Plan since they will be focusing more on international services and the Plan does not have enough exposure in this area to interest them. Sugarman & Susskind has asked Mr. Mark Bogen to comment on this since he was the one who first brought this firm forward.</p> <p>Mr. Sugarman addressed the re-employment of retired firefighter Mark Callahan. The question was raised whether Mr. Callahan could work part-time in a civilian position in fire logistics for the City and continue his pension uninterrupted. Sugarman & Susskind opined that Mr. Callahan had a bona fide separation of service and could continue to work and collect his pension because 1) he had reached normal retirement age, and 2) he did not have a pre-arrangement to return to City employment.</p> <p>Mr. Sugarman reported that a demand letter was sent to the power of attorney of recently deceased retiree, Randall Cobb, requesting reimbursement of the overpayment of his September 1, 2018 pension benefit payment after no response was received within a reasonable timeframe to Pension Office communications.</p> <p>Mr. Sugarman reported that the Jeff Poole Reply Brief was filed and reviewed with nothing new to report. Sugarman & Susskind filed the motion for attorney's fees. The case is now at issue and oral argument is set for January 15, 2019, at 11:00 AM. The Board is invited to attend and oral</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X X</p>	<p>X X X X X X X X X</p>	

Board of Trustees Minutes Page Seven	November 19, 2018	TRUSTEES	M	S	Y	N						
<p>argument is open to the public. Any Trustee who plans to attend should notify Mr. Sugarman.</p> <p>MOTION: To ratify the Chairman’s authorization to grant a ten (10) day extension of time to file the Reply Brief in the Jeff Poole appeal, as recommended by Sugarman and Susskind. PASSED 9-0.</p> <p>Mr. Sugarman reported that the Plan Determination Letter expires January 31, 2019; however, the IRS is no longer issuing determination letters unless there is a plan termination.</p> <p>The Executive Director reported that the IRS now publishes an operational compliance list annually that sets forth mandatory or discretionary amendments. She has tasked this out to review the list annually and confer with Sugarman & Susskind regarding any required amendments.</p> <p>Mr. Sugarman reported that the Executive Director asked Sugarman & Susskind for their opinion as to whether the Plan is correctly reporting taxable benefits to members who have alimony and child support deductions in connection with an FPPTA Trustee School presentation on federal income tax issues associated with divorce relating to Chapter 175 and 185 Plans.</p> <p>Mr. Sugarman reported that currently the Plan is not subject to qualified domestic relations orders (QDRO’s). If the Plan receives a court order for alimony or child support, it deducts the amount from the member’s pension and the entire amount is reported as taxable income to the member. The member can then take a deduction on his or her income tax return for alimony. As part of the 2018 tax reform, anyone who divorces on or after January 1, 2019, or has a revised marital agreement on or after January 1, 2019, will no longer receive the alimony deduction.</p> <p>Sugarman & Susskind will be recommending that all retirees subject to income deduction orders for alimony be changed starting with 1099-R’s for tax year ending December 31, 2019, to one 1099-R to the retiree for the net benefit and one to the deduction order payee for the withheld benefit. Sugarman & Susskind will likely issue a special report and plan of action to their clients in February of 2019 so as not to confuse issuance of 2018 tax reporting.</p> <p>Mr. Sugarman acknowledged that their fee arrangement ends on December 31, 2018. He proposed no fee increase for the next two years. This can be provided as an amendment to the agreement and brought forward to the next meeting.</p>												
	O’Connell				X		Samolewicz				X	
	Aaronian				X		Christophers		X		X	
	Drago				X		Femia				X	
	Hall	X			X		McGinnis				X	
	Rossi				X						X	

Board of Trustees Minutes Page Eight	November 19, 2018	TRUSTEES	M	S	Y	N
<p>Mr. Sugarman reminded the Board that he is being deposed in the Adam Burns v. Andrea Wolfson case on November 20. He reiterated the Board's decision at the August meeting to not waive attorney/client privilege. Mr. Sugarman clarified the work product privilege which belongs to both the client and the attorney and advised he does not intend to waive his privilege.</p> <p>MOTION: To confirm the Board's prior action not to waive attorney/client communication privileges, to confirm Mr. Sugarman's explanation of the work product privilege and to not waive the work product privilege. PASSED 9-0.</p>						
<p><u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u></p>						
<p>The Executive Director circulated a draft RFP for Legal Services and made a minor revision as suggested by Vice-Chairman Samolewicz.</p>						
<p>Mr. Sugarman requested that the document reflect that this is part of a standing policy for service provider reviews.</p>						
<p>MOTION: To approve the RFP for Legal Services and to direct staff to issue it with a response deadline of January 18, 2019 by close of business. PASSED 9-0.</p>		O'Connell Samolewicz Aaronian Christophers Drago Femia Hall McGinnis Rossi	 X 	 	 	
<p>The Board reviewed Invesco's request for ratification of Advisory Committee members for 2019.</p>						
<p>MOTION: To authorize the Chairman to execute the Invesco Ratification of Advisory Committee Members for 2019. PASSED 9-0.</p>		O'Connell Samolewicz Aaronian Christophers Drago Femia Hall McGinnis Rossi	 X 	 	 	
<p>The Board reviewed the <i>Your Pension Matters</i> newsletter for quarter ended September 30 and agreed on edits.</p>				X		

Board of Trustees Minutes Page Nine	November 19, 2018	TRUSTEES	M	S	Y	N																																																															
<u>COMMITTEE REPORTS</u>																																																																					
<i>Communications Committee:</i>																																																																					
Trustee Rossi provided an update on the ESS Portal. The Executive Director is still in the process of evaluating the portal to determine the optimum parameters and to attempt negotiation with PTG to lower the cost.																																																																					
During the course of the 2018 audit, new questions were posed regarding the Plan's IT processes and procedures. In considering the purchase of the portal it is important to acknowledge the possible security risk and vulnerability associated with this type of implementation. The Executive Director has requested that the IT consultant provide information and a cost estimate for a limited scope vulnerability test.																																																																					
<i>Budget Committee:</i>																																																																					
Trustee Hall circulated an informal budget variance report for quarter ended September 30. The report will be disseminated quarterly going forward.																																																																					
<u>EXECUTIVE DIRECTOR'S REPORT</u>																																																																					
<ul style="list-style-type: none"> ➤ Signed Notification of Benefits Forms for Michael Gurr and Mitchell Grossman. ➤ Both proxy voting companies accepted the invitation to present to the Board of Trustees at the January meeting. ➤ The registration of 100 shares of PG&E stock from street name to book entry form for the PG&E records demand was completed on November 1. ➤ It was noticed that Lazard and Blackstone were not providing quarterly proxy voting reports. They will start providing them per their investment management agreement. Nuance will begin providing monthly reports rather than quarterly per their investment management agreement. ➤ Update Re BSO Arbitration Ruling: Received salary breakdowns on November 7 for all affected. Started the evaluation process. 																																																																					
<u>ADJOURNMENT</u>																																																																					
MOTION: To adjourn the November 19, 2018 meeting at 5:17 PM. PASSED																																																																					
8-0.																																																																					
<table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">O'Connell</td> <td></td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>Samolewicz</td> <td></td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>Aaronian</td> <td></td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>Christophers</td> <td></td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>Drago</td> <td>X</td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>Femia</td> <td></td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>Hall</td> <td></td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>McGinnis</td> <td></td> <td></td> <td>X</td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>Rossi</td> <td></td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> </table>							O'Connell					X		Samolewicz					X		Aaronian					X		Christophers					X		Drago	X				X		Femia					X		Hall					X		McGinnis			X		X		Rossi					X	
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McGinnis			X		X																																																																
Rossi					X																																																																

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 – NOVEMBER 19, 2018

ITEM NO. 6 - WARRANT NOS. 5035 THROUGH 5049

Ratified and Approved on 11/19/2018

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5035	Victory	Inv mgmt. fee quarter ended 9/30/2018; \$13,158.00	13,158.00
5036	Nuance Wells Capital Xerox Corporation Comerica Bank	Inv mgmt. fee quarter ended 9/30/2018; \$12,189.57 Inv mgmt. fee quarter ended 9/30/2018; \$27,686.96 Inv No. 094939889, October lease, \$172.94; excess print charges, \$7.78; Total \$180.72 Invoice No. 445718; custodial fee for quarter ended 9/30/2018; \$16,900.67	56,957.92
5037	John Stabile	Change in annual installment payment from Fund Rate DROP account commencing 1/1/2019; \$5,000.00	5,000.00
5038	12/1/2018 – Police Share Plan Benefit	Share Plan payments payable on 12/1/2018 to 205 eligible police officer retirees as of 9/30/2018; \$485,897.15	\$485,897.15
5039	Joseph W. Karey	Actuarial equivalent recalculation of pension benefit effective 12/1/2018 to change election from 100% J&S to 10-Year Certain and Life due to the death of beneficiary on 8/7/2018; \$3,858.19	3,858.19
5040	Mitchell A. Grossman	Service-incurred disability retirement effective 10/31/2018, benefit due on 11/01/2018; \$5,783.60	5,783.60
5041	Mitchell A. Grossman	Lump sum distribution of balance of Share Plan via trustee-to-trustee transfer due to separation of service on 10/31/2018; \$36,340.96	36,340.96
5042	Bank of America	Debra Tocarchick: Telephone & internet; \$295.63, Publications (WSJ Quarterly); \$110.97, NASRA (PPCC Certification); \$100.00, Board Meeting Supplies; \$47.29, Total \$553.89 Maureen Femia: Board Meeting Supplies; \$48.27 Daniel Christophers: To be reimbursed by Trustee; \$30.00	632.16
5043	Comerica Bank FBO Ted Patton	Wire transfer of Employee-Directed DROP account from Alerus Retirement Solutions to Comerica Bank FBO Ted Patton, who has elected the Fund Rate option; \$783,306.10	783,306.10
5044	Creative Network Innovations, Inc.	Monthly recurring fee for small web hosting to be issued on the first of each month effective 01/01/2019; \$9.99	9.99
5045	BlackRock Sugarman & Susskind Francotyp-Postalia, Inc. Morgan Stanley	Inv mgmt. fee quarter beginning 10/1/2018; \$19,462.91 Inv No. 133349, R. Sandell interpleader; \$285.00 Inv No. R1103843480, 11/02/18 – 02/01/19 quarterly postage meter lease; \$78.00 Inv consulting fee quarter ending 9/30/2018; \$21,250.00	41,075.91

REGULAR MEETING – NOVEMBER 19, 2018

ITEM NO. 6 - WARRANT NOS. 5035 THROUGH 5049

Ratified and Approved on 11/19/2018

5046	Comerica Bank FBO Scott McLellan	Wire transfer of Employee-Directed DROP account from Alerus Retirement Solutions to Comerica Bank FBO Scott McLellan, who has elected the Fund Rate option; \$95,898.05	95,898.05
5047	Comerica Bank FBO Daniel Rosenquist	Wire transfer of Employee-Directed DROP account from Alerus Retirement Solutions to Comerica Bank FBO Daniel Rosenquist, who has elected the Fund Rate option; \$199,434.65	199,434.65
5048	Frank P. Moortgat	Lump sum distribution of Fund Rate DROP account earnings less fees for quarter ended 9/30/2018; \$16,314.20	16,314.20
5049	Comerica Bank FBO Carl Borino	Wire transfer of Employee-Directed DROP account from Alerus Retirement Solutions to Comerica Bank FBO Daniel Rosenquist, who has elected the Fund Rate option; \$316,467.75	316,467.75

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

Distribution of Assets:	
Equity	
-Large Cap. Value	\$31,169,527
-Large Cap. Growth	\$33,575,131
-Mid Cap. Value	\$12,262,093
-Small/Mid Cap. Growth	\$13,091,617
-International Value	\$17,443,873
-International Growth	\$17,183,581
Total Equity	\$124,725,822
Fixed Income	\$52,485,907
Private Real Estate	\$20,040,624
Fund of Hedge Funds	\$22,369,952
Master Limited Partnerships	\$11,480,309
Private Equity	\$9,507,623
Cash (Non-Managed Account)	\$1,216,370
Total Portfolio	\$241,826,607

Distribution by Percentages:		
	Policy	Current
Equity Breakdown		
-Large Cap. Value	12.50%	12.89%
-Large Cap. Growth	12.50%	13.88%
-Mid Cap. Value	5.00%	5.07%
-Small/Mid Cap. Growth	5.00%	5.41%
-International Value	7.50%	7.21%
-International Growth	7.50%	7.11%
Total Equity	50.00%	51.58%
Fixed Income	22.50%	21.70%
Private Real Estate	7.50%	8.29%
Fund of Hedge Funds	10.00%	9.25%
Master Limited Partnerships	5.00%	4.75%
Private Equity	5.00%	3.93%
Cash (Non-Managed Account)	0.00%	0.50%
Total Portfolio	100.00%	100.00%

INVESCO (Private Real Estate)		
Private Real Estate	100.00%	\$17,040,624
Fees		(\$47,257)
Gain or (Loss)		\$426,133

OFFICE BUILDING		
Total Assets	100.00%	\$3,000,000
Gain or (Loss)		\$42,500

Ironwood Fund of Hedge Fund		
Fund of Hedge Fund	100.00%	\$11,807,350
Gain or (Loss)		\$133,645

MAIN ACCOUNT (NON-MANAGED)		
Cash	100.00%	\$1,216,370
Gain or (Loss)		\$3,659

Other Important Facts:	
Total Portfolio	\$241,826,607
Total Gain or (Loss) - Gross of Fees	\$7,195,127

BLACKROCK			
Total Assets	100.00%	\$31,169,527	
Equity	96.23%	\$29,994,693	
Cash	3.77%	\$1,174,834	
Fees		(\$18,551)	
Gain or (Loss)		\$1,837,097	

SANDS CAPITAL MANAGEMENT			
Total Assets	100.00%	\$33,575,131	
Equity	97.55%	\$32,753,783	
Cash	2.45%	\$821,348	
Fees		(\$45,929)	
Gain or (Loss)		\$2,191,628	

NUANCE			
Total Assets	100.00%	\$12,262,093	
Equity	91.51%	\$11,221,373	
Cash	8.49%	\$1,040,720	
Fees		\$0	
Gain or (Loss)		\$324,790	

WELLS			
Total Assets	100.00%	\$13,091,617	
Equity	97.73%	\$12,794,553	
Cash	2.27%	\$297,064	
Fees		(\$26,176)	
Gain or (Loss)		\$1,048,880	

Pine Grove Fund of Hedge Fund			
Fund of Hedge Fund	100.00%	\$10,562,602	
Gain or (Loss)		\$2,885	

Center Coast Master Limited Partnerships			
Fund of Hedge Fund	100.00%	\$11,480,309	
Gain or (Loss)		\$713,833	

NB CROSSROADS (PRIVATE EQUITY) #1			
Total Assets	100.00%	\$3,605,482	
Gain or (Loss)		\$0	

LAZARD (International Value)			
Total Assets	100.00%	\$17,443,873	
Equity	96.61%	\$16,851,873	
Cash	3.39%	\$591,999	
Fees		(\$20,800)	
Gain or (Loss)		\$154,222	

RENAISSANCE (International Growth)			
Total Assets	100.00%	\$17,183,581	
Equity	98.89%	\$16,992,977	
Cash	1.11%	\$190,605	
Fees		(\$25,446)	
Gain or (Loss)		\$214,296	

STANDISH MELLON			
Total Assets	100.00%	\$26,248,097	
Fixed	97.49%	\$25,589,702	
Cash	2.51%	\$658,395	
Fees		(\$16,346)	
Gain or (Loss)		\$54,567	

INCORE/VICTORY (FORMERLY MUNDER)			
Total Assets	100.00%	\$26,237,810	
Fixed	99.51%	\$26,108,880	
Cash	0.49%	\$128,931	
Fees		(\$13,132)	
Gain or (Loss)		(\$66,332)	

NB CROSSROADS (PRIVATE EQUITY) #2			
Fund of Hedge Fund	100.00%	\$2,614,595	
Gain or (Loss)		\$0	

BLACKSTONE (PRIVATE EQUITY)			
Total Assets	100.00%	\$2,156,529	
Gain or (Loss)		\$113,324	

GOLDMAN SACHS (PRIVATE EQUITY)			
Total Assets	100.00%	\$1,131,017	
Gain or (Loss)		\$0	

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

TRADITIONAL INVESTMENTS

BLACKROCK		Your Returns		Russ 1000 Value	PSN Money Mgrs.	S&P 500
<i>Large Cap. Value</i>		Gross	Net			
Quarter		6.19	6.12	5.70	5.46	7.71
1 year		12.15	11.83	9.45	11.00	17.91
3 year		15.79	15.24	13.55	14.40	17.31
5 year		11.38	10.80	10.72	11.30	13.95
Since 1/31/2013		11.69	11.10	11.80	NA	14.82
SANDS CAPITAL				Russ 1000 Growth	PSN Money Mgrs.	
<i>Large Cap. Growth</i>						
Quarter		6.78	6.64	9.17	7.79	
1 year		35.17	34.42	26.30	21.58	
3 year		22.58	21.88	20.55	17.77	
5 year		15.71	15.03	16.58	14.57	
Since 5/31/2003		13.77	13.13	10.80	NA	
NUANCE				Russ Mid Value	PSN Money Mgrs.	
<i>Mid Cap. Value</i>						
Since 6/30/2018		2.72	2.72	3.30	2.96	
Nuance/RBC Global - 1 year		6.33	6.10	8.81	9.60	
Nuance/RBC Global - 3 year		8.29	7.82	13.09	14.04	
Nuance/RBC Global - 5 year		9.43	8.91	10.72	10.78	
Nuance/RBC Global - Since 1/31/2009		15.12	14.49	16.74	NA	
WELLS				Russ 2500 Growth	PSN Money Mgrs.	
<i>Small/Mid Cap. Growth</i>						
Quarter		8.47	8.25	7.17	7.45	
1 year		25.21	24.16	23.13	26.07	
3 year		19.42	18.37	17.96	19.79	
5 year		12.87	11.87	12.88	13.33	
Since 1/31/2009		20.02	18.99	18.77	NA	
LAZARD				MSCI AC Wld x US		
<i>International Value</i>						
Quarter		0.89	0.77	0.71		
1 year		2.72	2.22	1.76		
3 year		9.37	8.82	9.97		
5 year		5.07	4.54	4.12		
Since 1/31/2013		5.37	4.86	4.65		
RENAISSANCE				MSCI AC Wld x US		
<i>International Growth</i>						
Quarter		1.26	1.11	0.71		
1 year		(0.39)	(0.98)	1.76		
3 year		9.16	8.48	9.97		
5 year		5.31	4.63	4.12		
Since 1/31/2009		10.19	9.51	9.20		
STANDISH MELLON				BC Aggregate	BC Int. Aggregate	BC Int. Gov/Credit
<i>Fixed Income</i>						
Quarter		0.21	0.15	0.02	0.11	0.21
1 year		(0.70)	(0.90)	(1.22)	(0.93)	(0.96)
3 year		1.43	1.16	1.31	0.95	0.91
5 year		2.23	1.91	2.16	1.70	1.52
Since 4/30/2003		3.91	3.59	3.77	3.47	3.27
INCORE/VICTORY (Munder)				BC Aggregate	BC Int. Aggregate	BC Int. Gov/Credit
<i>Fixed Income</i>						
Quarter		(0.25)	(0.30)	0.02	0.11	0.21
1 year		(1.08)	(1.27)	(1.22)	(0.93)	(0.96)
3 year		1.51	1.33	1.31	0.95	0.91
5 year		2.36	2.21	2.16	1.70	1.52
Since 9/30/2002		4.18	3.96	3.88	3.56	3.40

The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

ALTERNATIVE INVESTMENTS

INVESCO						
<i>Private Real Estate</i>		Gross	Net	NCREIF	NCREIF ODCE	BC Aggregate
	Quarter	2.56	2.27	1.67	2.09	0.02
	1 year	9.43	8.22	7.16	8.68	(1.22)
	3 year	9.13	7.92	7.76	8.80	1.31
	5 year	11.08	9.86	9.58	10.72	2.16
	Since 7/31/2006	6.49	5.36	7.40	6.59	4.03
OFFICE BUILDING						
<i>Private Real Estate</i>				90-Day T-Bill	BC Aggregate	
	Quarter	1.43	1.43	0.50	0.02	
	1 year	4.71	4.71	1.57	(1.22)	
	3 year	4.47	4.47	0.80	1.31	
	5 year	8.73	8.73	0.49	2.16	
	Since 3/31/2007	0.69	0.63	0.71	3.80	
Ironwood						
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	BC Aggregate	
	Quarter	1.14	1.14	0.93	0.02	
	1 year	5.89	5.89	3.78	(1.22)	
	3 year	4.63	4.63	2.86	1.31	
	5 year	5.42	5.42	2.96	2.16	
	Since 7/31/2008	3.68	3.68	1.48	3.67	
Pine Grove						
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	BC Aggregate	
	Quarter	0.03	0.03	0.93	0.02	
	1 year	4.24	4.24	3.78	(1.22)	
	3 year	3.76	3.76	2.86	1.31	
	5 year	2.80	2.80	2.96	2.16	
	Since 9/30/2008	3.77	3.77	2.21	3.77	
Center Coast						
<i>Master Limited Partnerships</i>				Alerian MLP		
	Quarter	6.64	6.52	6.57		
	1 year	0.19	(0.29)	4.89		
	3 year	3.52	3.01	4.43		
	Since 1/31/2015	(5.79)	(6.21)	(5.45)		
Neuberger Berman						
<i>Private Equity #1</i>		Time-Wtd	Dollar-Wtd	S&P 500 / 90 Day T-Bill (June)	BC Aggregate	
	Quarter	0.00	0.00	0.50	0.02	
	1 year	10.91	11.16	10.02	(1.22)	
	3 year	12.27	11.98	14.63	1.31	
	5 year	13.69	13.58	12.38	2.16	
	Since 3/31/2010	4.95	11.12	12.77	2.99	
Neuberger Berman						
<i>Private Equity #2</i>		Time-Wtd	Dollar-Wtd	S&P 500 / 90 Day T-Bill (June)	BC Aggregate	
	Quarter	0.00	0.00	0.50	0.02	
	1 year	11.16	10.96	10.02	(1.22)	
	3 year	10.57	11.04	14.63	1.31	
	Since 7/31/2014	6.76	9.29	10.83	1.75	
Blackstone						
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	S&P 500	BC Aggregate	
	Quarter	5.51	5.16	7.71	0.02	
	1 year	22.70	20.30	17.91	(1.22)	
	3 year	12.96	10.25	17.31	1.31	
	Since 11/30/2013	12.55	9.53	12.70	2.15	
Goldman Sachs						
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	S&P 500 / 90 Day T-Bill (June)	BC Aggregate	
	Quarter	0.00	0.00	0.50	0.02	
	1 year	1.19	1.55	10.02	(1.22)	
	3 year	6.74	7.36	14.63	1.31	
	Since 12/31/2013	6.96	8.55	10.72	2.31	

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TOTAL FUND				Policy Index
<i>Time-Weighted Return (TWR)</i>				
Quarter	3.05	2.95	3.10	
1 year	9.08	8.63	7.52	
3 year	9.67	9.17	9.31	
5 year	7.60	7.09	7.33	
Since 9/30/2002	7.83	7.34	7.56	
Since 6/30/1995	7.30			

TOTAL FUND				Actuarial Rate	CPI +3
<i>Dollar-Weighted Net Return (IRR)</i>					
Quarter		2.95	1.82	1.22	
1 year		8.66	7.50	5.43	
3 year		9.13	7.50	5.05	
5 year		7.01	7.50	4.53	
Since 9/30/2002		7.56	7.50	5.13	

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.