

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
MARCH 18, 2019**

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 (arrived at 3:25 PM)
Trustee David Hall
Trustee Jorge Rossi

ABSENT: Trustee Peter McGinnis

ALSO PRESENT: Robert Sugarman, Board Attorney
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director

AUDIENCE TO BE HEARD

None

APPROVAL OF AGENDA

MOTION: To approve the March 18, 2019 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	
Samolewicz			X	
Aaronian			X	
Christophers			X	
Drago	X		X	
Hall			X	
Rossi		X	X	

APPROVAL OF MINUTES

MOTION: To waive the reading of the minutes of the Regular Board Meeting on February 19, 2019, and to approve same 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	
Samolewicz	X		X	
Aaronian			X	
Christophers			X	
Drago			X	
Hall			X	
Rossi		X	X	

Board of Trustees Minutes Page Two	March 18, 2019	TRUSTEES	M	S	Y	N
<u>APPROVAL OF DROP LOAN APPLICATIONS</u>						
<p>MOTION: To approve the DROP loan application from police member, Kerry Justice. PASSED 7-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Hall 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>MOTION: To approve the DROP loan application from police member, Simoni Cavalieri. PASSED 7-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Hall 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>
<u>RATIFICATION AND APPROVAL OF WARRANTS</u>						
<p>MOTION: To ratify and approve payment of benefits and expenses as set forth on Warrant Nos. 5084, \$650.00; No. 5085, \$737.10; No. 5086, \$23,936.63; No. 5087, \$3,617.99; No. 5088, \$10,000.00; No. 5089, \$2,151.81; No. 5090, \$6,445.10; No. 5091, \$2,370.23; No. 5092, \$50,000.00; No. 5093, \$12,414.94. PASSED 7-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Hall 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>
<u>SUGARMAN & SUSSKIND, PA LEGAL REPORT</u>						
<p>Due to the recent name and organizational change at Brookfield Investment Management (Center Coast strategy) which legally made it a new entity, Sugarman & Susskind negotiated a new investment management agreement with them. The new agreement with Brookfield Public Securities Group, LLC, requires them to accept and acknowledge all liability of the prior company.</p>						
<p>MOTION: To approve the Investment Management Agreement by and between the PBPFRS and Brookfield Public Securities Group, LLC and to authorize the Chairman to execute same, as recommended by Sugarman & Susskind. PASSED 7-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Hall 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>Sugarman & Susskind submitted a written request on March 12 to the Florida Attorney General for her opinion on whether an agency covered by Chapter 119 of the Florida statutes may engage a vendor to perform a vulnerability/penetration test of its computer systems which may inadvertently expose to the testing company certain information that is confidential and/or exempt from public disclosure.</p>						

Board of Trustees Minutes Page Three	March 18, 2019	TRUSTEES	M	S	Y	N
<p>The Executive Director advised the Trustees that she reached out to other administrators to see if any other plans have conducted this type of vulnerability testing and all the responses were negative. The Board agreed to wait for the attorney general's opinion before proceeding with vulnerability testing.</p> <p>Sugarman & Susskind reviewed proposed Nyhart Service Agreements for an actuarial experience study and an asset/liability modeling and made some recommended edits. Sugarman & Susskind had no comment on the reasonableness of the proposed fees although they did check with some other administrators as to what they were paying for an experience study; however, those were smaller plans and smaller populations.</p> <p>Mr. Sugarman suggested the Board may want to consider waiting until the next firefighters' contract is negotiated before conducting the experience study since salary increases are one of the plan assumptions. Mr. Sugarman also suggested that before performing an asset/liability modeling, the Board should first contact its investment consultant and actuary to find out what they may recommend doing with the results. It is likely that the results will point toward taking the portfolio to a more conservative position and the Board is already in the process of lowering its assumed rate of investment return. In three years, the police side of the Plan will be completely closed and that may be a more opportune time to perform the asset/liability modeling since the police group's liabilities will be fully defined.</p> <p>The Board discussed the advantages and disadvantages of performing one or both studies now.</p>						
<p>MOTION: To approve an actuarial experience study and an asset/liability modeling to be performed by Nyhart at a total cost of \$40,000; and to authorize the Chairman to execute the Agreement for Services subject to review and approval by Sugarman and Susskind. MOTION FAILED 2-6.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia Hall Rossi</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>
<p>MOTION: To approve an actuarial experience study to be performed by Nyhart at a cost of \$20,000; and to authorize the Chairman to execute the Agreement for Services subject to review and approval by Sugarman & Susskind. PASSED 7-1.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia Hall Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>	<p>X</p>	<p>X</p>
<p>Sugarman & Susskind reviewed the Summary Plan Description prepared by the Executive Director and made some recommendations which are incorporated. Sugarman & Susskind reported that the contract amendment with Economic Computers was executed.</p>						

Board of Trustees Minutes Page Four	March 18, 2019	TRUSTEES	M	S	Y	N
<u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u>						
<p>The updated Summary Plan Description (SPD) was submitted by the Executive Director for approval.</p>						
<p>MOTION: To approve the Summary Plan Description booklet as presented and reviewed by Sugarman & Susskind. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia Hall Rossi</p>	<p>X</p>			<p>X X X X X X X X</p>	
<p>The Executive Director explained the current process of providing the SPD to the members:</p>						
<ul style="list-style-type: none"> ➤ All active and DROP members are emailed an electronic copy and advised that a hard copy is available upon request ➤ All new-hires receive a hard copy at orientation ➤ Hard copies are distributed to the fire stations and are made available in the Pension Office ➤ An electronic copy is posted on the website 						
<p>Mr. Sugarman suggested that a hard copy be provided to each active and DROP member and that they sign an acknowledgement that they received it. Trustee Rossi will work with staff to coordinate a process to disseminate the hard copies and obtain the signed acknowledgement forms.</p>						
<p><u>COMMITTEE REPORTS</u></p>						
<p><i>Professional Advisors' Review Committee:</i></p>						
<p>In connection with the RFP for legal services, two Trustees submitted fee related questions to Mr. Sugarman in advance of the meeting.</p>						
<p>For purposes of full disclosure, Trustee Christophers advised the Trustees that he met with Mr. Sugarman to discuss his concerns which included the lead attorney's presence at meetings, time spent by the Trustees on presentations of potential securities litigation cases by securities firms and administrative response timeliness. Trustee Christophers indicated that Mr. Sugarman responded with a high degree of professionalism and offered an acceptable solution for each of his concerns.</p>						
<p>Mr. Sugarman shared his proposed solutions to the issues presented and reiterated the credentials of the firm along with its ongoing dedication to the Plan and the Board of Trustees.</p>						
<p>Mr. Sugarman indicated that he feels his legal fees are in the market and they have not increased since 2015. In comparison to the fees quoted by the other firms, he feels that Sugarman & Susskind brings more value for</p>						

<p>Board of Trustees Minutes Page Five</p> <p style="text-align: right;">March 18, 2019</p>	TRUSTEES	M	S	Y	N
<p>the additional \$50/hour compared to the average of the retainer fees quoted in the RFP responses (based on working an average of 20 hours/month on the Plan). Since he does not want fees to be a barrier to a continuation of the relationship, he offered the following proposal for consideration. To lower the monthly retainer fee to \$6,000 per month (the average of the three fees in the RFP response) for three years but he would prefer it to be 1 ½ years through December 31, 2020, which is the expiration date of the contract that was agreed upon in December. Mr. Sugarman reiterated his firm’s qualifications and value which he feels is worth the current fee of \$7,000 per month but noted that if the Trustees disagree with his assessment, then they should pay what they feel the service is worth. As a courtesy, Mr. Sugarman left the room so the Trustees could have a candid conversation regarding the issues.</p> <p>The Trustees discussed their general level of satisfaction with the service provided by Sugarman & Susskind and the current fee structure. As fiduciaries of the Plan, the Trustees agreed it is their duty to assure they receive the best quality legal representation rather than seeking the lowest cost representation. The Board discussed the fee proposals and agreed to ask Mr. Sugarman to extend his current fee arrangement of \$7,000 out one additional year to December 31, 2021.</p> <p>MOTION: To retain Sugarman & Susskind as the Board’s attorney at a retainer fee of \$7,000.00 per month extended to December 31, 2021. PASSED 7-1.</p> <p>Mr. Sugarman returned to the meeting and agreed to the motion. He also advised the Board that for cases covered by the fiduciary liability insurer’s defense cost coverage, his firm will accept the fees agreed to and paid by the insurer, whether they are less or more than the non-retainer hourly.</p> <p>No other Committee Reports were rendered.</p> <p><u>EXECUTIVE DIRECTOR’S REPORT</u></p> <ul style="list-style-type: none"> ➤ The DOR Annual Report was filed on March 4 and approved on March 8. ➤ All investment managers have added some level of proxy voting rationale to their reports except Sands. Sand’s policy does not accommodate this level of reporting but they will provide insight into any vote upon request. ➤ The City’s Ethics and Florida Sunshine Law Training is scheduled for April 11. ➤ The actuarial presentation to the City Commission is scheduled for April 23. The preview meeting with the City Manager is April 22. ➤ Nuance will be lowering its investment management fee from 40 to 35 basis points – they are reaching out to Graystone to discuss. ➤ The first preview of the ESS portal was on March 8. Staff will be reviewing the information and tailoring it to be plan specific once the testing site is provided. ➤ Website redesign should start this week with CNI. 	<p>O’Connell Samolewicz Aaronian Christophers Drago Femia Hall Rossi</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>


- The Executive Director will ask the actuary to update the Sandell calculation once the court appoints the guardians and a benefit commencement date is reasonably known.
- The Board concurred with the Executive Director's recommendation for the Symposium dinner events.

ADJOURNMENT

MOTION: To adjourn the March 18, 2019 Board meeting at 4:42 PM.
PASSED 8-0.

O'Connell			X	
Samolewicz			X	
Aaronian			X	
Christophers			X	
Drago	X		X	
Femia			X	
Hall			X	
Rossi		X	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 – MARCH 18, 2019

ITEM NO. 6 - WARRANT NOS. 5084 THROUGH 5093

Ratified and Approved on 03/18/2019

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5084	Emerald Society of Fort Lauderdale	69 th Annual St. Patrick's Day Gala, 1 table; \$450.00; full page ad journal; \$200.00, Total \$650.00	650.00
5085	Creative Network Innovations, Inc.	50% deposit for work order #PBP021901, website conversion; \$737.10	737.10
5086	Office Depot Comerica Bank Xerox Corporation The Nyhart Company	Inv No. 277729388001, Office supplies; \$64.92 Invoice No. 448228; custodial fee for quarter ended 12/31/2018; \$16,031.48 Inv No. 096139391, February lease; \$172.94, excess print charges; \$17.29, Total \$190.23 Inv No. 0147974, 10/1/2018 Actuarial valuation-final billing; \$4,150.00, Captain Sandell benefit calculation and analysis; \$3,500.00, Total \$7,650.00	23,936.63
5087	Alan B. Drouillard	Revised monthly benefit commencing 5/1/2019 under 100% joint & survivor option due to change in beneficiary; \$3,617.99	3,617.99
5088	Kerry Justice Florida Department of Revenue Nyhart	DROP loan net amount to Kerry Justice; \$9,815.00 Documentary stamps for Kerry Justice DROP loan; \$35.00 Loan processing fee for Kerry Justice; \$150.00	10,000.00
5089	Bank of America	Debra Tocarchick: Educational Symposium expense; \$725.17, Telephone & internet; \$298.92, VIPRE anti-virus renewal; \$182.50, Board meeting supplies; \$66.83, Total \$1,273.42 Maureen Femia: Board meeting supplies; \$100.37 Paul O'Connell: Board meeting supplies; \$3.67, Credit Balance (\$1,100.70), Total (\$1,097.03) Sharra Aaronian: FPPTA Winter School hotel expense; \$560.55 Daniel Christophers: Business lunch; \$60.19 Robert Drago: FPPTA Winter School hotel expense; \$560.55 Vincent Femia: FPPTA Winter School hotel expense; \$560.55 David Hall: Educational Symposium expense: \$172.66, Credit Balance (\$600.00), Total (\$427.34) Richard Samolewicz: FPPTA Winter School hotel expense; \$560.55	2,151.81
5090	Simoni G. Cavalieri	Normal Retirement benefit commencing 5/1/2019 as a result of reaching end of DROP period on 4/30/2019; \$6,445.10	6,445.10
5091	Simoni G. Cavalieri	Lump sum distribution of Police Share Plan account as a result of reaching end of DROP period on 4/30/2019; \$2,370.23	2,370.23

REGULAR MEETING – MARCH 18, 2019

ITEM NO. 6 - WARRANT NOS. 5084 THROUGH 5093

Ratified and Approved on 03/18/2019

5092	Simoni G. Cavalieri Florida Department of Revenue Nyhart	DROP loan net amount to Simoni Cavalieri; \$49,675.00 Documentary stamps for Simoni Cavalieri DROP loan; \$175.00 Loan processing fee for Simoni Cavalieri; \$150.00	50,000
5093	Brookfield Sugarman & Susskind	Inv No. 2018-1231, Inv mgmt fee for quarter ended 12/31/2018; \$12,174.94 Inv No. 136539, R. Sandell matter; \$240.00	12,414.94