

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
SPECIAL MEETING
FEBRUARY 5, 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 9:08 AM.

PRESENT: Chairman Paul O'Connell
Trustee Sharra Aaronian
Trustee Daniel Christophers
Trustee Vincent Femia
Trustee Patrick Hanrahan
Trustee Peter McGinnis
Trustee Jorge Rossi

ABSENT: Vice-Chairman Richard Samolewicz
Trustee David Hall

ALSO PRESENT: Robert Sugarman, Board Attorney
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director
Lawrence Watts, Nyhart
Erjeta Diamanti, Budget Manager, City of Pompano Beach

VISITORS: Vincent Corrao, Retired Police Member

AUDIENCE TO BE HEARD

None

APPROVAL OF AGENDA


MOTION: To approve the February 5, 2021 agenda as presented and to include a preliminary summary by Nyhart followed by comments by the City of Pompano Beach. PASSED 7-0.

	MOTION	SECTION	VOTED YES	VOTED NO
O'Connell			X	
Aaronian			X	
Christophers	X		X	
Femia			X	
Hanrahan		X	X	
McGinnis			X	
Rossi			X	

CONSIDERATION OF ACTUARIAL ASSUMPTION OPTIONS RE SHARE PLAN LIABILITY

Mr. Lawrence Watts of Nyhart provided background noting that a few weeks ago when they were preparing the GASB 67/68 Report for 9/30/2020, they noticed that there was a note disclosure in the 9/30/2019 financial statement that the share plan assets were included in the reported trust assets. This was at odds with Nyhart's understanding of the share plan assets going back to 2012, during the transition from Gabriel, Roeder, Smith to Nyhart.

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<p>Nyhart was of the understanding that the share plan assets were reported separately from the trust, therefore, they were giving credit for accounting and funding purposes for \$6.7 million of assets but not reflecting the associated \$6.7 million in share plan liabilities. After discussion with Marcum and the Executive Director, they have corrected the impact to the accounting statement so the discussion today will involve the funding impact.</p> <p>Nyhart previously described to the Board of Trustees some options for how the Plan can recognize this unanticipated increase in unfunded liability and is requesting direction from the Board as to its preferred course of action. From Nyhart's perspective, their role is to publish a valuation report that signifies their best estimates of the Plan's liabilities and contributions in-line with the Plan's funding policy. If the Board feels that maintaining the assumed rate of investment return at 7.3% for a year rather than lowering it to 7.2% as previously scheduled is in the Plan's best interest, then it should proceed in that manner. Mr. Lawrence stated that Nyhart believes that 7.3% is a reasonable assumption. With respect to the option of increasing the amortization period of the isolated share plan liability from 20-years to 30-years, Mr. Lawrence indicated that although Florida law permits it, Nyhart believes the 20-year amortization period is preferable to avoid the risk of negative amortization.</p> <p>Ms. Erjeta Diamonte, Budget Manager at the City of Pompano Beach, advised the Board that due to the effects on the City of the pandemic, the City requests the Board consider maintaining the assumed investment return rate at 7.3% for one additional year to minimize the impact to the City's fiscal operations already stressed by the pandemic.</p> <p>During discussion, Mr. Lawrence clarified that Nyhart would recommend staying on course with the annual 0.10% reduction to the discount rate under normal circumstances; however, in light of the negative financial impact to the City's fiscal operations as a result of the COVID pandemic, it is reasonable for the Board to maintain the 7.3% assumed investment rate for one additional year.</p> <p>The Board discussed the situation, particularly in light of what the cities across the country have experienced with the COVID pandemic and agreed that maintaining the investment rate at 7.3% for one year is the appropriate action. The Board also agreed that maintaining the 20-year amortization rate is in keeping with past discussions with City officials whereby it is preferable to pay off the liabilities sooner rather than later.</p>						
<p>MOTION: To approve maintaining the assumed investment return rate assumption at 7.3%, for an additional one year rather than reducing it to 7.2%, for purposes of the Plan's 10/1/2020 actuarial valuation, in light of the unique Covid pandemic circumstances as explained by the City, and as recommended as reasonable by Nyhart. PASSED 7-0.</p>	<p>O'Connell Aaronian Christophers Femia Hanrahan McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>	<p>X X X X X X</p>	

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<u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u>						
Staff was directed to review and upgrade the internet connection in the meeting room to avoid audio disruptions experienced by consultants in virtual attendance.						
<u>ADJOURNMENT</u>						
MOTION: To adjourn the February 5, 2021 special Board meeting at 9:31 AM . PASSED 7-0.		O'Connell Aronian Christophers Femia Hanrahan McGinnis Rossi	X	X	X X X X X X	
Respectfully submitted,						
						
Debra Tocarchick, CEBS Executive Director						
<u>DISTRIBUTION:</u> 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						