

| Board of Trustees Minutes Page Two | June 15, 2020 | TRUSTEES | M | S | Y | N | |
|--|---------------|----------|---|---|---|---|--|
| <u>APPROVAL OF AGENDA</u> | | | | | | | |
| <p>MOTION: To approve the June 15, 2020 agenda as presented. PASSED 9-0.</p> | | X | | | X | X | |
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| <u>PRESENTATIONS FROM CANDIDATES FOR CUSTODIAN BANK SERVICES</u> | | | | | | | |
| <p>The Board of Trustees previously issued an RFP for Custodian Bank Services. After review and evaluation of the responders, the Board had agreed to interview Fifth-Third Bank, First State Trust Company and Salem Trust Company.</p> | | | | | | | |
| <p>Mr. Sugarman informed the participating candidates that the meeting is a public forum and each participant has the right to be present during the course of the full meeting and observe the presentations of the other firms if they so choose. Each participating candidate indicated their preference to remain in the virtual waiting room until their dedicated time to present.</p> | | | | | | | |

| Board of Trustees Minutes Page Three | June 15, 2020 | TRUSTEES | M | S | Y | N |
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| <p><u>Fifth-Third Bank</u></p> <p>Jay Young, Institutional Sales, and Kimberly Kutlenios, Senior Relationship Manager presented on behalf of Fifth-Third Bank. Mr. Young provided background of the company noting that Fifth-Third Bank was founded over 150 years ago, currently ranking in the top nine US custodian banks, and headquartered in Cincinnati, OH. Within Florida, there are approximately 170 branches with over \$8 billion in assets. Overall, they have approximately \$400 billion in assets under care and \$180 billion in custody for public pension funds.</p> <p>The presentation was turned over to Ms. Kutlenios who discussed her credentials and experience as relationship manager for many pension funds across the state of Florida. Ms. Kutlenios explained the conversion process from the current custodian to Fifth-Third noting that various teams would be involved in the process.</p> <p>Mr. Young mentioned the current situation of the COVID-19 pandemic, indicating that Fifth-Third has been able to adjust operations with minimal to no disruptions. Some employees are working remotely, call centers are adhering to social distancing, and staggered schedules are in place to ensure the safety of staff while continuing to provide full customer service.</p> <p>Ms. Kutlenios outlined the benefit payment services procedure, online access to information and standard reports. The conversion would take approximately 60–75 days to complete. There would be a timeframe of approximately one week where no trading could take place by the investment managers. Ms. Kutlenios responded to a question about whether the working conditions resulting from the pandemic would affect the projected conversion timeline by indicating it should have no effect. Trustees and staff had an opportunity to ask questions.</p> <p>Mr. Young discussed the fee schedule for the applicable services and concluded the presentation. At the conclusion, the Fifth-Third representatives thanked the Board and chose to leave the meeting.</p> <p>The Executive Director admitted the representatives from the remaining two candidate firms into the meeting. Mr. Sugarman reiterated his earlier comments that the meeting is a public forum and each participant may choose to remain in the meeting if they desire. The representatives who were not presenting choose to remain in the virtual waiting room until their designated time to present.</p> <p><u>First State Trust Company</u></p> <p>Jaqueline Jenkins, Managing Director and Chief Fiduciary Officer, David Draper, Managing Director and Chief Operating Officer, and James Robinson, VP Trust Officer presented on behalf of First State Trust Company.</p> | | | | | | |

| <p>Board of Trustees Minutes Page Four</p> <p style="text-align: right;">June 15, 2020</p> | TRUSTEES | M | S | Y | N |
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| <p>Ms. Jenkins introduced the representatives from First State Trust and provided a background of the company. Located in Wilmington, Delaware with a satellite office in West Palm Beach, First State Trust has been operating for approximately 37 years. Previously it was part of EF Hutton, then part of CitiGroup and Smith Barney, and is now an independent entity. The trust officers within the company have extensive experience and knowledge averaging 25 years tenure. First State Trust has approximately \$14.5 billion under administration with \$6 billion of that in defined benefit pension plans. They are part of an Alliance Program with Morgan Stanley being the largest partnership.</p> <p>The presentation was turned over to Mr. Draper to discuss the reporting and benefit processing packages. Monthly trust statements are provided electronically along with annual certified reports. Mr. Draper explained the flexible models available which would allow the pension administration the ability to choose the level of involvement with updating pensioner data and changes.</p> <p>Mr. Robinson, the dedicated Trust Officer, has been with the company for 25 years and has worked alongside Mr. Draper for 30 years. Mr. Robinson maintains 65 plans, and of that 22 are governmental, and works very closely with Mr. Owens from Graystone Consulting. Mr. Robinson reviewed the transition process estimating the timeframe to be around 7–8 weeks for the asset transfer and approximately two months for the benefit payment implementation. Mr. Robinson felt comfortable with the timeline and did not foresee any delays resulting from the pandemic. Trustees and staff had an opportunity to ask questions.</p> <p>Ms. Jenkins discussed the fee schedule for the applicable services and concluded the presentation. At the conclusion, the First State Trust representatives thanked the Board and chose to leave the meeting.</p> <p><u>Salem Trust</u></p> <p>Mark Rhein, President and Karen Russo, Senior Vice President presented on behalf of Salem Trust Company. Mr. Rhein emphasized the uniqueness of Salem Trust which sets it aside from the competition. Salem Trust was founded in 1998 to provide only custody services for two types of customers exclusively: government retirement plans and institutional clients. The company is focused on being the best provider for these two classifications of clients and dedication to direct personal service is the key. There are not various levels of hierarchy within the company but rather direct service. In addition, the company offers the “Salem Trust Service Pledge” which reinforces its commitment.</p> <p>Mr. Rhein provided a background of the company noting that Salem Trust is headquartered in Tampa, FL, with an additional location in Hollywood, FL, and currently has \$8.6 billion assets under custody, 138,000 recurring benefit payments and 2,620 lump sum distributions processed over the 12 months ending 3/31/2020. They have more than 166 government retirement plans throughout the state of Florida and three in Texas and their clients have been with them an average of 11 ½ years.</p> | | | | | |

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| <p>Ms. Russo has been with Salem Trust for 20 years and currently services 44 clients with \$2.1 billion in assets. Representatives from Salem Trust expressed a desire to attend at least one board meeting annually to ensure the Board's expectations are being met.</p> <p>Mr. Rhein detailed the "Salem Trust Service Pledge" which is included in the contract and states, "In the event we fail to fulfill our promise in any quarter, as determined solely by you in good faith, we will discount that quarter's fee." In offering this pledge, Salem Trust is committed to offer personal, credible and sustained service to its customers.</p> <p>Ms. Russo explained the conversion process and anticipated approximately 2 months for benefit payment conversion and approximately 45 days for asset transfer. She did not see any problems with the timeline as a result of the issues with the pandemic. Trustees and staff had an opportunity to ask questions.</p> <p>Mr. Rhein discussed the fee schedule for the applicable services and concluded the presentation. At the conclusion, the Salem Trust representatives thanked the Board and left the meeting.</p> <p>The Board of Trustees then commenced discussion regarding the presentations and reviewed the fee schedules and services provided by each candidate. Mr. Sugarman confirmed that Fifth-Third was a bank and both First State Trust and Salem Trust were trust companies. One viewpoint was expressed that Salem Trust appeared to be more of a boutique style company. The Trustees requested feedback from staff since the day-to-day relationship will essentially take place between the two offices. The Executive Director indicated that there was not anything problematic that stood out amongst any of the candidates and that all three were very easy to work with throughout the lengthy RFP process.</p> | | | | | | |
| <p>MOTION: To retain Salem Trust Company to replace Comerica Bank as the Plan's custodian of assets and other pension services, subject to review and approval of the Agreement for Custodian Services by Sugarman & Susskind. ROLL CALL VOTE 6-3.</p> <p>The trustees voted via roll call vote and ranked each candidate in order of preference from 1 to 3.</p> | <p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan McGinnis Rossi</p> | <p>X</p> | <p>X X X X X</p> | <p>X X X X X</p> | <p>X X X X X</p> | <p>X X X X X</p> |
| <p><u>SUGARMAN & SUSSKIND, PA LEGAL REPORT</u></p> <p>Mr. Sugarman reminded the Trustees that the deadline for filing their annual Financial Disclosure Form (Form 1) is July 1 and recommended that filing receipts be submitted to the Pension Office. The Executive Director advised that staff monitors the state ethics website to ensure that all forms are timely filed and accounted for. Mr. Sugarman recommended Trustees continue to submit a receipt to the Pension Office as an added level of protection in the event the state claims a form was not received.</p> | | | | | | |

| Board of Trustees Minutes Page Six | June 15, 2020 | TRUSTEES | M | S | Y | N |
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| <p>Mr. Sugarman reported that a pulmonologist specializing in occupational medicine has agreed to be the independent medical examiner in the Ed Wolff disability case.</p> <p>Mr. Sugarman reported that the Engagement Letter between Marcum, LLP and PBPFRS is not yet ready for the Chairman’s signature. Sugarman & Susskind would like to address the following concerns: 1) Marcum requests the right to use third-party service providers which could potentially mean offshore; and 2) Marcum requests permission before publishing the audit. Because it is a public record it should not require prior authorization for distribution or publication. Mr. Sugarman will work with Marcum to revise the contract to address these areas.</p> <p>MOTION: To authorize the Chairman to execute the Engagement Letter between Marcum, LLP and Pompano Beach Police & Firefighters’ Retirement System, for auditing services for fiscal years ending September 30, 2020 – 2022, subject to edits and final review and approval by Sugarman & Susskind. PASSED 9-0.</p> | | | | | | |
| <p><u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u></p> | | | | | | |
| <p>The Executive Director submitted a revised Investment Policy Statement recommended by Graystone which adds an infrastructure asset class, eliminates private ownership of an office building and adjusts the ranges around various asset allocation targets.</p> <p>MOTION: To amend the Investment Policy Statement to include infrastructure investments as an alternative asset class and to allocate 5% of the target allocation from master limited partnerships to infrastructure, eliminate private ownership of an office building, and adjust ranges around the various asset allocation targets; with such change being effective 31 days from the date the policy is filed with the Plan sponsor, as recommended by Graystone and reviewed by Sugarman & Susskind. PASSED 9-0.</p> | | | | | | |
| <p>The Board directed that the three infrastructure manager candidates be invited to the July 13 Board meeting for presentation and be given the option of appearing in-person or virtually. The Executive Director will convey this to Graystone.</p> | | | | | | |
| <p>The Executive Director submitted an election timetable for consideration.</p> | | | | | | |

| <p>Board of Trustees Minutes Page Seven</p> <p>June 15, 2020</p> <p>MOTION: To approve the Trustee Election Timetable as presented. PASSED 9-0.</p> <p>The Chairman appointed Trustees Aaronian, Hall and Rossi to serve on the Election Committee.</p> <p>The Board discussed the responses to a poll of the Plan’s investment managers to determine if it would be feasible to reschedule the annual educational symposium to November 5-7. The common theme of the responses seemed to be that there is too much uncertainty at this time to give a reliable response. Many of the investment managers have travel restrictions in place with no known timeframe for lifting the restriction, and some expressed hesitation about attending group dinner events. Due to this uncertainty, the Board agreed to cancel the 2020 educational symposium and conduct the next one in May of 2021. Those investment managers who already paid the voluntary sponsorship fee for 2020 will have the option of having it refunded or credited toward the 2021 event.</p> <p>The Board reviewed the semi-annual review of staff sick and vacation accruals.</p> <p><u>COMMITTEE REPORTS</u></p> <p><i>Professional Advisors Review Committee:</i></p> <p>Committee Chairman Samolewicz read an email that he and the Chairman received from the Executive Director on June 4 regarding staff performance evaluations. The Executive Director communicated that both she and the Deputy Director were due for their annual performance reviews and neither one felt entirely comfortable with a salary step increase at this time due to the general state of the economy and the public health crisis. The Executive Director had suggested possibly deferring the monetary increase portion of the review.</p> <p>Vice-Chairman Samolewicz indicated that he contacted the City’s HR Director to inquire if the City had a freeze in promotions, salary increases, union contract increases, etc. as a result of the current pandemic and was advised that everything was status quo. Committee Chairman Samolewicz recommended going forward with the annual performance reviews and recommended salary increases at the July meeting based on the fact that the Retirement System mirrors the City’s rules and regulations. The Trustees agreed noting that staff has been able to adjust and remain fully operational during the recent months of the pandemic.</p> <p>No other committee reports were rendered.</p> | <p>TRUSTEES</p> <p>O’Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan McGinnis Rossi</p> | <p>M</p> <p>X</p> | <p>S</p> <p>X</p> | <p>Y</p> <p>X X X X X X X X</p> | <p>N</p> |
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EXECUTIVE DIRECTOR'S REPORT

- Trustee Samolewicz' reappointment is scheduled for the City Commission on July 28.
- Received \$1,948,143.76 in Pine Grove redemption proceeds on May 20. Distributed \$500,000 to each liquid alternative fund and retained the balance for ongoing liquidity needs.
- Received full repayments from two members on their overdrawn DROP accounts.
- The proposed ordinance amendments for the SECURE Act and DROP Fees were submitted to the City for adoption.

Some discussion ensued about how to proceed with the July 13 Board meeting if the Governor's Order permitting virtual meetings were to be extended beyond its expiration on June 30. Trustee McGinnis advised that the Mayor has requested an interpretation by the City Attorney regarding an extension of the Governor's Order. Currently the City is following Broward County rules.

Chairman O'Connell reminded the Trustees of the next session of FPPTA's Virtual Learning Series to be held on June 17. The Executive Director will circulate an email reminder.

PUBLIC COMMENT

None

ADJOURNMENT

MOTION: To adjourn the June 17, 2020 Board meeting at 5:15 PM. PASSED 9-0.

Respectfully submitted,



Debra Tocarchick, CEBS
 Executive Director

DISTRIBUTION:

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

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| O'Connell | | | X |
| Samolewicz | | X | X |
| Aaronian | | | X |
| Christophers | | | X |
| Femia | | | X |
| Hall | | | X |
| Hanrahan | | | X |
| McGinnis | | | X |
| Rossi | X | | X |

REGULAR MEETING – JUNE 15, 2020

ITEM NO. 6 - WARRANT NOS. 5231 THROUGH 5235

Ratified and Approved on 6/15/2020

| 5231 | Ronald L. Morales | Normal retirement benefit commencing 6/1/2020 as a result of reaching the end of DROP period on 5/28/2020; \$6,129.71 | 6,129.71 |
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| 5232 | Vantagepoint Transfer Agents/457 FBO Ronald L. Morales | Trustee-to-trustee transfer of Share Plan balance due to separation of service on 5/28/2020; \$73,580.24 | 73,580.24 |
| 5233 | FP Mailing Solutions Comerica Bank Economic Computers Nyhart | Inv No. R1104464475, 5/02/2020 – 08/01/2020 quarterly postage meter lease; \$78.00 Custodial fee for quarter ended 3/31/2020; \$17,188.42 Inv No. 5442, Labor fee to setup new workstation; \$179.90 Inv No. 0159901, Actuarial Services 5/1/2020 – 5/31/2020; \$900.00 | 18,346.32 |
| 5234 | Bank of America | Debra Tocarchick: Telephone & internet; \$303.23, Office Supplies; \$86.62, Board meeting supplies; \$24.98, Mail courier; \$22.01, Medical records; \$22.00, Total \$458.84 Maureen Femia: Medical Records; \$25.00 | 483.84 |
| 5235 | Xerox Corporation US Postal Service Southeastern Occupational Pulmonary Services | Inv No. 010410043, May lease; \$150.59, Excess print charges; \$43.74, Total \$194.33 Postage; \$200.00 Edward Wolff IME prepayment; \$500.00 | 894.33 |