

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

**50 NE 26TH AVENUE
SUITE 302
POMPANO BEACH, FLORIDA**

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
MARCH 21, 2022**

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
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director
Lawrence Watts, Nyhart (via Zoom)
Mark Dearman, Robbins, Geller, Rudman & Dowd
Sabrina Tirabassi, Robbins, Geller, Rudman & Dowd
Joseph White, Saxena White

VISITORS: John Rayson, Attorney for William O'Brien
William O'Brien, Retired Police Member
John Balaod, Journalist – WITH.Intelligence (via Zoom)

AUDIENCE TO BE HEARD

None

CONSENT AGENDA ITEMS

- a) Approval of Agenda of Regular Board Meeting on March 21, 2022
- b) Approval of Minutes of Regular Board Meeting on February 22, 2022
- c) Approval of Application for Survivor Benefits from Charlotte Vettrano, Beneficiary of James Vettrano
- d) Ratification and Approval of Warrant Log

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.

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

Board of Trustees Minutes Page Three	March 21, 2022	TRUSTEES	M	S	Y	N
<p>2031 and the increase is expected to top off at roughly \$12 million. All the gains and losses are recognized and the payment drops down again.</p> <p>The idea being explored is whether it is worth the Board changing its funding policy to mitigate that four or five-year period where there is going to be a spike which is expected to occur five or six years from now.</p> <p>Mr. Watts reviewed projected results for next year to show what would happen for comparison purposes if the strategy were to be implemented. Some caveats are that the projections are based on this year's valuation results, this year's headcount and the fact that the market has changed since 10/1/2021. In general, the result would be a contribution increase of approximately \$900,000. This option suggests shifting contribution payments into earlier years in order to smooth out later years. In addition, it projects to save money over the long-term.</p> <p>Mr. Watts summarized by stating that combining the bases under this proposed strategy would cause the short-term required contributions to increase; however, the unfunded accrued liability would be paid down and funding percentage would project to improve more quickly than the current funding policy. The key goal of combining bases is to reduce upcoming volatility in the required contribution with contributions projecting to remain in a narrower band. Considerations to note are these projections are based on asset values and demographic profiles as of 10/1/2021 which could be different in the future. Additionally, police & fire utilize different amortization structures and this analysis was performed in the aggregate.</p> <p>Mr. Sugarman advised the Board that the actuarial assumptions and funding policies of the Plan reside with the Board of Trustees. Mr. Sugarman recommended consulting with our City partner regarding this strategy since they are paying the recommended contribution. The Board discussed the actuary's recommended strategy and agreed to present it to the City for its input.</p>						
<p>MOTION: To authorize Nyhart to present the amortization/tail volatility projections to the City and confirm the Board of Trustees' willingness to adopt a strategy to combine the bases in order to smooth out contribution volatility. 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 BY ROBBINS, GELLER, RUDMAN & DOWD RE ERICSSON CASE</u></p>						
<p>Mr. Sugarman informed the Board that his firm was approached by two securities monitoring firms who are recommending the Board file for lead plaintiff status in the Telefonaktiebolaget LM Ericsson ("Ericsson") securities fraud case; Robbins, Geller, Rudman and Dowd and Saxena White. Representatives from both firms are present to discuss the merits of the case. Saxena White will present at 4:30 PM.</p>						

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<p>Mr. Mark Dearman and Ms. Sabrina Tirabassi were in attendance on behalf of Robbins, Geller, Rudman & Dowd (“RGRD”). A Case Analysis & Recommendation report dated March 21, 2022 was distributed.</p> <p>Mr. Dearman reviewed the suitability of the case along with the reasons why his firm would be the most fitting to represent the System. Mr. Dearman noted that when institutional investors such as this pension plan are involved in shareholder litigation, the litigation is more successful and the value of the settlement is significantly higher. Mr. Dearman then turned the floor over to Ms. Tirabassi.</p> <p>Ms. Tirabassi discussed the details of the case filed against Ericsson, a telecommunications company based in Sweden. The complaint alleges that Ericsson failed to disclose its relationships to the terrorist group the Islamic State in Iraq and Syria in order to gain access to transport routes, and the use of bribes to secure business in countries throughout the Middle East and Asia, resulting in unsustainable revenues derived from its unlawful conduct.</p> <p>In February 2022, the ICIJ published a report on Ericsson’s alleged dealings with ISIS in Iraq. Ultimately due to the investigative work of approximately 110 journalists from various countries it was shown through millions of e-mails, documents and witness interviews that the company was involved in long-term actions of corruption and bribery in Iraq and other countries. Further in March 2022, Ericsson reported that the DOJ determined that it had breached a 2019 deferred prosecution agreement.</p> <p>The Fund incurred a loss of approximately \$108,000 as a result of the alleged fraudulent wrongdoing of Ericsson. Mr. Dearman reviewed the litigation process and discussed the retainer/indemnification agreement should the Board choose to move forward in the case with RGRD. Mr. Dearman provided a background of the firm’s attorneys and the trial experience of those who would be involved in the litigation noting that RGRD has proven to have the strongest results in securities litigation recoveries. Mr. Dearman concluded the presentation and thanked the Board for its time.</p> <p><u>SUGARMAN, SUSSKIND, BRASWELL & HERRERA LEGAL REPORT</u></p> <p>Mr. Sugarman informed the Board that the independent medical examination for service-incurred disability applicant, Christopher Christmas, is being scheduled for early April with a spine surgeon specialist.</p> <p>Based on the discussion at the last Board meeting, Mr. Sugarman made revisions to the proposed ordinance amendment regarding the BSO disability conversion. If Mr. Rayson agrees with his revisions it can then be forwarded to the actuary to prepare an impact statement. Once the impact statement is received, it should be forwarded to the City and what the City decides to do with it is up to the City. Mr. Sugarman suggested it be forwarded along with his recommendation to obtain a Private Letter Ruling (PLR). A PLR is typically a five-figure endeavor that is not covered in his firm’s retainer fee. A decision will need to be made as to who will incur the</p>						

Board of Trustees Minutes Page Five	March 21, 2022	TRUSTEES	M	S	Y	N
<p>cost of the PLR if the City decides to go that route.</p> <p>Mr. Rayson was present and concurred with the revisions that were made by Mr. Sugarman. Mr. Rayson assured the Board the intention of the proposed ordinance is not an effort to expand the qualification to a large range of participants. He believes it would be very tough to qualify. For the ten potential members of the class, they are long since retired and would have to have disability ratings from Worker's Compensation, the Social Security Administration and the Florida Retirement System.</p> <p>Much discussion ensued in the interest of transparency regarding what additional information should be included at the time the actuarial impact statement is sent to the City. It was agreed by consensus that the impact statement be accompanied by a letter conveying the Board of Trustee's concurrence with its legal advisor's recommendation that a PLR be obtained. Further discussion ensued regarding which party would pay the cost of the PLR which is estimated at approximately \$25,000.</p> <p>Mr. Sugarman outlined the things the City needs to know as 1) what the actuary has to say, 2) what the attorney has to say, 3) what the administrator has to say, 4) and who is going to pay for the PLR. The position of the Board is already established because the City has a letter from the Chairman.</p> <p>Mr. Sugarman recommended voting on whether the Board will incur the cost of the PLR.</p>						
<p>MOTION: To approve paying for the Private Letter Ruling. MOTION WITHDRAWN BY THE MAKER AND SUPPORTER.</p> <p>It was noted that the Board would generally pay for a PLR if it was a benefit provision that was already agreed upon such as something in a collective bargaining agreement that the Board felt should be looked at.</p> <p>Trustee Hall withdrew his motion.</p> <p>Further discussion ensued on the timing of a PLR. Mr. Sugarman felt it should be requested after first reading because it doesn't make sense to request it if the ordinance amendment has no traction at the City. However, if the City is paying for it, they can request it at any time.</p>	Hall Samolewicz	X	X			
<p>MOTION: To request a Private Letter Ruling contingent on the City's agreement in advance to reimburse the Retirement System for all legal and IRS fees. PASSED IN A ROLL CALL VOTE 8-0.</p> <p>Mr. Sugarman confirmed that revisions will be made to the ordinance as agreed upon and it will be forwarded to the Executive Director who will then</p>	O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi	X	X	X X X X X X X		

Board of Trustees Minutes Page Six	March 21, 2022	TRUSTEES	M	S	Y	N
<p>provide it to the actuary and request the impact statement. Mr. Sugarman will confer with his colleague in the firm who handles IRS work to get an estimate on the hours needed for a PLR. Upon receipt of the impact statement, the agreed upon communications will be sent as a package to the City and Mr. Rayson.</p> <p>Mr. Sugarman's firm reviewed the documents for the Chegg securities case.</p> <p>Mr. Sugarman provided guidance to the Executive Director on a public records request for an investigative file. He recommended redacting photographs which could reveal the address of a member as well as withholding certain information not included in the scope of the request.</p> <p><u>PRESENTATION BY SAXENA WHITE RE ERICSSON CASE</u></p> <p>Joseph White was in attendance on behalf of Saxena White. A Litigation Memorandum report dated March 21, 2022 was distributed.</p> <p>Mr. White briefed the Board on the founding of the Saxena White firm and its success throughout the years noting they are in the top five firms. It's important for the Board to have more than one securities monitoring firm so that the Board has a choice.</p> <p>Mr. White spoke to the merits of the case noting that Ericsson is a Swedish company. Maya Saxena, a partner at Saxena White who will be part of the litigation team, is fluent in Swedish as her first language. This would be a great benefit in reviewing emails that often involve slang and inferences that don't translate correctly with translation software. Having the in-house language skills with the partner who would be taking the most difficult depositions is definitely an advantage.</p> <p>Mr. White reviewed the litigation process and the indemnification agreement. In closing, he informed the Board that Saxena White would not be opposed to joining forces with RGRD if it gives the Board a greater comfort level.</p>						
<p>MOTION: To hire Saxena White as the Board's counsel authorized to file for lead plaintiff status in the Telefonaktiebolaget LM Ericsson securities litigation case; and to authorize the Chairman to execute the required documents, as recommended by Saxena White. PASSED 7-1.</p>	<p>O'Connell Samolewicz Aaronian Christophers Femia Hall Hanrahan Rossi</p>			<p>X X X X X X X</p>	<p>X X X X X X X</p>	<p>X</p>
<p>The Trustees discussed the merits of both firms and felt comfortable with retaining Saxena White.</p>		<p>X</p>				
<p><u>ADMINISTRATIVE AND MISCELLANOUS ISSUES</u></p>						
<p>The Executive Director informed the Board that the Investment Consultant is up for review in 2022 in accordance with the Board's Service Provider Review policy. She asked for guidance as to whether this should be conducted as a full RFP or a general fee review and whether it should be tasked to the Professional Advisor's Review Committee or the Investment Committee.</p>						

Board of Trustees Minutes Page Seven	March 21, 2022	TRUSTEES	M	S	Y	N
<p>The Board felt that a full RFP was prudent since it hadn't been done since Graystone was hired.</p> <p>MOTION: To conduct an RFP for the Plan's Investment Consultant in accordance with the Board's Service Provider Review Policy, and to task the process to the Investment Committee. PASSED 8-0.</p> <p>The Executive Director will draft the RFP and reach out to convene an Investment Committee meeting to discuss.</p> <p><u>COMMITTEE REPORTS</u></p> <p>No Committee reports were rendered.</p> <p><u>CHAIRMANS REPORT</u></p> <p>The Chairman reminded the Trustees to watch "The Power of the Fed" in preparation for the roundtable discussion at the upcoming Educational Symposium. Staff will circulate the link.</p> <p>The Chairman will provide a future synopsis of his meeting on the Education Committee for the FPPTA.</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 Forms for David Sheflin and Jessica Pray. ❖ The Annual Report was submitted to the Division of Retirement on March 3. ❖ Responded on March 3 to three public records requests received on January 3 after the requestor paid the required fee. ❖ The actuarial presentation will be presented to the City Commission on April 12. <p>The Executive Director inquired whether the Trustees wanted new business cards since the only thing that has changed is the physical address and this is only temporary. They responded in the negative although they requested that staff bring forward some information regarding new shirts.</p> <p>The Board authorized the Executive Director to donate the three televisions from the former conference room since they are older technology and cannot be adapted to the new computer software.</p> <p>The Executive Director affirmed with the Board of Trustees that their intention is the Educational Symposium be an in-person event. Remote participation will only be permitted in extreme circumstances. Plan members will be given the opportunity to participate remotely for the Business Meeting portion of the agenda only. Otherwise, they may attend in-person or request copies of the presentations and recordings.</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>X X X X X X X X</p>	

MOTION: To adjourn the March 21, 2022 Regular Board meeting at 5:07 PM. PASSED 8-0.

Respectfully submitted,



Debra Tocarchick, CEBS
Executive Director

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

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 – MARCH 21, 2022

CONSENT AGENDA - WARRANT NOS. 5421 THROUGH 5429

Ratified and Approved on 03/21/2022

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5421	Allspring	Inv mgmt. fee quarter ended 12/31/2021; \$27,762.60	27,762.60
5422	Daniel Christophers Economic Computers Morgan Stanley US Postal Service	Board meeting expense reimbursement; \$468.01 Inv No. 7728, Web Camera & cable; \$225.00 Investment consulting fee quarter ending 12/31/2021; \$16,477.50 Postage; \$200.00	17,370.51
5423	Pension Technology Group, Inc.	Inv No. 2659, Support & hosting services for quarter ended 3/31/2022; \$7,000.00	7,000.00
5424	Nyhart Office Depot Xerox Corp	Inv No. 0173938 (1) Notification of benefits; \$300.00, Inv No. 0173939 10/1/2021 actuarial valuation final billing; 13,971.50, Total \$14,271.50 Inv No. 225016257001, Office supplies; \$115.54 Inv No. 015618629, February lease; \$150.59, excess print charges; \$77.91, Total \$228.50	14,615.54
5425	Carl J. Borino	Normal Retirement benefit commencing 5/1/2022 as a result of reaching end of DROP period on 4/29/2022; \$5,155.18	5,155.18
5426	Carl J. Borino	Lump sum distribution of entire balance of Share Plan account as a result of separation of service on 4/29/2022; \$86,891.03	86,891.03
5427	Marc Linson, MD	Prepayment for Christopher Christmas IME; \$3,000.00	3,000.00
5428	Bank of America	Debra Tocarchick: Room divider; \$210.58, Courier; \$44.15, Small equipment; \$5.97, Total \$260.70 Maureen Femia: Repairs and maintenance; \$210.00, Board meeting supplies; \$98.54, Publications; \$22.99, Credit for returned office supplies; (\$18.16), Total \$313.37 Paul O'Connell: Business lunch; \$53.34	627.41
5429	Charlotte S. Vettraino	Survivor benefits commencing 3/1/2022 under 100% joint & survivor option to designated beneficiary of recipient, James A. Vettraino, who died 2/26/2022; retroactive monthly benefit; \$2,349.41, monthly benefit 4/1/2022; \$2,349.41, Total \$4,698.82	4,698.82