

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
DECEMBER 17, 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
Vice-Chairman Richard Samolewicz
Trustee Sharra Aaronian
Trustee Daniel Christophers
Trustee Robert Drago
Trustee David Hall
Trustee Peter McGinnis (entered 3:25 PM)
Trustee Jorge Rossi

ABSENT: Trustee Vincent Femia

ALSO PRESENT: Robert Sugarman, Esq., Board Attorney
Debra Tocarchick, Executive Director
Lester Hooker, Esq., Saxena White
Mark Bogen, Labaton Sucharow, LP

AUDIENCE TO BE HEARD

None

APPROVAL OF AGENDA

MOTION: To approve the December 17, 2018 agenda as presented.
PASSED 7-0.

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

APPROVAL OF MINUTES

MOTION: To waive the reading of the minutes of the Investment Committee Meeting and the Regular Board Meeting on November 19, 2018, and to approve same as presented. PASSED 7-0.

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

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<p>Board of Trustees Minutes Page Two</p> <p style="text-align: right;">December 17, 2018</p>	TRUSTEES	M	S	Y	N
<p><u>RATIFICATION AND APPROVAL OF WARRANTS</u></p>					
<p>MOTION: To ratify and approve payment of benefits and expenses as set forth on Warrants Nos. 5050, \$2,046.81; No. 5051, \$4,259.85; No. 5052, \$100.00; No. 5053, \$745,533.63; No. 5054, \$12,572.23; No. 5055, \$2,111.42; No. 5056, \$306,629.48; No. 5057, \$50,557.96. PASSED 7-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Hall Rossi</p>		<p>X</p>	<p>X X X X X X X</p>	
<p><u>SUGARMAN AND SUSSKIND, PA LEGAL REPORT</u></p>		<p>X</p>		<p>X X X</p>	
<p><u>Saxena White Presentation Re GreenSky, Inc:</u></p>					
<p>Mr. Lester Hooker of Saxena White was present to discuss a potential securities fraud class action against GreenSky, Inc.</p>					
<p>GreenSky is a financial technology company based in Atlanta, Georgia, that operates an online loan processing platform that connects merchants with creditors at the point of sale for financing big ticket consumer purchases. The part of business that is at issue is the residential solar project transaction business that made up approximately 20% of the company's business.</p>					
<p>Earlier in 2018, the company filed a registration statement to effectuate an initial public offering (IPO) of stock. At the time of the IPO, the company was phasing out its solar residential project business and expanding its health care business which the company indicated would more than make up for it. In the IPO documents, the company played up the health care opportunity but failed to disclose to investors that healthcare transactions earned lower fees than solar transactions, and that the shift would have an obvious negative impact on the company's financial condition.</p>					
<p>The company sold a total of 43.7 million shares of Class A common stock at \$23/share for gross proceeds of approximately \$1 billion. Notably, a significant portion of the proceeds went to company insiders, and the CEO himself redeemed 18.4 million of holding company units, a switch that would give him approximately \$384 million.</p>					
<p>Less than three months after the IPO, GreenSky announced disappointing financial results for the second quarter of 2018. At that time, the CEO admitted for the first time that transactions had been higher in the past because of "a product mix containing greater residential solar volumes, which carried higher transaction fees". The company's stock fell \$2.32 per share, or 11%, from August 6 to August 7, 2018, on unusually high trading volume. The share price continued to decline over the next several trading days, closing at \$15.59 per share on August 10, 2018. Despite the drop, the company still failed to disclose the full extent of the negative impact on its business model and financial condition. On November 6, 2018, the truth was finally disclosed when the CEO admitted that the decline was "entirely driven by the solar mix going from a high of almost 20% of business in 2017 to 4% of business". As projected growth was adjusted downward, the stock plummeted \$5.38 per share or 37%, to \$9.28 per share.</p>					

Board of Trustees Minutes Page Three	December 17, 2018	TRUSTEES	M	S	Y	N
<p>On November 27, 2018, a Section 11 securities action was filed in US District Court for the Southern District of New York against GreenSky. A Section 11 case is brought on behalf of only those investors who purchased stock directly or traceable to the IPO. Section 11 is strictly a liability statute where intent to defraud is not needed. All that is needed is to show there was false or misleading information in the offering documents. In order to have standing, the plaintiff must have purchased into the IPO.</p> <p>The System sustained a realized loss of \$50,326 and lost over 50% of its GreenSky investment. Notably, the Plan purchased 1,291 GreenSky shares directly in the IPO, and thus a substantial portion of the loss can be directly attributed to shares purchased in the IPO, so the Board is uniquely positioned to represent the class.</p> <p>Mr. Hooker noted that the Defendants are insured although they do not know the extent of the insurance. If Saxena White is appointed as counsel, they would conduct a more thorough investigation and file an amended complaint in approximately 30-60 days. These cases generally last 1-2 years, and the remedy is generally monetary damages and many times a corporate governance reform. This type of case does not require the Plan to hold shares of stock in order to have standing. Saxena White will handle the case on a contingency basis and cover all monetary costs. If litigation is successful, they will apply to the Court for fees and expenses. Mr. Sugarman disclosed that his firm would serve as local liaison counsel also on a contingency basis, receiving apportion of any fee received by Saxena White.</p> <p>Mr. Hooker recommended that the Board authorize Saxena White to represent the Plan in this matter and look to possibly join with one or more other institutional clients as lead plaintiff in the litigation.</p> <p>MOTION: To authorize Saxena White to seek lead plaintiff status on the Board's behalf on a contingency basis, or to join with one or more other institutional clients as lead plaintiff in a securities fraud class action against GreenSky, Inc.; and to authorize the Chairman to execute the Certification and Authorization document, as recommended by Saxena White. PASSED 6-2.</p> <p><u><i>Presentation Re Labaton Sucharow Securities Monitoring Firm:</i></u></p> <p>Mr. Mark Bogen was present to discuss the firm of Labaton Sucharow, LLP as a potential replacement for Spector, Roseman, Kodroff, PC, who terminated their portfolio monitoring services with the Board to concentrate on international securities. Mr. Bogen, who was previously with SRK, distributed a booklet entitled Labaton Sucharow, Recoveries, Remedies, Results.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X</p>	<p>X X</p>	<p>X X</p>

<p>Board of Trustees Minutes Page Four</p>	<p>December 17, 2018</p>	<p>TRUSTEES</p>	<p>M</p>	<p>S</p>	<p>Y</p>	<p>N</p>
<p>Mr. Bogen discussed Labaton’s client portfolio monitoring, reporting and securities litigation services, noting that they can fill the non-U.S. securities monitoring void created by the departing firm as well as monitor domestic securities. There is no cost to the Board for the monitoring service.</p>						
<p>MOTION: To retain the firm of Labaton Sucharow, LP to provide securities monitoring services and to authorize the Chairman to execute the monitoring agreement subject to review and approval by Sugarman and Susskind. PASSED 8-0.</p>	<p>O’Connell Samolewicz Aaronian Christophers Drago Hall McGinnis Rossi</p>	<p>X</p>		<p>X X X X X X X X</p>		
<p>Mr. Sugarman reported that the Settlement Agreement regarding Captain Sandell’s pre-retirement death benefits has been reviewed, approved and fully executed by the parties. Each of the guardians at litem for the two minor children, after they are appointed by the court, will formally apply for benefits in the Pension Office when they have obtained a judge’s order designating the children as the 50%/50% beneficiaries.</p>						
<p>Sugarman and Susskind will not attend the court proceedings to appoint the Guardian Ad Litem unless requested by the court or the lawyers. A lump sum payment retroactive to April 1, 2016 will be paid to each beneficiary/guardian and lifetime monthly benefits will be paid going forward. The retroactive lump sum payments will be made payable to the beneficiary(s)/guardian(s)/attorney(s).</p>						
<p>MOTION: To obtain an actuarial calculation of pre-retirement death benefits of Captain Richard Sandell, including a lump sum payment retroactive to April 1, 2016, upon approval of the Settlement Agreement and appointment of Guardians Ad Litem by the Court, and receipt of application(s) for benefits, as recommended by Sugarman and Susskind. PASSED 8-0.</p>	<p>O’Connell Samolewicz Aaronian Christophers Drago Hall McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>		
<p>Mr. Sugarman advised the Board that the Executive Director sought his opinion as to whether Mitchell Grossman’s worker’s compensation income impairment benefits (IIB) should be offset against his service-incurred disability benefits. The IIB benefits are expected to be paid through week ending June 26, 2019.</p>						
<p>Mr. Sugarman explained to the Board that in addition to permanent and temporary disability benefits, Florida worker’s compensation law provides IIB benefits, which replaced wage loss benefits. These IIB benefits are meant to compensate a worker for loss of earning power due to a job-incurred disability. The IIB benefits are meant to replace the income that a worker could have earned had the worker not been disabled. The Retirement System’s service-connected disability benefits are meant to do the same thing - replacing income that a worker would have earned as a firefighter or police officer had the worker not been disabled. These IIB</p>						

<p>Board of Trustees Minutes Page Six</p>	<p>December 17, 2018</p>	<p>TRUSTEES</p>	<p>M</p>	<p>S</p>	<p>Y</p>	<p>N</p>
<p>MOTION: To approve the Investment Management Agreement by and between Sawgrass Asset Management and the PBPFRS, and to authorize the Chairman to execute same once the exhibits are correctly renumbered, as recommended by Sugarman and Susskind. PASSED 7-0 (Trustee Drago was out of the room).</p>	<p>O'Connell Samolewicz Aaronian Christophers Hall McGinnis 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></p>
<p>Sugarman and Susskind reviewed and approved the fee amendment to the BYN Mellon Asset agreement (formerly Standish).</p>						
<p>MOTION: To approve second amendment to the Investment Management Agreement by and between BNY Mellon Asset Management, NA and the PBPFRS, and to authorize the Chairman to execute same, as reviewed by Sugarman and Susskind. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago 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></p>
<p>Mr. Sugarman explained to the Board that his firm's 2015 fee agreement for legal services expired at December 31, 2017 and was extended for one additional year until December 31, 2018, with no fee increase. Sugarman and Susskind proposes to again extend the fee agreement for two additional years through December 31, 2020, at no fee increase.</p>						
<p>Sugarman & Susskind currently spends approximately 20 hours per month on PBPFRS work which is covered under the monthly retainer and only the Sandell case has been outside the retainer, with all other work covered by the retainer.</p>						
<p>MOTION: To approve the fee amendment to the Agreement for Legal services by and between Sugarman and Susskind and the PBPFRS for the period of January 1, 2019 through December 31, 2020, and to authorize the Chairman to execute same. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago 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></p>
<p><u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u></p>						
<p>The Executive Director updated the Board regarding the status of the Alerus termination and transition. Alerus agreed to record DROP transaction activity until January 30, and to process the December 31 quarterly report and member statements in mid-February. There is currently one member left in the self-directed DROP option (money market only) who will have to be transferred out on or before January 30.</p>						
<p>Graystone proposed a Morgan Stanley government money market fund which offers a competitive yield (currently around 1.86%) and will rebate the internal fee back to the System since it is already paying a consulting fee to MS/Graystone on those assets.</p>						

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<p>Graystone would provide a quarterly certification of the rate of return for the money market fund in the same manner as is provided for the fund rate DROP participants.</p> <p>The Executive Director contacted other potential third-party record-keepers as possible replacements with no positive feedback without an associated self-directed mutual fund line-up. The Executive Director also requested a scope of services and pricing from the pension administration vendor to reprogram the system to administer the DROP in-house.</p> <p>MOTION: To provide a Morgan Stanley government money market fund as the only fund available to participants of the self-directed DROP investment option as soon as administratively feasible subject to review and approval of account documents by Graystone Consulting and Sugarman and Susskind, and to notify the members accordingly. PASSED 8-0.</p> <p>The Board discussed the volume of work associated with administering the DROP program in-house and directed the Executive Director to continue searching for a third-party recordkeeper. It was recommended that the Board's actuary firm first be consulted as to whether they can perform the service and then other actuarial firms.</p> <p>The Executive Director advised the Board that she established an accounting spreadsheet to handle the March 31 activity if a timely solution is not in place.</p> <p>The Executive Director requested that the Board approve a TLS mail server with Comerica Bank in order to improve efficiency and response time in processing account transactions and to ensure confidentiality of the data transmitted. The Board IT Consultant reviewed the information and did not foresee any issues.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago 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>MOTION: To approve a Transport Layer Security (TLS) mail server with Comerica Bank at a cost not to exceed \$359.80 for set-up and testing as recommended by the Executive Director. PASSED 8-0.</p> <p>The Executive Director recommended adopting rates of returns for the firefighter share plan account allocations on January 1, 2019.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago 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>	

REGULAR MEETING – DECEMBER 17, 2018

ITEM NO. 5 - WARRANT NOS. 5050 THROUGH 5057

Ratified and Approved on 12/17/2018

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5050	Debra Tocarchick NCPERS IFEBP FP Mailing Solutions	Division of Retirement School expense reimbursement; \$243.48 2018 Annual Membership Dues; \$250.00 2018 Annual Membership Dues; \$1,440.00 Inv No. RI103858465, ink jet cartridge; \$113.33	2,046.81
5051	Morgan Stanley Office Depot Economic Computers U.S. Postal Service	DROP consulting fee qtr starting 10/1/2018; \$3,750.00 Inv No. 234744616001, office supplies; \$10.85 Inv No. 4522, Software converter for email contacts; \$299.00 Postage; \$200.00	4,259.85
5052	Robert Schmidt	Change in monthly installments from DROP account commencing 1/1/2019; \$100.00	100.00
5053	Comerica Bank FBO David W. Smith	Wire transfer of Employee-Directed DROP account from Alerus Retirement Solutions to Comerica Bank FBO David W. Smith, who has elected the Fund Rate option; \$745,533.63	745,533.63
5054	Xerox Corporation Marcum, LLP Travelers Sugarman & Susskind	Inv No. 095241299, November lease, \$172.94; excess print charges, \$12.29; Total \$185.23 Inv. No. 101250322; progress audit billing for 9/30/2018; \$10,349.00 Account No. 8958VA069, Policy No. 396D2434 UB, Renewal of Workers Compensation 1/1/2019 to 1/1/2020; \$793.00 Inv No. 134165, R. Sandell Interpleader; \$1,245.00	12,572.23
5055	Bank of America	Debra Tocarchick: DOR Trustee School hotel expense; \$360.06, Telephone & internet; \$295.63, Board meeting supplies; \$50.64, MS Office 365 credit applied; (\$360.00), Total \$346.33 Maureen Femia: FPPTA 2019 membership fee; \$600.00, FPPTA CPPT re-certification fees; \$240.00, Board meeting supplies; \$59.96, Two DVD's Frontline documentary; \$49.75, Total \$949.71 Paul O'Connell: FPPTA NYSE 2019 registration; \$800.00 Daniel Christophers: To be reimbursed by Trustee; \$15.38	2,111.42
5056	Vantagepoint Transfer Agents – 457 FBO Douglas Henry	Lump sum distribution of Fund Rate DROP account via trustee-to-trustee transfer to Vantagepoint Transfer Agents/457 due to separation of service on 10/1/2018; \$306,629.48	306,629.48
5057	Vantagepoint Transfer Agents – 457 FBO Douglas Henry	Trustee-to-trustee transfer of Share Plan balance due to separation of service on 10/1/2018; \$50,557.96	50,557.96