

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
JANUARY 19, 2021**

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 Vincent Femia
Trustee David Hall
Trustee Patrick Hanrahan
Trustee Jorge Rossi

ABSENT: Trustee Peter McGinnis

ALSO PRESENT: Robert Sugarman, Board Attorney (via Zoom)
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director

VISITORS: Moises Ariza, Marcum LLP (via Zoom)
Lawrence Watts, Nyhart (via Zoom)
Heath Merlak, Nyhart (via Zoom)
Glyn Birtwistle, HFM Pageant Media UK (via Zoom)

AUDIENCE TO BE HEARD

None

APPROVAL OF AGENDA

MOTION: To approve the January 19, 2021 agenda as presented.
PASSED 8-0.

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

APPROVAL OF MINUTES

MOTION: To waive the reading of the minutes of the Regular Board Meeting on December 21, 2020, and to approve same as presented.
PASSED 8-0.

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

			V	V
			O	O
			T	T
			E	E
			D	D
			Y	Y
			E	E
			S	S
			N	N
			O	O
			N	N
			O	O

<p>Board of Trustees Minutes Page Two</p> <p style="text-align: right;">January 19, 2021</p>	TRUSTEES	M	S	Y	N
<p><u>APPROVAL OF DROP LOAN APPLICATIONS</u></p>					
<p>MOTION: To approve the DROP loan application from Firefighter member, Kevin Corbisiero. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi</p>		<p>X</p>	<p>X X X X X X X X</p>	
<p>MOTION: To approve the DROP loan application from Firefighter member, Robert Major. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi</p>	<p>X</p>		<p>X X X X X X X X</p>	
<p><u>RATIFICATION AND APPROVAL OF WARRANTS</u></p>			<p>X</p>	<p>X</p>	
<p>MOTION: To ratify and approve payment of benefits and expenses as set forth on Warrant Nos. 5301, \$12,000.00; No. 5302, \$13,975.08; No. 5303, \$13,500.00; No. 5304, \$48,000.00; No. 5305, \$60,000.00; No. 5306, \$16,000.00; No. 5307, \$3,509.88; No. 5308, \$570,467.97; No. 5309, \$51,257.39; No. 5310, \$794.59; No. 5311, \$1,542.84; No. 5312, \$27,477.26. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	
<p><u>PRESENTATION OF THE 9/30/2020 AUDITED REPORTED BY MOISES ARIZA OF MARCUM, LLP</u></p>					
<p>Moises Ariza, CPA, with Marcum, LLP presented the September 30, 2020 Financial Statement, with comparison to September 30, 2019. After conducting the audit in accordance with auditing standards generally accepted in the United States, and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States, an unmodified, otherwise known as a "clean opinion", was issued.</p>					
<p>A summary of the highlights from the discussion include:</p>					
<ul style="list-style-type: none"> • Net position increased approximately \$7.5 million from \$245.1 million on September 30, 2019 to \$252.6 million on September 30, 2020, or 3.0%, primarily due to positive investment returns. • The time-weighted rate of return on investments was 8.33%, net of fees, on a market value basis, which exceeded the assumed rate of investment return of 7.30%. • No material weaknesses or significant deficiencies of internal control over financial reporting were detected during the course of the audit. 					

<p>Board of Trustees Minutes Page Three</p> <p style="text-align: right;">January 19, 2021</p>	TRUSTEES	M	S	Y	N
<ul style="list-style-type: none"> Concluded tests of compliance results disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. <p>Mr. Ariza will provide the Management Representation Letter for signature upon Board approval of the financial statements.</p> <p>MOTION: To approve the 9/30/2020 audited financial statement as presented. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	
<p><u>DISCUSSION RE 10/1/2020 ACTUARIAL REPORTING WITH THE NYHART COMPANY, INC.</u></p> <p>Mr. Lawrence Watts and Mr. Heath Merlak with The Nyhart Company were in attendance to discuss an issue that was identified during the preparation of the GASB 67/68 Report for fiscal year ending September 30, 2020. They noticed that it was disclosed in the 2019 audited financial statement that share plan assets are included in the reported trust assets and benefit payments. This is contrary to Nyhart's historical understanding for accounting and valuation purposes where they have believed since 2012 that the share plan assets were reported separately and not included in the reported market value of trust assets.</p> <p>Mr. Watts, the auditors from Marcum, and the Executive Director met to discuss this finding and confirmed the share plan assets had been reported in the total asset value of the trust dating back to the establishment of the firefighters' share plan. To correct for accounting purposes, Nyhart has identified the necessary change and added a footnote to the required supplementary information to adjust the reported liability. The impact resulted in a liability associated with the share plan account of approximately \$6.7 million and reduced the accounting funding percentage by approximately 1.3%.</p> <p>Mr. Watts proceeded to discuss the impact this will have on the funding valuation based on preliminary estimates. The 10/1/2020 valuation will be reported with an unfunded liability of \$6.7 million more than if the share plan balance had not been included in the reserved assets resulting in approximately 68.4% funding. The Plan's liability increased more than expected from 10/1/2019, which increased the recommended contribution by approximately \$250,000. This was mainly attributable to higher than assumed pay increases due to promotions and fewer deaths than expected. When updating the valuation to reflect a reduction of assets for the share plan balances, the recommended contribution increases by approximately \$543,000. Lowering the interest rate from 7.3% to 7.2%, according to the current funding policy, increases the recommended contribution by roughly \$273,000.</p>					

Board of Trustees Minutes Page Four	January 19, 2021	TRUSTEES	M	S	Y	N
<p>Mr. Watts discussed a reasonable approach to isolate the share plan adjustment and amortize it over 30 years rather than 20 which would result in lowering the contribution by approximately \$108,000.</p> <p>Mr. Watts requested input from the Board on how to proceed with the 10/1/2020 actuarial valuation;</p> <ol style="list-style-type: none"> 1. Continue on course with the step-down assumption rate of 7.2% or delay the reduction by a year and remain at 7.3%, and/or 2. Amortize the specific increase in liability over 20 years or isolate it and amortize over a 30-year period. <p>During discussion, Mr. Sugarman recommended consulting with the City to get their input. The Board agreed that the City's input is important to the overall decision since the contribution amount affects their budget. The Executive Director was directed to set up a meeting with the City Manager and his staff, the actuary and Mr. Sugarman, to review this new development. In the meantime, the Board directed Nyhart to continue with the 7.2% investment assumption rate as they work on the valuation.</p>						
<p><u>SUGARMAN AND SUSSKIND, PA LEGAL REPORT</u></p>						
<p>Mr. Sugarman reported that Sugarman & Susskind reviewed the Fee Addendum to the Nyhart Agreement for Actuarial Services, and it is ready to be signed. He will forward it to the Executive Director.</p>						
<p>MOTION: To approve the Fee Addendum to the Nyhart Agreement for Actuarial Services at the negotiated rates based on the term agreement with Nyhart, as reviewed and approved by Sugarman and Susskind. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi</p>	<p>X</p>		<p>X X X X X X X X</p>		
<p>Mr. Sugarman followed up on the spousal consent inquiry brought up at last month's Board meeting. The objective is to prevent a surprise to a widow upon the death of a member that he/she may no longer receive a benefit since a joint & survivor option was not elected by the member. The Florida Retirement System (FRS) requires spousal acknowledgement (not consent) of a member's pension election upon retirement; however, it is not a requirement under Chapters 175 or 185. Sugarman & Susskind questions whether the Plan is permitted to place any conditions on selecting a benefit option when state law does not. Sugarman & Susskind may need to request clarity from the state since it is unclear.</p>						
<p>The Board discussed and agreed their obligation is to the member and it does not wish to interfere with the ability of the member to choose his/her desired benefit option by requiring spousal consent. However, making the spouse aware of the selection so he/she can plan accordingly is important.</p>						

<p>Board of Trustees Minutes Page Five</p> <p style="text-align: right;">January 19, 2021</p>	TRUSTEES	M	S	Y	N
<p>Mr. Sugarman recommended three options:</p> <ol style="list-style-type: none"> 1. Remain status quo with the obligation being to the member, or 2. Ask the state for clarification as to whether conditions can be placed on the member's selection, or 3. Duplicate the FRS spousal acknowledgement form and provide it to the member so they can obtain their spouse's signed acknowledgment of the option selected. <p>The Trustees were polled on the options and the majority agreed that they would like to explore a spousal acknowledgement form. Mr. Sugarman will provide a version of the form for the Board's consideration at the February meeting.</p> <p>Sugarman & Susskind contacted Block & Leviton securities monitoring firm and advised them that the Board is not interested in adding more firms to its current line-up.</p> <p>Mr. Sugarman confirmed E-Verify forms should be issued to all companies who have any type of contractual arrangement with the Board.</p> <p>Mr. Sugarman confirmed that a member can make a change to his/her benefit election provided it is done prior to the date the first payment is due to begin, which is the 1st day of the month, even though the payment is direct deposited on or around the 27th day of the month prior to the 1st.</p> <p>Trustee Samolewicz asked Mr. Sugarman if he knew of the Orderly Liquidation Authority of the Dodd-Frank Act and how it could affect the Plan and the Trustees individually. Mr. Sugarman will research and report back.</p> <p><u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u></p> <p>The January 1, 2021 Firefighters' Share Plan allocation was submitted for approval. The net rate of return was revised to 8.08% and will be published to the Graystone quarterly reports going forward. The statement will be sent to Fire Administration for distribution and posted to the members' self-service portal.</p> <p>MOTION: To approve the net rate of return as 8.08% as the Pension Plan Fund Rate as updated on the revised 9/30/2020 Asset Allocation and Time Weighted Performance submitted by Graystone Consulting on 12/28/2020, for the purpose of crediting earnings to the firefighters' share plan accounts on 1/1/2021. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan 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>Board of Trustees Minutes Page Six</p> <p style="text-align: right;">January 19, 2021</p>	TRUSTEES	M	S	Y	N
<p>MOTION: To approve the 1/1/2021 Firefighters' Share Plan allocation as presented. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	
<p>The Executive Director submitted the annual cash rebalancing plan for approval.</p>					
<p>MOTION: To approve the rebalancing of \$4.1 million of excess cash in the portfolio in accordance with Graystone's recommendation. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	
<p>The Executive Director submitted a revised meeting calendar for approval.</p>					
<p>MOTION: To approve the revised meeting calendar for 2021. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	
<p><u>COMMITTEE REPORTS</u></p>					
<p><u>Professional Advisors Review Committee</u></p>					
<p>Committee Chairman Samolewicz reported that FPPTA will no longer be hosting the Wall Street Program. FPPTA is exploring new opportunities to introduce an alternative program beginning Spring of 2022.</p>					
<p>No other Committee Reports were rendered.</p>					
<p><u>EXECUTIVE DIRECTOR'S REPORT</u></p>					
<ul style="list-style-type: none"> ➤ Signed Notification of Benefits form for Andrew Coleman. ➤ 2021 IRS milage rate lowered from \$0.57.5 to \$0.56 per mile. ➤ The annual DROP Fee Review will be brought to the February Board meeting for review. ➤ The Executive Director will work with the Investment Committee Chair to determine 2022 Educational Symposium dates. 					

ADJOURNMENT

MOTION: To adjourn the January 19, 2021 Board meeting at 4:18 PM.
PASSED 8-0.

O'Connell
Samolewicz
Aaronian
Christophers
Femia
Hall
Hanrahan
Rossi

X

X

X
X
X
X
X
X
X

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

REGULAR MEETING – JANUARY 19, 2021

ITEM NO. 6 - WARRANT NOS. 5301 THROUGH 5312

Ratified and Approved on 1/19/2021

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5301	John Stabile	Change in annual installment payments from DROP account commencing 2/1/2021; \$12,000.00	12,000.00
5302	Florida UC Fund Jeffery J. Valerga Marcum, LLP Nyhart	Reemployment taxes quarter ended 12/31/2020; \$57.64 Refund of DROP Loan Payment on 1/7/2021; \$132.44 Inv. No. 101506438 progress audit billing for 9/30/2020; \$4,335.00 Inv No. 0164790, 10/1/2020 actuarial valuation progress billing; \$6,000.00, Inv No. 0164790, GASB 67/68 Report 9/30/2020; \$3,450.00, Total \$9,450.00	13,975.08
5303	Kevin C. Corbisiero Florida Department of Revenue Nyhart	DROP loan net amount to Kevin C. Corbisiero; \$13,302.75 Documentary stamps for Kevin C. Corbisiero DROP loan; \$47.25 Loan processing fee for Kevin C. Corbisiero; \$150.00	13,500.00
5304	Robert A. Major Florida Department of Revenue Nyhart	DROP loan net amount to Robert A. Major; \$47,682.00 Documentary stamps for Robert A. Major DROP loan; \$168.00 Loan processing fee for Robert A. Major; \$150.00	48,000.00
5305	Randy D. Devore	Change in annual installment payments from DROP account commencing 2/1/2021; \$60,000.00	60,000.00
5306	Frederick V. Fawcett	Change in annual installment payments from DROP account commencing 2/1/2021; \$16,000.00	16,000.00
5307	Bank of America	Debra Tocarchick: Telephone & internet; \$312.40, Mail courier; \$74.62, Website domain renewal; \$31.16; Board meeting supplies; \$24.98, Total \$443.16 Maureen Femia: Board meeting supplies; \$118.73 Paul O'Connell: Educational Symposium 25% Forfeiture; \$2,925.00, Publications; \$22.99, Total \$2,947.99	3,509.88
5308	PNC Bank, NA FBO Ronald Morales	Wire transfer from Morgan Stanley to Salem Trust Company the current Employee-Directed DROP account balance of Ronald Morales, who has elected the Fund Rate option; \$570,467.97	570,467.97
5309	Nuance Mellon Sawgrass	Inv Mgmt. fee quarter ended 12/31/2020; \$11,753.70 Inv Mgmt. fee quarter ended 12/31/2020; \$16,066.63 Inv Mgmt. fee quarter ended 12/31/2020; \$23,437.06	51,257.39
5310	Comerica Office Depot	Inv No. 464565, 10/1/2020 benefit payment processing fee; \$670.25 Inv No. 147001840001, office supplies; \$124.34	794.59
5311	Samara M. Lee	Refund of contributions as a result of separation of employment on 1/6/2021; \$1,542.84	1,542.84

REGULAR MEETING – JANUARY 19, 2021

ITEM NO. 6 - WARRANT NOS. 5301 THROUGH 5312

Ratified and Approved on 1/19/2021

5312	Richard M. Massarelli	Lump sum distribution of 75% vested portion of Share Plan account as a result of separation of service on 10/16/2017 and retirement on 12/31/2020; \$27,477.26	27,477.26
-------------	-----------------------	---	------------------