

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
DECEMBER 20, 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 Peter McGinnis (entered 3:19 PM)
Trustee Jorge Rossi

ALSO PRESENT: Robert Sugarman, Board Attorney
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director
Lester Hooker, Esq, Saxena White

VISITORS: William O'Brien, Retired Police Member (via Zoom)
Samuel Slade, Journalist, WITH.Intelligence (via Zoom)

AUDIENCE TO BE HEARD

None

CONSENT AGENDA ITEMS

- a) Approval of Agenda of Regular Board Meeting on December 20, 2021
- b) Approval of Minutes of Regular Board Meeting on November 15, 2021
- c) Ratification and Approval of Warrant Log
- d) Ratification of Executive Director's Selection of Digital Telephone Vendor

The Chairman asked if any Trustee wished to move an item from the consent agenda to the regular agenda for separate consideration. Seeing none, the Chairman called for a motion.

MOTION: To ratify and approve the consent agenda items as presented.
PASSED 8-0.

	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	X	
Femia			X	
Hall			X	
Hanrahan			X	
Rossi			X	

Board of Trustees Minutes Page Two	December 20, 2021	TRUSTEES	M	S	Y	N
<p><u>CHEGG CASE SECURITIES LITIGATION MATTER PRESENTED BY SAXENA WHITE, PA</u></p>						
<p>Mr. Lester Hooker was in attendance on behalf of Saxena White to discuss the details of certain securities fraud claims that can be asserted against Chegg, Inc.. Chegg is an online learning platform for students which operates on a subscription basis. The company claims its platform provides educational support for students but in reality students were using the questions and answers service to cheat on exams; a practice known as “chegging”. Students were able to ask questions and instantaneously receive the answers from subject matter experts in India.</p>						
<p>The sudden shift to remote learning in 2020 brought on by the COVID-19 pandemic, during which students took tests at home un-proctored, caused Chegg’s business to skyrocket, with students cheating at unprecedented levels. In late 2020, universities and professors launched an investigation into the company’s knowledge of the process. By January 2021, an article was published stating Chegg was cashing in. Various other analysts and agencies came out with information that management had looked into the process in 2020 and knew of the issues but Executives kept advising investors there was nothing wrong and downplayed the role of cheating. Despite these developments, Chegg proceeded to complete a public offering of stock in February of 2021. The offering raised more than \$1 billion. Many of the shares sold belonged to the CEO who received gross proceeds of over \$30 million.</p>						
<p>In November of 2021, Chegg released disappointing earnings results for the third quarter 2021 and dramatically lowered its earnings guidance for the fourth quarter despite having just raised guidance in the previous two quarters. With the termination of remote learning, students being back in school and unable to cheat online, Chegg’s stock price plummeted nearly 50% in one day from \$62.67 to \$32.12 per share on November 2. The Pension Fund sustained a material loss of approximately \$158,950 on its class period investments in Chegg common stock. Saxena White is recommending authorization to file the initial complaint and seek appointment as lead plaintiff in the case.</p>						
<p>Mr. Hooker provided a brief recap on the litigation process and responded to questions from the Board.</p>						
<p>MOTION: To authorize Saxena White to file an initial complaint and a motion for lead plaintiff status on behalf of PBPFRS in a securities fraud case against Chegg, Inc.; and to authorize the Chairman to execute the required documents, as recommended by Saxena White. PASSED 8-1.</p>		<p>O’Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>

Board of Trustees Minutes Page Three	December 20, 2021	TRUSTEES	M	S	Y	N
<u>SUGARMAN, SUSSKIND, BRASWELL & HERRERA LEGAL REPORT</u>						
<p>Mr. Sugarman discussed the proposed Marriott contract for the 2022 Educational Symposium noting it presents a potential risk of approximately \$11,000 - \$12,000 if the Board proceeds and later cancels due to another COVID-19 outbreak that is not covered under the terms of the cancellation clause. The Executive Director discussed the current balance in the Symposium account and the overall impact if the the Symposium were to be canceled and the funds forfeited.</p>						
<p>The Trustees discussed possible alternatives and agreed that the Symposium is most effective with the investment managers in physical attendance. After much discussion regarding the planning and logistics of the event, the Trustees agreed to proceed with the Marriott contract and the 2022 Educational Symposium scheduled for April 28 – 30.</p>						
<p>MOTION: To approve the Marriott Agreement for the 2022 Educational Symposium as reviewed by Sugarman, Susskind, Braswell & Herrera; and to authorize the Chairman to execute same. PASSED 9-0.</p>	<p>O’Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan 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>Mr. Sugarman submitted the revised proposed amendment to the office lease agreement and discussed the various provisions.</p>						
<p>MOTION: To approve the 7th Amendment to the Office Lease Agreement as reviewed by Sugarman, Susskind, Braswell & Herrera; and to authorize the Chairman to execute same. PASSED 9-0.</p>	<p>O’Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan 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>Mr. Sugarman discussed a proposed contract with a moving company and asked the Executive Director to confirm with the Landlord that the cost to be submitted for reimbursement under the terms of the lease amendment is reasonable in their opinion.</p>						
<p>Mr. Sugarman reported the moving company will insure approximately \$7,000 of contents and the Plan’s insurance policy will insure \$10,000. If the Board desires more insurance, it may purchase additional coverage from the moving company. The Executive Director added that most of the furniture and audio/visual equipment is outdated and will likely be replaced upon return to the permanent suite. She felt that the risk in moving two blocks east was not significant enough to warrant purchasing additional insurance.</p>						

Board of Trustees Minutes Page Four	December 20, 2021	TRUSTEES	M	S	Y	N
<p>The Executive Director then briefed the Board on the process of gathering quotes for the moving company and the rationale for the selection of the proposed vendor.</p> <p>MOTION: To approve using Forward Van Lines, at a cost of \$4,720.90, as the moving company to relocate the pension office to its temporary suite on January 22, as recommended by the Executive Director, and assuming the Landlord finds the cost reasonable for reimbursement. PASSED 9-0.</p> <p>Mr. Sugarman reported that the Executive Director had shared with him a legal opinion memorandum provided by attorney Robert Klausner in 2014 regarding in-service distributions to retired police members which she thought may have some relevance in the ongoing matter of the conversion of a normal retirement to a service-incurred disability retirement.</p> <p>Some discussion ensued regarding the opinion letter; however, the discussion was halted out of fairness to Mr. O'Brien whose issue is slated for further discussion at the January 18, 2022 Board meeting.</p> <p>Other items reported by Mr. Sugarman regarding legal work performed in the past month:</p> <ul style="list-style-type: none"> ➤ Advised the pension office to provide Mr. O'Brien a copy of the Plan's fiduciary liability policy pursuant to his public records request. ➤ Reviewed a memorandum submitted by the Chairman to the City Manager concerning proposed pension ordinance change. ➤ Denied a request made by Mr. O'Brien directly to Mr. Sugarman for records of private letter rulings because those rulings were for clients other than this Plan and the records were contained in other clients' files. <p>Mr. O'Brien addressed the Board directly regarding the current discussion and felt strongly that any discussion of this matter should not take place until he has an opportunity for discussion and response at the scheduled meeting in January.</p> <p>Mr. Sugarman responded that his 'Legal Report' section of the agenda reports on what has occurred in the last month so the Board will know what is going on. He urged the Trustees not to pre-judge but rather to be aware of what is transpiring. Mr. Sugarman added that he had informed Mr. Rayson of everything that had transpired after the last Board meeting so Mr. Rayson would be prepared in January.</p> <p>Mr. Sugarman continued with his Legal Report indicating that in lieu of a holiday gift, a donation was made to the Sylvester Cancer Center in the Board's honor.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan McGinnis Rossi</p>	<p>X</p>	<p>X X X X X X X X X</p>	<p>X X X X X X X X X</p>		

Board of Trustees Minutes Page Five	December 20, 2021	TRUSTEES	M	S	Y	N
<p>The securities firm of Robbins, Geller, Rudman & Dowd will be present in January to discuss a proposed securities fraud case regarding Berkeley Lights, Inc.</p>						
<p><u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u></p>						
<p>The Executive Director recommended adopting rates of return for the firefighter share plan account allocations on January 1, 2022.</p>						
<p>MOTION: To adopt the net rate of return as 18.05% as the Pension Plan Fund Rate as reported on the 9/30/2021 Breakdown of Returns submitted by Graystone Consulting, and the 9/30/2021 Money Market Rate of 0.02% based on the RBC US Government Money Market Fund, for the purpose of crediting earnings to the firefighters' share plan accounts on 1/1/2022. PASSED 7-0 (Trustees Hall and Samolewicz out of room during vote).</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hanrahan McGinnis Rossi</p>	<p>X</p>			<p>X X X X X X X</p>	
<p>The Board reviewed the semi-annual staff sick and vacation accruals.</p>				<p>X</p>		
<p><u>COMMITTEE REPORTS</u></p>						
<p><i>Building Committee:</i></p>						
<p>Committee Chairman McGinnis reported the new suite was just vacated by the former tenant and he will set up a date when interested trustees can visit.</p>						
<p><u>EXECUTIVE DIRECTOR'S REPORT</u></p>						
<p>The Executive Director reported on the following items:</p>						
<ul style="list-style-type: none"> ❖ Signed Notification of Benefits for Firefighter Jennifer Hicks. ❖ FPPTA confirmed if a Trustee attends at least one event during the year, the prepaid CPPT renewal fee will not be refunded. Otherwise, it will be refunded in full for a Trustee who leaves office during the year. ❖ Answered numerous public record request for William O'Brien. ❖ The City implemented Juneteenth as a new holiday. Following the City of Pompano Beach's practice, the Board agreed to maintain the June 20, 2022 Board meeting date and permit staff to take the holiday as a floating holiday. 						
<p>The Executive Director reported a discussion with Trustee Christophers regarding reimbursement of his meeting travel expenses since he moved four hours away from the Board meeting location.</p>						
<p>Mr. Christopher indicated his willingness and desire to remain on the Board and felt that reimbursement of his travel expenses was a reasonable request.</p>						
<p>Mr. Sugarman reported that Section 34.047(A)(5) of the City Code provides that trustees may be reimbursed from the expense fund for all necessary, reasonable and proper expenses, such as travel, which they actually expend</p>						

Board of Trustees Minutes Page Six	December 20, 2021	TRUSTEES	M	S	Y	N
<p>in the performance of their duties as a Board member.</p> <p>After much discussion, the Board agreed to adopt a policy to authorize a Trustee who travels from his or her residence outside of Broward, Miami-Dade or Palm Beach counties to attend official Board business be reimbursed for his or her travel expenses in accordance with Section 112.061 of the Florida Statutes.</p> <p>It was noted that Section 112.061, F.S. mileage rate is defined as \$0.445 per mile rather than the standard IRS mileage rate.</p> <p>MOTION: To approve a policy for Trustees traveling from their residence outside of Broward, Miami-Dade and Palm Beach counties to a meeting of official Board business to be reimbursed for travel expenses in accordance with section 112.061, FS. PASSED 9-0.</p>						
<p><u>RECESS AND ADJOURNMENT</u></p>						
<p>MOTION: To recess the December 20, 2021 meeting at 4:25 PM. The meeting will reconvene at 5:30 PM at Oceanic Restaurant in Pompano Beach for the Year End Educational Review and will adjourn following dinner. PASSED 9-0.</p>						
<p>The Board of Trustees reconvened for dinner with the investment consultant and investment managers at 5:30 PM. The discussion theme was “Inflation – is it back and how bad”.</p> <p>The following investment manager representatives were in attendance:</p> <p>Mr. Brian Casey, Cohen & Steers Mr. Alex Dodge, Invesco Mr. Andy Temming, Renaissance Investment Management Mr. Greg Gosch, Sawgrass Asset Management Mr. Dann Smith, Allspring Global Investments</p> <p>Blackrock, Lazard, Sands and Victory representatives were unable to attend due to various circumstances that arose.</p> <p>The meeting adjourned at approximately 8:00 PM.</p>						

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 – DECEMBER 20, 2021

CONSENT AGENDA - WARRANT NOS. 5400 THROUGH 5405

Ratified and Approved on 12/20/2021

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5400	9463 Foundation for Florida's Fallen Officers	Donation for Florida's Fallen Officers Fund; \$1,200.00	1,200.00
5401	Francotyp-Postalia, Inc. NCPERS Nyhart Xerox Corp	Inv No. RI105100821, 11/2/2021 – 2/1/2022, Postage meter lease; \$78.00 2022 Annual membership dues; \$275.00 Inv No. 0171905, 10/1/2021 Actuarial valuation progress billing; \$5,775.00, (2) Notification of benefits; \$600.00, Total \$6,375.00 Inv No. 014922380, November lease; \$150.59; excess print charges; \$68.18, Total \$218.77	6,946.77
5402	Pension Technology Group, Inc.	Inv No. 2562, Support & hosting services for quarter ended 12/31/2021; \$7,000.00	7,000.00
5403	John Stabile	Change in annual installment payments from DROP account commencing 2/1/2022; \$25,000.00	25,000.00
5404	Bank of America	Debra Tocarchick: Teleswitch VOIP telephones/installation; \$3,050.00, Zoom annual subscription 12/1/21-11/30/22; \$887.29, Telephone & internet; \$397.12, Courier; \$61.70, Board meeting supplies; \$26.99 Total \$4,423.10 Maureen Femia: Medical records; \$36.00, Board meeting supplies; \$31.13, Publications; \$22.99, Total \$90.12 Paul O'Connell: Deposit for Year-End Educational Meeting; \$562.50, FPPTA Winter Trustee School registration; \$850.00, Total \$1,412.50 Sharra Aaronian: FPPTA Winter Trustee School registration; \$850.00 Richard Samolewicz: FPPTA Winter Trustee School registration; \$850.00	7,625.72
5405	Economic Computer Marcum LLP Occupational Health Ctrs of the Southwest Travelers Creative Network Innovations, Inc.	Inv No. 7592, BitDefender anti-virus renewal 1/1/2021 – 1/1/2022; \$212.50 Inv No. 10IN50092866 Progress audit billing for 9/30/2021; \$1,950.00 Inv No. 1155329062, (4) Pre-Employment Physicals; \$1,120.00 Account No. 8958VA069, Policy No. UB-8J390756-18-42, Renewal of workers compensation 1/1/22 to 1/1/23; \$734.00 Inv No. CW-2720, Update ADA compliance version; \$32.50	4,049.00