

**POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM**

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

**BOARD OF TRUSTEES MINUTES  
REGULAR MEETING  
AUGUST 19, 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 3:00 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  
Trustee Jorge Rossi

**ALSO PRESENT:** Robert Sugarman, Esq., Board Attorney  
Debra Tocarchick, Executive Director  
Maureen Femia, Deputy Director  
Lawrence Watts, The Nyhart Company, Inc.  
Scott Owens, Graystone Consulting

**VISITORS:** Patrick Hanrahan, Retired Police Member

**AUDIENCE TO BE HEARD**

None

**APPROVAL OF AGENDA**

The Chairman reported that Mr. Bogen is unable to attend the meeting on behalf of Labaton Sucharow due to an unexpected schedule conflict and sends his apologies.

**MOTION:** To approve the agenda as presented with two amendments: 1) to table discussion with Labaton Sucharow; and 2) to reverse the order of the Investment Performance Report and the Actuarial Experience Study. PASSED 8-0 (Trustee Hall was out of the room).

**APPROVAL OF MINUTES**

**MOTION:** To waive the reading of the minutes of the Regular Board Meeting on July 15, 2019, and the Budget Committee Meeting on August 5, 2019, and to approve same as presented. PASSED 8-0 (Trustee Hall was out of the room).

	<b>M O T I O N</b>	<b>S E C O N D</b>	<b>V O T E D Y E S</b>	<b>V O T E D N O</b>
O'Connell			X	
Samolewicz	X		X	
Aaronian			X	
Christophers			X	
Drago			X	
Femia			X	
McGinnis		X	X	
Rossi			X	
O'Connell			X	
Samolewicz			X	
Aaronian			X	
Christophers			X	
Drago			X	
Femia			X	
McGinnis		X	X	
Rossi	X		X	

Board of Trustees Minutes Page Two	August 19, 2019	TRUSTEES	M	S	Y	N	
<u>APPROVAL OF SURVIVOR BENEFITS</u>							
<p><b>MOTION:</b> To approve the application for survivor benefits from Jeannie Ellis, beneficiary of retiree George Ellis who deceased on 7/14/2019. PASSED 8-0 (Trustee Hall was out of the room).</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia McGinnis Rossi</p>		<p>X</p>	<p>X</p>	<p>X X X X X X X</p>		
<u>APPROVAL OF DROP APPLICATION</u>							
<p><b>MOTION:</b> To approve the application for Normal Retirement and DROP Entry effective 11/1/2019 from firefighter Eddie Prince. PASSED 8-0 (Trustee Hall was out of the room).</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia McGinnis Rossi</p>		<p>X</p>	<p>X</p>	<p>X X X X X X X</p>		
<u>RATIFICATION AND APPROVAL OF WARRANTS</u>							
<p><b>MOTION:</b> To ratify and approve payment of benefits and expenses as set forth on Warrant Nos. 5135, \$6,337.41; No. 5136, \$6,049.35; No. 5137, \$25,225.00; No. 5138, \$83,757.72; No. 5139, \$1,567.80; No. 5140, \$3,290.16; No. 5141, \$3,119.11; No. 5142, \$68,437.32; No. 5143, \$3,932.28; No. 5144, \$66,236.11; No. 5145, \$471,877.33; No. 5146, \$27,010.96; No. 5147, \$3,232.91; No. 5148, \$3,567.50; No. 5149, \$11,972.35; No. 5150, \$711,409.58; No. 5151, \$50,017.78; No. 5152, \$296,618.41. PASSED 8-0 (Trustee Hall was out of the room).</p>	<p>O'Connell Samolewicz Aaronian Christophers Drago Femia McGinnis Rossi</p>		<p>X</p>	<p>X</p>	<p>X X X X X X X</p>		
<u>JUNE 30, 2019 INVESTMENT PERFORMANCE REPORT PRESENTED BY GRAYSTONE CONSULTING</u>							
<p>Scott Owens, on behalf of Graystone Consulting, presented the investment performance report for the quarter ending June 30, 2019.</p>							
<p>Mr. Owens reported on the overall state of the economy and the markets noting there we are seeing a lot of volatility and price movement in the markets which doesn't necessarily match the fundamentals. Much of the volatility is being driven by the media reporting on discussion such as tariffs to which the market is responding immediately.</p>							
<p>Fundamentally the economy remains sound. Unemployment and interest rates are very low, wages are rising, and manufacturing and service indices indicate the economy is expanding. Consumer spending is 65% of GDP and consumers continue to spend.</p>							
<p>Interest rates are low and are expected to continue to be low. Based on the</p>							

<p><b>Board of Trustees Minutes</b> <b>Page Three</b></p> <p style="text-align: right;"><b>August 19, 2019</b></p>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<p>fundamentals, one would think rates would start moving up. When there is growth, rates increase and consumers borrow more. However, rates around the world are very low. There is approximately \$15-16 trillion dollars with a negative yield. Consequently, every time rates go up, there is an inflow of international dollars to the US markets. Additionally, a volatile market creates a rush to buy risk-free assets such as bonds which causes the price to go up and yield to go down resulting in an inverted yield curve. An inverted yield curve does not cause a recession - it is simply an indicator. If the Fed decided to lower rates, it would have an impact on the short end of the curve and the curve would no longer be inverted.</p> <p>Although it may not feel like it, the first half of this year was the best first half of a year since 1997 with the market up approximately 18%. Even with all the volatility, the market is still positive.</p> <p>The market did well for the quarter with the Russell 1000 Index up 4.25%, followed by mid cap up 4.13% and small cap up 2.10%. Growth outperformed value stocks again; however, the dispersion is increasing so it is expected that growth and value will switch positions. Energy was the only sector that was negative, at -2.8%. International markets were up 3.68% and emerging markets slightly up at 0.74%. The fixed income Barclays Aggregate was up 3.08%.</p> <p>Mr. Owens reviewed the total fund as of June 30, 2019 noting a gain of \$8,152,335 and an overall portfolio value of \$244,648,530. Large cap value, international growth and fixed income were slightly underweight to their target allocations. Equities in total, and private real estate were slightly overweight to their target allocations. Hedge FOF's, MLP's and private equity were all slightly underweight to target allocations. All asset classes were within their 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>While discussing Invesco's performance, Mr. Owens addressed Invesco's proposed Amendment No. 2 to the Limited Partnership Agreement which was reviewed by both Sugarman &amp; Susskind and Graystone. Mr. Owens explained the fee addendum will reduce the fee amount from 1.1% to 1%; however, the fee will be applied to the NAV rather than the committed amount. As the NAV increases, so will the fee. Mr. Owens indicated that he does not have a problem with this change and added that the fee is commensurate with the market.</p> <p>A question was raised as to whether the Invesco funds should be reallocated to another asset class. Mr. Owens stressed the importance of asset allocation and diversity for protection particularly during times of volatility and noted that the portfolio is already very diverse.</p> <p>Another question was raised regarding investing in index funds. Mr. Owens responded that every one of the portfolio's investment managers are beating the index so index funds would reduce the efficiency of the portfolio.</p>					

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<p>Graystone has performed many studies on active versus passive and they are completely unbiased between the two investment forms. The studies have shown that active generally outperforms passive in volatile markets. Mr. Owens suggested that consideration of passive investment should be revisited after the market falls considerably.</p> <p>Mr. Owens reported that they are still actively seeking an exit strategy on the Brookfield (Center Coast) MLP investment.</p> <p>Total gross returns for the quarter, 1-year, 3-year and 5-year periods were 3.42%, 7.14%, 9.52%, and 6.29% 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 reported that the excess return over the benchmark (alpha) is 47 basis points on average every year since 2002. Alpha is an absolute measure. The Sharpe Ratio is the relative measure and the higher the number the better. By every measure, this portfolio is beating its benchmark.</p> <p>Mr. Owens reported that the Compliance Checklist and the Performance Checklist have been separated into two pages at the recommendation of Sugarman &amp; Susskind.</p>					
<p><b>MOTION:</b> To approve the June 30, 2019 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><b>MOTION:</b> To set the net investment rate of return for the quarter ended 6/30/2019 at 3.42% for purposes of the Fund Rate DROP earnings in accordance with Mr. Owen's 8/7/2019 letter of certification. 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><b>MOTION:</b> To approve the earnings for quarter ended 6/30/2019 at \$1,563.91 for purposes of the DROP money market account in accordance with Mr. Owen's 8/7/2019 letter of certification. 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>	

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<p><b>MOTION:</b> To consent to the Second Amendment of the Amended and Restated Limited Partnership Agreement of Invesco Core Real Estate as recommended by Graystone Consulting and reviewed by Sugarman &amp; Susskind. PASSED 9-0.</p> <p><u>PRESENTATION OF ACTUARIAL EXPERIENCE STUDY BY THE NYHART COMPANY, INC.</u></p> <p>Mr. Lawrence Watts on behalf of The Nyhart Company, Inc. presented the actuarial experience study covering plan years October 1, 2012 through September 30, 2018. Actuarial standards require the actuary to perform periodic experience studies to make sure assumptions being used to calculate liabilities, contributions and costs are reasonable and update-to-date. The Plan's last experience study was done in 2013.</p> <p>Mr. Lawrence reported that the current assumptions are in a very good spot and Nyhart has very few recommendations. Two of the recommended assumption refinements were already adopted by the Board in 2018. They include:</p> <ol style="list-style-type: none"> <li>1. Lowering the interest rate used to discount benefit liabilities from 7.5% to 7.0% which is being done over a 5-year period at a rate of 10 basis points per year.</li> <li>2. Lowering the amortization of unfunded liabilities from 30 to 20 years which is being done on all new bases.</li> </ol> <p>Mr. Lawrence advised the Board that actuarial standards require Nyhart to return to the Board if they believe that 7.0% is no longer a reasonable assumption. At this time, they are comfortable with it.</p> <p>Mr. Lawrence addressed the other assumptions they are recommending be refined:</p> <ol style="list-style-type: none"> <li>1) Increase retirement rates to reflect experience of namely more participants retiring at first eligibility more often.</li> <li>2) Increase withdrawal rates beginning on the 8<sup>th</sup> year of service to reflect experience.</li> <li>3) Lower rate of inflation from 2.5% to 2.0% annually</li> <li>4) Realign rates between inflation and merit by lowering baseline inflation by 0.5% to 2.0% and increasing merit portion by 0.5% at all service levels.</li> </ol> <p>The total impact to the funding percentage if all recommendations were adopted, including taking the current discount rate of 7.4% to 7.0% <i>immediately</i>, would be approximately 3%; i.e. going from 69% funded to 66% funded. Since the Plan is phasing in the discount rate reduction in annual</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>	

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<p>Increments rather than making an immediate change to 7.0%, the impact to the funded rate is approximately 30 basis points.</p> <p>Mr. Lawrence advised the Board that there is a proposed exposure draft that has not yet been finalized. Under the new proposed standard, an actuary would be required to value things at a best estimate assumption. That is not to say that from a funding perspective, the Plan could not continue to lower the discount rate in 10% increments to 7.0%; however, from a reporting standpoint, the actuary would be required to value it at 7.0%. There would then need to be a blend of the funding contribution amount over the next four years to get to that point. If this standard is finalized, Nyhart will readdress this issue with the Board.</p> <p><b>MOTION:</b> To adopt the recommended assumption changes as set forth in the Nyhart Experience Study presented on August 19, 2019 to be effective with the 10/1/2019 actuarial valuation. PASSED 9-0.</p> <p>The four new assumption changes are expected to increase contributions approximately \$80,000 annually.</p> <p><u>SUGARMAN &amp; SUSSKIND, PA LEGAL REPORT</u></p> <p>Mr. Sugarman congratulated Trustee Drago on a term well served and welcomed trustee elect Patrick Hanrahan on board. Mr. Sugarman commented that it was encouraging to see 80% of the voters in a closed plan vote in a pension election. It shows the great interest the members have in their pension plan.</p> <p>Mr. Sugarman reported that Grant &amp; Eisenhofer approached his firm with a Floor &amp; Décor derivative case. Since the Board rejected pursuing the Floor &amp; Décor securities litigation matter presented by Robbins Geller, he did not invite G&amp;E to present the matter. Mr. Sugarman noted that if the Board wishes to discuss it, he will invite them.</p> <p>Chairman O'Connell mentioned that since the Board rejected the Floor &amp; Décor matter, lead plaintiff status was granted to an Oklahoma police fund. The Floor &amp; Décor derivative is a different kind of litigation and the venue is in Delaware.</p> <p>None of the Trustees expressed interest in inviting in Grant &amp; Eisenhofer to discuss the Floor &amp; Décor derivative matter.</p> <p>Sugarman &amp; Susskind drafted a proposed ordinance in response to the firefighters' cancer bill. Under the new legislation, if a firefighter is diagnosed with one of the defined forms of cancer, he or she can apply for a service-connected disability. The firefighter must be employed full-time and able to demonstrate that he or she has not been employed in any other position which is proven to create a higher risk for cancer. If a firefighter can satisfy the disability standard of the Plan which is total and permanent</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>	

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<p>incapacitation from rendering useful and efficient service as a firefighter, then the presumption is that the disability is service-connected.</p> <p>Mr. Sugarman stated that they do not know the answer yet to whether the presumption is conclusive or rebuttable. If it is rebuttable, then the benefit will be tax-free. If not rebuttable, then the benefit may be taxable. They are still trying to sort out this question.</p> <p>Mr. Sugarman indicated that the proposed ordinance amendment is intended to comply with the legislation; however, there are still issues that will have to work their way through the courts.</p> <p><b>MOTION:</b> To accept the proposed ordinance amendments regarding actuarial equivalence and the firefighters’ cancer bill, to authorize the Executive Director to obtain an actuarial impact statement, and to forward both to the City with a recommendation that the proposed amendments be adopted, as recommended by Sugarman &amp; Susskind. PASSED 9-0.</p> <p>Mr. Sugarman presented the opinion memorandum from the Florida Attorney General dated July 25, 2019, regarding penetration testing of the Retirement System’s electronic data storage systems. The AG opined that this testing is permissible if the Board determines that it is necessary for the administration and operation of the fund.</p> <p>The Executive Director forwarded this information to the Board’s IT consultant and requested he render a recommendation as to whether vulnerability testing should be performed given his knowledge of the Retirement System’s computer infrastructure and environment. If recommended to also identify a large nationally known firm to perform the service. The IT Consultant will attend the September 23 Board meeting to present his report and recommendation.</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, Mark Rider and Mitchell Grossman.</p> <p><b>MOTION:</b> To accept all disability retirees as exempt from the annual review with no further action with the exception of Mark Munson, Mark Rider and Mitchell Grossman. PASSED 9-0.</p>	<p>O’Connell Samolewicz Aaronian Christophers Drago Femia Hall McGinnis Rossi</p>	<p>X</p> <p>X</p>	<p>X</p> <p>X</p>	<p>X X X X X X X X X</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>	

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<p>The Executive Director reported that three trustees and both administrators were selected in the FPPTA annual lottery to attend the FPPTA NYSE program in New York.</p> <p>The only Trustee who did not have a schedule conflict was Vice-Chairman Samolewicz. The remaining four spots will be returned to FPPTA to be placed with other plans.</p> <p><b>MOTION:</b> To approve Vice-Chairman Samolewicz to attend the FPPTA NYSE program on March 24-28, 2020 in New York. PASSED 9-0.</p>						
<p>Vice-Chairman Samolewicz reported that he, Trustee Aaronian and the Executive Director met with the event coordinators at the Marriott Hotel and discussed the contract for the 2020 Educational Symposium. Vice-Chairman Samolewicz noted it was a very productive discussion and the Marriott met our request for concessions in the room rate and various other amenities.</p>						
<p><b>MOTION:</b> To approve the Group Sales Agreement with the Marriott Hotel for the 2020 Educational Symposium as presented as recommended by the Executive Director subject to review and approval by Sugarman &amp; Susskind. PASSED 9-0.</p>						
<p>The Board reviewed the Your Pension Matters newsletter for quarter ending June 30.</p>						
<p><u>COMMITTEE REPORTS</u></p>						
<p><i>Investment Committee:</i></p>						
<p>Committee Chairman Aaronian thanked the committee members for their time at the lengthy meeting on June 27. She reported that the committee evaluated the need for a formal securities litigation policy and concluded that it was preferable to continue with the existing procedure that has been historically employed. The committee is recommending one change to the procedure which is to have the Board negotiate the legal fees with a securities litigation firm at the onset of each case.</p>						



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<p><b>MOTION:</b> To recommend to the Board of Trustees that it continue to operate in the same manner as it has been for securities litigation cases with one change – to negotiate the legal fees with a securities litigation firm at the onset of each case. PASSED 9-0.</p> <p>The Board agreed that the procedure documented by the Executive Director would be referred to as its standard operating procedure going forward.</p> <p>Committee Chairman Aaronian discussed the request from Trustee Drago to have staff provide a list of the win percentages of the top 20 securities litigation firms. Mr. Sugarman responded that there is a magazine that ranks them by awards but those are not win percentages because over 98% of the cases are settled. It ranks the firms in terms of numbers rather than quality, but it does suggest who the major players are. The Board is already working with all well-known major firms.</p> <p>Committee Chairman Aaronian reported on the committee’s discussion regarding DROP Plan fees. A fee comparison was performed, and of the eleven responding plans, it was noted that while the fee is higher in this plan, our members are permitted to stay beyond retirement. The other plans require the members to move their money out of the DROP upon retirement.</p> <p>Currently, the DROP administration fee is 75 basis points. The committee is recommending that the fee be reviewed again based on 9/30/2019 fiscal year activity and be brought back for discussion in January when audited numbers are available.</p> <p>Some discussion ensued as to what DROP plan costs should be included in the review. Committee Chairman Aaronian recommended that the determination of the appropriate costs to be included in the analysis be made when all the September 30 fiscal year information is available.</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>	
<p><b>MOTION:</b> To table the determination of which costs should be included in the analysis of DROP administration fees until such time as the September 30 information is available to the Investment Committee. PASSED 9-0.</p> <p><u>Communications/Cyber Review Committee:</u></p> <p>Committee Chairman Rossi reported that CNI has implemented the ADA compliance solution on the existing website.</p> <p>The Executive Director communicated with a company referred to her by Economic Computers that does full ADA compliance. Based on the size of the Plan’s proposed new website, this would be their smallest client at a cost of approximately \$1,000/month. She is working on identifying other</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>	

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<p>companies that may offer a more competitively priced solution. Information will be brought back to the September 23 Board meeting.</p> <p>The link to the test site for the revised website was circulated but no feedback has been received. The Executive Director will resend the link to the committee members.</p> <p><u>Budget Committee:</u></p> <p>Committee Chairman Hall submitted the committee's proposed budget for review and comments before final adoption on September 23.</p> <p>The informal budget variance report as of June 30, 2019 was distributed.</p> <p><u>EXECUTIVE DIRECTOR'S REPORT</u></p> <p>The Executive Director reported the following:</p> <ul style="list-style-type: none"> <li>❖ The Election Committee's voting certification letter was distributed.</li> <li>❖ The fund received a fourth distribution from the Madoff Victim Fund in the amount of \$28,391.90.</li> <li>❖ The hall camera which shows staff a webcam image of who is on the other side of the door is no longer working. It was purchased in 2005 and there is no warranty. All Florida Alarms was asked to price out replacement options for the Board's consideration.</li> </ul> <p>The Board agreed by consensus to authorize the Executive Director to purchase a ring camera at a cost not to exceed \$2,000. During discussion it was agreed that a ring camera will likely cost \$200-\$300 with a very small monthly maintenance charge of approximately \$1 or \$2.</p> <p>At the conclusion of the Executive Director's Report, the Chairman referred to a letter dated August 19, 2019, from retired police member, Adam Burns, which was distributed to all the Trustees. The letter requests an investigation be performed regarding conduct by Chairman O'Connell and potentially other Trustees during the police trustee election as alleged by Mr. Burns.</p> <p>Chairman O'Connell asked the Trustees to read the letter and requested legal counsel provide guidance on how to proceed at the September 23 Board meeting.</p> <p>Attorney Sugarman responded that he had read the letter and would speak now to the allegations. One of Mr. Burns' complaints involves the conduct of the police trustee election, specifically how the mailing envelopes containing the ballots were handled. If the Board receives a protest to an election, then the burden to prove any irregularities is on the person who seeks to set aside the election. That person should bring forth any evidence</p>						

<p><b>Board of Trustees Minutes</b> <b>Page Eleven</b></p> <p style="text-align: right;"><b>August 19, 2019</b></p>	<b>TRUSTEES</b>	<b>M</b>	<b>S</b>	<b>Y</b>	<b>N</b>
<p>they have of irregularities. The election materials are available and retained in accordance with public records rules.</p> <p>Another of Mr. Burns' complaints involved the Chairman talking to members during the election. Mr. Sugarman commented that the Chairman is a member of this fund and we have freedom of speech. Anyone can campaign for or against other candidates. Democracy is the best way to decide who is going to represent people and the way the Board is required to conduct an election.</p> <p>Another of Mr. Burns' complaints involved the Chairman reiterating a policy that the Board of Trustees passed in 2015 when it gave staff omnibus authority to secure their safety when and if they feel threatened by arranging for a BSO detail without having to publicly request it at a Board meeting.</p> <p>Mr. Sugarman concluded that unless the Board of Trustees is presented with some proof of irregularities or ballot stuffing, then the allegations are not legally supportable.</p> <p>The Executive Director asked that the record reflect that staff conducted the election according to the existing election policy and procedure and she takes exception to any suggestion that staff would manipulate ballots or permit any manipulation of ballots under her control. When she was asked to unilaterally change the procedure by not opening the outer envelope, she responded that it would not be in accordance with the election policy.</p> <p>Trustee Drago responded that he is not accusing staff but reiterated his objection to opening the envelopes due to accusations of ballot stuffing.</p> <p>Trustee Drago was asked if he observed anything irregular during the ballot opening and counting by the Election Committee. He responded that he did not but still objected to the mailing envelope being opened.</p> <p>During discussion, it was clarified that there are three envelopes: 1) the outer mailing envelope that is opened by staff, which then contains 2) a sealed white signature envelope that is NOT opened by staff, which then contains 3) a sealed blue ballot envelope that is NOT opened by staff.</p> <p>During further discussion where individual trustees expressed their viewpoints, Trustee Drago stated a continued objection that it is not over.</p> <p><u>ADJOURNMENT</u></p> <p><b>MOTION:</b> To adjourn the August 19, 2019 Board meeting at 5:03 PM. 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 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 19, 2019**

**ITEM NO. 7 - WARRANT NOS. 5135 THROUGH 5152**

**Ratified and Approved on 8/19/2019**

<b>WARRANT NO.</b>	<b>PAYABLE TO</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>5135</b>	Debra Tocarchick	One-time payroll due to salary increase to be applied to payroll ending 7/31/2019, retroactive to 7/1/2019, less 10% 401(a) employee contribution, and 457 employee contribution; \$4,935.15, 401(a) employee and employer contribution \$1,152.26, 457 employee contribution, \$250.00, <b>Total \$6,337.41</b>	<b>6,337.41</b>
<b>5136</b>	Debra Tocarchick	Salary increase to be applied commencing 8/1/2019, less 10% 401(a) employee contributions and 457 employee contribution; \$4,699.47, 401(a) employee and employer contribution \$1,099.88, 457 employee contribution, \$250.00, <b>Total \$6,049.35</b>	<b>6,049.35</b>
<b>5137</b>	Trustee & Fiduciary Insurance Services Inc.	Renewal of RLI Fiduciary Liability Insurance for one year effective 8/8/2019 limit \$5 million, deductible \$25,000; <b>\$25,225.00</b>	<b>25,225.00</b>
<b>5138</b>	Sands Nuance Renaissance Lazard	Inv mgmt. fee quarter ended 6/30/2019; <b>\$23,747.09</b> Inv mgmt. fee quarter ended 6/30/2019; <b>\$10,955.88</b> Inv mgmt. fee quarter ended 6/30/2019; <b>\$27,356.59</b> Inv mgmt. fee quarter ended 6/30/2019; <b>\$21,698.16</b>	<b>83,757.72</b>
<b>5139</b>	Minuteman Press Office Depot Arthur J. Gallagher	Inv No. 64848, 1,000 #10 Envelopes; <b>\$224.02</b> Inv No. 342573886001, Office supplies; <b>\$30.03</b> Inv No. 3109879, Annual Premium for Cyber Liability Insurance effective 8/21/2019; <b>\$1,313.75</b>	<b>1,567.80</b>
<b>5140</b>	Jeannie Ellis	Survivor benefits commencing August 1, 2019 under 100% survivor option to designated beneficiary of George B. Ellis, Jr. who deceased on 7/14/2019; <b>\$3,290.16</b>	<b>3,290.16</b>
<b>5141</b>	G&C Platinum 2500 Investors, LLC	Recurring monthly office rent effective 10/1/2019; <b>\$3,119.11</b>	<b>3,119.11</b>
<b>5142</b>	Blackrock Morgan Stanley Brookfield Victory	Inv mgmt. fee quarter starting 7/1/2019; <b>\$18,893.51</b> Inv consulting fee quarter ended 6/30/2019; <b>\$21,653.75</b> Inv mgmt. fee quarter ended 6/30/2019; <b>\$14,429.06</b> Inv mgmt. fee quarter ended 6/30/2019; <b>\$13,461.00</b>	<b>68,437.32</b>
<b>5143</b>	Tracy J. Glass	Normal retirement benefit commencing 9/1/2019 as a result of reaching end of DROP period on 8/31/2019; <b>\$3,932.28</b>	<b>3,932.28</b>
<b>5144</b>	Tracy J. Glass	Lump sum distribution of Share Plan account as a result of separation of service on 8/31/2019; <b>\$66,236.11</b>	<b>66,236.11</b>
<b>5145</b>	Vantagepoint Transfer Agents/457 FBO Tracy J. Glass	Lump sum distribution of balance of 95% of Fund Rate DROP account via trustee-to-trustee transfer to Vantagepoint Transfer Agents/457 due to separation of service on 8/31/2019; <b>\$471,877.33</b>	<b>471,877.33</b>

**REGULAR MEETING – AUGUST 19, 2019**

**ITEM NO. 7 - WARRANT NOS. 5135 THROUGH 5152**

**Ratified and Approved on 8/19/2019**

<b>5146</b>	Jorge Rossi Daniel Christophers Xerox Corporation Wells Fargo	OPAL Public Funds Summit expense reimbursement; <b>\$35.86</b> OPAL Public Funds Summit expense reimbursement; <b>\$1,228.04</b> Inv No. 097618243, July lease; \$150.59, excess print charges; \$47.86, <b>Total \$198.45</b> Inv mgmt. fee quarter ended 6/30/2019; <b>\$25,548.61</b>	<b>27,010.96</b>
<b>5147</b>	Bank of America	Debra Tocarchick: Telephone & internet; \$301.16, Board meeting supplies; \$175.34, Publications, \$116.97; Mail courier; \$35.65, Go Daddy website domain (\$4.99), <b>Total \$624.13</b> Maureen Femia: Board meeting supplies; <b>\$111.89</b> Sharra Aaronian: OPAL Public Funds Summit expenses; <b>\$325.00</b> Robert Drago: Public Funds Forum hotel; \$1,196.68, Public Funds registration; \$800.00, <b>Total \$1,996.68</b> Jorge Rossi: OPAL Public Funds Summit expenses; <b>\$175.21</b>	<b>3,232.91</b>
<b>5148</b>	Sharra Aaronian Richard Samolewicz FP Mailing Solutions Greater Pompano Beach Chamber of Commerce The Berwyn Group	OPAL Public Funds Summit expense reimbursement; <b>\$607.00</b> OPAL Public Funds Summit expense reimbursement; <b>\$2,132.50</b> Inv No. #RI104152703, 08/02/19 – 11/01/19 quarterly postage meter lease; <b>\$78.00</b> Annual membership for period ending 08/31/2019; <b>\$350.00</b> Inv No. 44139; Annual license fee for death check verification services through July 2020; <b>\$400.00</b>	<b>3,567.50</b>
<b>5149</b>	UBS Financial Services/IRA FBO Ted Patton	Trustee-to-trustee transfer of balance of Fund Rate DROP account for earnings less fees for quarter ended 6/30/2019; <b>\$11,972.35</b>	<b>11,972.35</b>
<b>5150</b>	UBS Financial Services/IRS Vantagepoint Transfer Agents/457 FBO Daron E. Davis	Lump sum distribution of 95% balance of Fund Rate DROP account via trustee-to-trustee transfer of \$675,000.00 to UBS Financial Services/IRA and \$36,409.58 to Vantagepoint Transfer Agents/457, <b>Total \$711,409.58</b>	<b>711,409.58</b>
<b>5151</b>	Vantagepoint Transfer Agents/457 FBO David W. Smith	Trustee-to-trustee transfer of balance of Fund Rate DROP account for earnings less fees for quarter ended 6/30/2019; <b>\$50,017.78</b>	<b>50,017.78</b>
<b>5152</b>	Vantagepoint Transfer Agents/457 FBO Michael Johnson	Lump sum distribution of balance of 95% of Fund Rate DROP account via trustee-to-trustee transfer to Vantagepoint Transfer Agents/457 due to separation of service on 2/11/2019; <b>\$296,618.41</b>	<b>296,618.41</b>

**SUMMARY OF RELEVANT FACTS**  
**Pompano Beach Police & Firefighters' Retirement System**  
**As of June 30, 2019**

**Distribution of Assets:**

<b>Equity</b>	
-Large Cap. Value	\$30,249,762
-Large Cap. Growth	\$31,812,354
-Mid Cap. Value	\$12,573,709
-Small/Mid Cap. Growth	\$13,511,954
-International Value	\$18,778,286
-International Growth	\$18,265,345
<b>Total Equity</b>	<b>\$125,191,410</b>
<b>Fixed Income</b>	<b>\$54,520,952</b>
<b>Private Real Estate</b>	<b>\$20,632,474</b>
<b>Fund of Hedge Funds</b>	<b>\$22,749,639</b>
<b>Master Limited Partnerships</b>	<b>\$11,574,959</b>
<b>Private Equity</b>	<b>\$8,633,922</b>
<b>Cash (Non-Managed Account)</b>	<b>\$1,345,175</b>
<b>Total Portfolio</b>	<b>\$244,648,530</b>

**Distribution by Percentages:**

	Policy	Current
<b>Equity Breakdown</b>		
-Large Cap. Value	12.50%	12.36%
-Large Cap. Growth	12.50%	13.00%
-Mid Cap. Value	5.00%	5.14%
-Small/Mid Cap. Growth	5.00%	5.52%
-International Value	7.50%	7.68%
-International Growth	7.50%	7.47%
<b>Total Equity</b>	<b>50.00%</b>	<b>51.17%</b>
<b>Fixed Income</b>	<b>22.50%</b>	<b>22.29%</b>
<b>Private Real Estate</b>	<b>7.50%</b>	<b>8.43%</b>
<b>Fund of Hedge Funds</b>	<b>10.00%</b>	<b>9.30%</b>
<b>Master Limited Partnerships</b>	<b>5.00%</b>	<b>4.73%</b>
<b>Private Equity</b>	<b>5.00%</b>	<b>3.53%</b>
<b>Cash (Non-Managed Account)</b>	<b>0.00%</b>	<b>0.55%</b>
<b>Total Portfolio</b>	<b>100.00%</b>	<b>100.00%</b>

**INVESCO (Private Real Estate)**

Private Real Estate	100.00%	\$17,632,474
Fees		(\$48,918)
Gain or (Loss)		\$181,196

**OFFICE BUILDING**

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

**Center Coast Master Limited Partnerships**

Fund of Hedge Fund	100.00%	\$11,574,959
Gain or (Loss)		\$3,763

**Other Important Facts:**

Total Portfolio		\$244,648,530
Total Gain or (Loss) - Gross of Fees		\$8,152,335

**BLACKROCK**

Total Assets	100.00%	\$30,249,762
Equity	95.38%	\$28,851,300
Cash	4.62%	\$1,398,462
Fees		(\$18,918)
Gain or (Loss)		\$1,457,702

**SANDS CAPITAL MANAGEMENT**

Total Assets	100.00%	\$15,913,975
Equity	97.11%	\$15,453,944
Cash	2.89%	\$460,030
Fees		(\$23,775)
Gain or (Loss)		\$633,226

**SAWGRASS ASSET MANAGEMENT**

Total Assets	100.00%	\$15,898,380
Equity	99.61%	\$15,837,013
Cash	0.39%	\$61,367
Fees		(\$18,866)
Gain or (Loss)		\$713,592

**NUANCE**

Total Assets	100.00%	\$12,573,709
Equity	92.78%	\$11,665,282
Cash	7.22%	\$908,426
Fees		(\$12,135)
Gain or (Loss)		\$723,569

**WELLS**

Total Assets	100.00%	\$13,511,954
Equity	96.97%	\$13,102,698
Cash	3.03%	\$409,257
Fees		(\$27,208)
Gain or (Loss)		\$1,359,423

**Pine Grove Fund of Hedge Fund**

Fund of Hedge Fund	100.00%	\$10,664,016
Gain or (Loss)		\$137,965

**Ironwood Fund of Hedge Fund**

Fund of Hedge Fund	100.00%	\$12,085,623
Gain or (Loss)		\$258,845

**MAIN ACCOUNT (NON-MANAGED)**

Cash	100.00%	\$1,345,175
Gain or (Loss)		\$5,010

**LAZARD (International Value)**

Total Assets	100.00%	\$18,778,286
Equity	96.24%	\$18,072,727
Cash	3.76%	\$705,559
Fees		(\$21,011)
Gain or (Loss)		\$804,291

**RENAISSANCE (International Growth)**

Total Assets	100.00%	\$18,265,345
Equity	98.28%	\$17,951,972
Cash	1.72%	\$313,373
Fees		(\$26,710)
Gain or (Loss)		\$350,811

**STANDISH MELLON**

Total Assets	100.00%	\$27,248,204
Fixed	95.28%	\$25,961,731
Cash	4.72%	\$1,286,473
Fees		(\$14,372)
Gain or (Loss)		\$784,054

**INCORE/VICTORY (FORMERLY MUNDER)**

Total Assets	100.00%	\$27,272,748
Fixed	99.36%	\$27,096,951
Cash	0.64%	\$175,797
Fees		(\$13,094)
Gain or (Loss)		\$772,561

**NB CROSSROADS (PRIVATE EQUITY) #1**

Total Assets	100.00%	\$3,405,628
Gain or (Loss)		\$0

**NB CROSSROADS (PRIVATE EQUITY) #2**

Fund of Hedge Fund	100.00%	\$2,790,318
Gain or (Loss)		\$0

**BLACKSTONE (PRIVATE EQUITY)**

Total Assets	100.00%	\$1,541,551
Gain or (Loss)		(\$65,547)

**GOLDMAN SACHS (PRIVATE EQUITY)**

Total Assets	100.00%	\$896,425
Gain or (Loss)		\$0

**BREAKDOWN OF RETURNS**  
**Pompano Beach Police & Firefighters' Retirement System**  
**As of June 30, 2019**

**TRADITIONAL INVESTMENTS**

<b>BLACKROCK</b>		<b>Your Returns</b>		<b>Russ 1000 Value</b>	<b>PSN Money Mgrs.</b>	<b>S&amp;P 500</b>
<b>Large Cap. Value</b>		<b>Gross</b>	<b>Net</b>			
	Quarter	4.96	4.90	3.84	3.80	0.61
	1 year	8.40	8.13	8.46	7.37	3.06
	3 year	11.92	11.48	10.19	11.07	11.06
	5 year	8.85	8.33	7.46	8.00	6.07
	Since 1/31/2013	10.61	10.06	10.80	NA	8.49
<b>SANDS CAPITAL</b>				<b>Russ 1000 Growth</b>	<b>PSN Money Mgrs.</b>	
<b>Large Cap. Growth</b>						
	Quarter	4.07	3.91	4.64	5.11	
	1 year	8.97	8.28	11.56	11.40	
	3 year	23.07	22.34	18.07	16.52	
	5 year	13.46	12.78	13.39	11.81	
	Since 5/31/2003	13.23	12.58	10.42	NA	
<b>SAWGRASS</b>				<b>Russ 1000 Growth</b>	<b>PSN Money Mgrs.</b>	
<b>Large Cap. Growth</b>						
	Quarter	4.63	4.51	4.64	5.11	
	Since 1/31/2019	12.60	12.47	11.47	NA	
<b>NUANCE</b>				<b>Russ Mid Value</b>	<b>PSN Money Mgrs.</b>	
<b>Mid Cap. Value</b>						
	Quarter	6.01	5.91	3.19	3.05	
	Since 6/30/2018	14.95	14.60	3.68	1.04	
	Nuance/RBC Global - 3 year	11.94	11.58	8.95	10.29	
	Nuance/RBC Global - 5 year	7.12	6.60	6.72	6.41	
	Nuance/RBC Global - Since 1/31/2009	15.19	14.57	15.48	NA	
<b>WELLS</b>				<b>Russ 2500 Growth</b>	<b>PSN Money Mgrs.</b>	
<b>Small/Mid Cap. Growth</b>						
	Quarter	11.01	10.77	4.14	4.21	
	1 year	18.62	17.64	6.13	3.51	
	3 year	21.70	20.66	16.14	17.44	
	5 year	13.20	12.20	9.98	10.34	
	Since 1/31/2009	19.48	18.45	17.20	NA	
<b>LAZARD</b>				<b>MSCI AC Wld x US</b>		
<b>International Value</b>						
	Quarter	4.47	4.35	2.98		
	1 year	1.89	1.40	1.29		
	3 year	8.05	7.52	9.39		
	5 year	2.72	2.20	2.16		
	Since 1/31/2013	4.89	4.38	4.19		
<b>RENAISSANCE</b>				<b>MSCI AC Wld x US</b>		
<b>International Growth</b>						
	Quarter	1.94	1.79	2.98		
	1 year	(4.26)	(4.83)	1.29		
	3 year	6.43	5.79	9.39		
	5 year	1.03	0.39	2.16		
	Since 1/31/2009	8.84	8.17	8.57		
<b>STANDISH MELLON</b>				<b>BC Aggregate</b>	<b>BC Int. Aggregate</b>	<b>BC Int. Gov/Credit</b>
<b>Fixed Income</b>						
	Quarter	2.96	2.91	3.08	2.39	2.59
	1 year	7.81	7.56	7.87	6.73	6.93
	3 year	2.35	2.10	2.31	2.03	1.99
	5 year	2.87	2.57	2.95	2.46	2.39
	Since 4/30/2003	4.20	3.87	4.08	3.72	3.53
<b>INCORE/VICTORY (Munder)</b>				<b>BC Aggregate</b>	<b>BC Int. Aggregate</b>	<b>BC Int. Gov/Credit</b>
<b>Fixed Income</b>						
	Quarter	2.91	2.87	3.08	2.39	2.59
	1 year	7.70	7.48	7.87	6.73	6.93
	3 year	2.68	2.47	2.31	2.03	1.99
	5 year	3.05	2.87	2.95	2.46	2.39
	Since 9/30/2002	4.47	4.25	4.17	3.79	3.65

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**

<b>INVESCO</b>						
<i>Private Real Estate</i>		Gross	Net	NCREIF	NCREIF ODCE	BC Aggregate
	Quarter	1.04	0.76	1.51	0.99	3.08
	1 year	7.02	5.83	6.50	6.41	7.87
	3 year	7.95	6.75	6.89	7.57	2.31
	5 year	10.22	9.01	8.83	9.76	2.95
	Since 7/31/2006	6.46	5.32	7.34	6.54	4.40
<b>OFFICE BUILDING</b>						
<i>Private Real Estate</i>				90-Day T-Bill	BC Aggregate	
	Quarter	1.07	1.07	0.61	3.08	
	1 year	5.08	5.08	2.29	7.87	
	3 year	4.59	4.59	1.36	2.31	
	5 year	21.02	21.02	0.84	2.95	
	Since 3/31/2007	0.94	0.88	0.81	4.21	
<b>Ironwood</b>						
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	BC Aggregate	
	Quarter	2.19	2.19	1.48	3.08	
	1 year	3.53	3.53	1.87	7.87	
	3 year	6.26	6.26	3.73	2.31	
	5 year	4.10	4.10	2.07	2.95	
	Since 7/31/2008	3.64	3.64	1.47	4.13	
<b>Pine Grove</b>						
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	BC Aggregate	
	Quarter	1.31	1.31	1.48	3.08	
	1 year	0.99	0.99	1.87	7.87	
	3 year	4.98	4.98	3.73	2.31	
	5 year	1.54	1.54	2.07	2.95	
	Since 9/30/2008	3.59	3.59	2.14	4.23	
<b>Center Coast</b>						
<i>Master Limited Partnerships</i>				Alerian MLP		
	Quarter	0.03	(0.09)	0.12		
	1 year	7.52	7.00	3.09		
	3 year	0.96	0.46	(0.42)		
	Since 1/31/2015	(4.66)	(5.08)	(5.27)		
<b>Neuberger Berman</b>						
<i>Private Equity #1</i>		Time-Wtd	Dollar-Wtd	MSCI AC Wrlld / 90-Day T-Bill	BC Aggregate	
	Quarter	0.00	0.00	0.61	3.08	
	1 year	1.84	1.77	3.06	7.87	
	3 year	11.35	11.95	11.06	2.31	
	5 year	10.81	11.05	6.07	2.95	
	Since 3/31/2010	4.75	10.47	8.39	3.59	
<b>Neuberger Berman</b>						
<i>Private Equity #2</i>		Time-Wtd	Dollar-Wtd	MSCI AC Wrlld / 90-Day T-Bill	BC Aggregate	
	Quarter	0.00	0.00	0.61	3.08	
	1 year	8.29	8.32	3.06	7.87	
	3 year	12.18	12.13	11.06	2.31	
	Since 7/31/2014	7.43	9.69	6.44	3.05	
<b>Blackstone</b>						
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	S&P 500	BC Aggregate	
	Quarter	(4.08)	(4.00)	4.30	3.08	
	1 year	2.39	2.16	10.42	7.87	
	3 year	10.96	10.28	14.19	2.31	
	5 year	9.17	7.80	10.71	2.95	
	Since 11/30/2013	10.18	8.05	11.40	3.24	
<b>Goldman Sachs</b>						
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	MSCI AC Wrlld / 90-Day T-Bill	BC Aggregate	
	Quarter	0.00	0.00	0.61	3.08	
	1 year	(0.40)	(0.35)	3.06	7.87	
	3 year	6.58	8.47	11.06	2.31	
	5 year	7.02	7.62	6.07	2.95	
	Since 12/31/2013	5.91	7.74	6.72	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.

TOTAL FUND				Policy Index	
<i>Time-Weighted Return (TWR)</i>					
Quarter		3.42	3.32	2.98	
1 year		7.14	6.70	6.31	
3 year		9.52	9.05	8.16	
5 year		6.29	5.80	5.53	
Since 9/30/2002		7.71	7.23	7.33	
Since 6/30/1995		7.24			

TOTAL FUND				Actuarial Rate		CPI +3	
<i>Dollar-Weighted Net Return (IRR)</i>							
Quarter			3.32	1.82	1.20		
1 year			6.75	7.50	4.83		
3 year			9.16	7.50	5.11		
5 year			5.64	7.50	4.47		
Since 9/30/2002			7.45	7.50	5.12		

**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.