

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
OCTOBER 17, 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 2:01 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 (Arrived at 2:55 PM)
Trustee Jorge Rossi

ALSO PRESENT: Robert Sugarman, Board Attorney (via Zoom)
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director
AndCo: Dave West, Dan Johnson, Mike Welker
Burgess Chambers & Associates: Burgess Chambers,
Mitchell Brennan
Dahab Associates: David Lee, Steven Roth
Southeastern Advisory Services, Inc: Jeff Swanson,
Kurt Lofters, Ademir Zeco
Graystone Consulting: Scott Owens, T.J. Loew

VISITORS: Lindsay Saienni, Financial News (via Zoom)

AUDIENCE TO BE HEARD

None

CONSENT AGENDA ITEMS

- a) Approval of Agenda of Regular Board Meeting on October 17, 2022
- b) Approval of Minutes of Regular Board Meeting on September 19, 2022
- c) Approval of Application for Normal Retirement Effective October 18, 2022 from Fire Inspector Gerald Graziose
- d) Approval of Applications for Normal Retirement and DROP Entry Effective November 1, 2022 from:
 - Fire Captain Michael Guardalabene
 - Driver Engineer Steven Sirota
 - Fire Inspector Jason Conger
 - Driver Engineer Michael Geer
 - Firefighter Neil Weidman
 - Firefighter Harrison Boyd
 - Assistant Fire Chief Matthew Whitton
 - Firefighter David B. Henghold, Jr.

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


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<ul style="list-style-type: none"> • Firefighter Mathew Fitzgerald • Driver Engineer Glenn Mackie • Fire Captain William Krebs • Fire Captain Michael Scanzera • Firefighter Robert Fisher • Captain Mark Salisbury <p>e) Approval of Application for Normal Retirement Effective December 1, 2022 from Assistant Fire Chief Michael Hohl</p> <p>f) Approval of Application for Normal Retirement and DROP Entry Effective December 1, 2022 from Firefighter James Leto</p> <p>g) Ratify Chairman’s Approval of Citizen’s Wind Insurance Policy</p> <p>h) Ratification and Approval of Warrant Log</p> <p>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.</p> <p>MOTION: To ratify and approve the consent agenda items as presented. PASSED 8-0.</p> <p><u>CANDIDATE INTERVIEWS FOR INVESTMENT CONSULTING SERVICES</u></p> <p>The Board of Trustees previously issued an RFP for Investment Consulting Services. After review and evaluation of the responders, the Board agreed to interview five firms: AndCo Consulting, Burgess Chambers & Associates Inc., Dahab Associates, Southeastern Advisory Services, Inc. and the incumbent Graystone Consulting. Mr. Sugarman complimented the Board for its due diligence process and noted that the Board does not have to select based on the lowest fee but rather within the market range of fees that the RFP process helps to determine</p> <p><u>AndCo Consulting</u></p> <p>Mike Welker, CEO, Dave West, Consultant, and Dan Johnson, Consulting Director presented on behalf of AndCo. Mr. West introduced the team and provided a brief overview of their planned discussion. The presentation was turned over to Mr. Welker who discussed the credentials of the service team who would be assigned to the Plan if hired. Both Mr. West and Mr. Johnson come with an abundant amount of experience with Florida public pension plans.</p> <p>Mr. Welker spoke briefly on the foundation of AndCo which consists of 92 employees and approximately \$104.7 billion AUA. The company is fiercely independent, with no holding company or individual wealth planning, and</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>	

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<p>therefore, able to provide unbiased guidance. AndCo consults for 275 Florida public fund clients and is very knowledgeable regarding the state statutes, ordinances, best practices, etc. Mr. Welker emphasized the difference between AndCo and their competition stating they are large enough in size to provide dedicated service and resources yet small enough to customize their clients' Plans. They have a 99% client retention rate since inception.</p> <p>The presentation was turned over to Mr. Johnson who discussed AndCo's research team, its process and execution. The ALM (Asset Liability Modeling) is a key concept utilized by the team and their on-site actuary which forecasts liability, benefits and returns and then applies it to the client funding policies, and risk factors. The team utilizes various tools to research new ideas to bring forth proactive recommendations to clients with the understanding that not all ideas fit all plans.</p> <p>Mr. West outlined the investment performance of a few of their Florida accounts of similar size, maturity, characteristics and rate of return assumption. It was noted that the comparisons were amongst peer groups which is highly important. Mr. West discussed the importance of determining risk tolerance in order to minimize adversity. Preliminary Plan observations were evaluated, and potential Plan enhancements were recommended. Mr. West noted especially within the last six-month period with the equity market underperforming, the portfolio should include passive investments as it is a different style of investing. The bond allocation is the largest area for opportunity and suggested more diversification among aggregate bonds. Additionally, there are opportunities in private real estate and private debt that can provide notable returns and are not currently being utilized within the portfolio.</p> <p>Mr. Johnson discussed the fee schedule and service back guarantee for the applicable services along with the transition timeline. The Trustees had the opportunity to ask questions. At the conclusion, the AndCo. representatives thanked the Board for the opportunity to present and left the meeting.</p> <p><u>Burgess Chambers & Associates</u></p> <p>Burgess Chambers, President and Mitchel Brennan, Senior Consultant presented on behalf of Burgess Chambers & Associates. Mr. Chambers provided a brief background of the firm which he founded 34 years ago and introduced the representatives of the team.</p> <p>The presentation was turned over to Mr. Brennan who discussed the expertise of the team and importance of providing exceptional service which is attainable due to their favorable client to consultant ratio. Moreover, the importance of staying proactive in the market and timely to insights was conveyed. The client to consultant ratio is approximately 25 clients per consultant making it very manageable for the firm and keeping the client the number one focus.</p>					

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<p>Mr. Brennan explained the firm's value-added approach which looks at the client's risk tolerance and then develops an investment program based on that. Open architecture is an important aspect of this approach in that it allows them the ability to constantly add new investment managers with new ideas without the restrictions that larger consulting firms encounter. Additionally a cost controlling investment method is used to blend both active and passive products in the portfolio. The process is based on long-term assumptions with a high degree of probability and least amount of risk. Furthermore, short-term views at certain times in the market afford opportunities to be over or under weight in certain arenas and they will adjust accordingly.</p> <p>Mr. Chambers stressed the importance that their firm is always on the lookout for what is new coming up in the pipeline. Examples of some recently introduced alternative investments were discussed. Mr. Brennan conveyed the firm's desire to remain proactive rather than reactive such as rebalancing back to value from growth within the last year. Review of the action plan and suggestions of the Plan's current line-up was discussed. Mr. Brennan highlighted the importance of providing education for their clients and presented an example of the latest market perspective the firm produced along with a white paper that was compiled for a client regarding interest in cryptocurrency.</p> <p>Mr. Burgess concluded by sharing the uniqueness of experience and expertise the firm possesses. By keeping the firm small and family oriented it creates less turnover and allows the firm the ability to adapt and respond to change swiftly. Discussion of the fee schedule for the applicable service ensued. The Trustees had the opportunity to ask questions. At the conclusion, the Burgess Chamber Associate representatives thanked the Board for the opportunity to present and left the meeting.</p> <p><u>Dahab Associates</u></p> <p>David Lee and Steven Roth, co-owners of the firm, presented on behalf of Dahab Associates. Mr. Lee gave a brief overview of the company, introduced the members of the team, and highlighted the reasons they would be the right partner for the Plan. Mr. Lee and Mr. Roth emphasized the importance of keeping the firm small with more of a boutique feel as a method of keeping client relationships close. Making decisions with clients rather than dictating to clients is the approach the firm maintains. Investing in a philosophy of simplicity is what has brought successful results to their clients. Because pension plans have a long duration it allows for investing in products that take longer to produce results; however, possess the possibility of generating higher returns.</p> <p>Mr. Lee reviewed the average performance comparisons of their clients over the 1,3,5, and 10-year periods compared to median plans in the universe as well as the PBPFRS Plan. Over time their results have been better than average.</p>						

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<p>The presentation was turned over to Mr. Roth who discussed the current investment layout of the Plan and recommended some adjustments they would suggest if hired. Mr. Roth discussed risk versus safety assets and liquidity within the portfolio. Additionally, potential asset allocation adjustments were reviewed with a focus on rethinking hedge fund exposure and including passive management in the future.</p> <p>Mr. Roth stressed the importance of education and keeping the Board informed in all aspects of decision making. Mr. Roth discussed the fee schedule for applicable services along with the transition timeline. The Trustees had the opportunity to ask questions. At the conclusion, the Dahab Associates representatives thanked the Board for the opportunity to present and left the meeting.</p> <p><u>Southeastern Advisory Services, Inc.</u></p> <p>Jeff Swanson, Consultant, Kurt Lofters, Consultant and Ademir Zeco, Director of Research, presented on behalf of Southeastern Advisory Services, Inc. Mr. Lofters provided an overview of the company and illustrated the members of the team and their extensive experience. The firm prefers to remain smaller in size with a 7:1 client consultant ratio, thereby maintaining the ability to provide high class service. Currently they serve 25 Florida public plans with longstanding client relationships.</p> <p>Mr. Lofters reviewed the fee schedule options of flat rate or basis points of assets. Mr. Swanson offered the Board the first year gratis if their firm was selected. This would allow the Board a full year to evaluate the firm's work product.</p> <p>Mr. Swanson discussed the various differentiators that set them aside from their competitors. There are no cookie cutter portfolios where it's set and forget and then waiting for the market to change before seeing positive returns. The firm adjusts to bear and bull markets through tactical opportunities and active recommendations within the strategic allocation.</p> <p>A comparison of the PBPFRS Plan against another local Plan of similar size, and rankings of other plans across the country was assessed. Mr. Swanson noted while their fees are material, their firm's ability to perform should be a determining factor in the selection process. Remaining small in size allows the firm the ability to be more responsive to the market and their clientele.</p> <p>Mr. Swanson discussed active investment consulting conducted by the firm to proactively create opportunity for clients within the recent market volatility. Rebalancing of growth equity and reduction in fixed income in 2021, incorporating more real estate managers and reducing emerging markets in 2022 all contributed to better performance of their clients' portfolios.</p> <p>Mr. Swanson and Mr. Zeco reviewed the manager research process and the unique opportunities they can provide. The firm focuses on discovering new</p>					

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<p>innovative managers who generally have capacity constraints as opposed to utilizing the larger managers in the industry. These smaller managers offer unique products which produce attractive performance results. Mr. Zeco affirmed capacity constraint causes less flexibility and not always the best performing managers. That is not an issue within a smaller firm.</p> <p>The Trustees had the opportunity to ask questions. To close the presentation Mr. Swanson laid out some recommendations they would consider to complement existing managers and mandates within the portfolio. Lastly a timeline of transition and potential work plan for the next 6 months was reviewed. At the conclusion, the Southeastern Advisory representatives thanked the Board for the opportunity to present and left the meeting.</p> <p><u>Graystone Consulting</u></p> <p>Scott Owens, Managing Director, and Theodore Loew, Consulting Analyst presented on behalf of Graystone Consulting. Mr. Owens focused on the goals and objectives the Board and Graystone collectively sought over the years. Based on the intentions that were established, the Plan has performed well with very low risk. From a relative performance perspective, the portfolio is outperforming. Mr. Owens noted that if the Board's goal is to reach a higher return than previously determined, then the objectives need to be reevaluated.</p> <p>The historical performance of other Graystone clients as of June 30, 2022, who are similarly sized to the PBPFRS was reviewed. It was noted that over the years through the multiple asset allocation studies that were conducted, the Board opted for risk management over performance. Through manager selection and asset allocation, the portfolio has been able to mitigate risk. Mr. Owens reiterated based on the instruction given by the Board, the Plan has been successful. Should the Board now have a different outlook and want to alter the objective to achieve higher returns with greater risk then that can be managed with the understanding that tolerance of volatility will increase. Similar to the achievement of the current goals, Mr. Owens was confident if the Board wanted to change gears and reach for higher returns it would be successful.</p> <p>Mr. Owens discussed the beneficial resources that Morgan Stanley provides to Graystone but still allows for flexibility. They are an industry leader in managed account programs by asset, including over 4,000 monitored strategies. Mr. Owens reviewed manager strategies that have been implemented over the years and assessed how they have performed and complemented one another within the portfolio. However, if the Board preferred to explore other managers and objectives then Mr. Owens was in full support. Additionally, Mr. Owens emphasized that return is a very volatile factor to base a decision on, therefore, it's more appropriate to look at targets and ranges.</p> <p>Discussion ensued regarding a long-term strategy of taking on more return enhancing asset classes which include more risk. Short-term it would be</p>						

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<p>MOTION: To authorize the Executive Director to negotiate a contract with the Hilton Tru in Pompano Beach as the venue for the 2023 Annual Educational Symposium. PASSED 9-0.</p> <p>Vice Chairman Samolewicz reminded the Trustees of the 9463 Foundation Halloween Mix & Mingle being held at Mr. McMahon's on October 29.</p> <p>It was noted that the City is no longer using electronic communications medium at its Board meetings. Mr. Sugarman was asked if the Board could continue with electronic medium for the members only. Mr. Sugarman will review the matter and return an opinion.</p> <p><u>ADJOURNMENT</u></p>						
<p>MOTION: To adjourn the October 17, 2022 Board meeting at 6:55 PM. PASSED 9-0.</p>						
<p>Respectfully submitted,</p> <p></p> <hr/> <p>Debra Tocarchick, CEBS Executive Director</p> <p><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</p>						

REGULAR MEETING – OCTOBER 17, 2022

CONSENT AGENDA - WARRANT NOS. 5475 THROUGH 5483

Ratified and Approved on 10/17/2022

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5475	Jerome Squadrito Florida Department of Revenue Nyhart	DROP loan net amount to Jerome Squadrito; \$49,675.00 Documentary stamps for Jerome Squadrito's DROP loan; \$175.00 Loan processing fee for Jerome Squadrito; \$150.00	50,000.00
5476	Citizens Property Insurance Corporation	Offer# 20983439, Wind Policy 3/6/22 to 3/6/203; \$608.00	608.00
5477	Richard Samolewicz IFEBP Nyhart Florida UC Fund Xerox Corp	Board meeting expense reimbursement, 9/19/2022; \$113.71 Annual membership dues 2023; \$1,600.00 Inv No. 153360DB_202209, (2) benefit calculations; \$600.00 Reemployment taxes quarter ended 9/30/2022; \$63.54 Inv No. 017216496, September lease; \$150.59, excess print charges; \$78.86, Total \$229.45	2,606.70
5478	Pershing LLC FBO Gerald J. Graziose IRA	Trustee-to-trustee transfer of Share Plan balance due to separation of service on 10/17/2022; \$70,911.60	70,911.60
5479	Daniel Rosenquist	One-time payment for required minimum distribution from Fund Rate DROP account on 11/27/2022; \$8,725.49	8,725.49
5480	12/1/2022 – Police Share Plan Benefit	Share Plan payments payable on 12/1/2022 to 200 eligible police officer retirees as of 9/30/2022; \$250,266.00	250,266.00
5481	Bank of America	Debra Tocarchick: Mail Exchange Annual License; \$1,080.00, Telephone & internet; \$361.08, Courier; \$136.84, NASRA (PPCC Certification); \$100.00, Board meeting supplies; \$35.90, Less FPPTA Registration credit; (\$850.00), Total \$863.82 Maureen Femia: Board meeting supplies; \$374.57, Xerox August Lease; \$244.12, Publications; \$22.99, Total \$641.68 Richard Samolewicz: Board meeting expense 9/19/2022; \$123.00	1,628.50
5482	Pension Technology Group	Inv No. 2838, 50% deposit for custom programming of retirement plan changes effective 10/01/2022; \$9,250.00	9,250.00
5483	Nuance Vital Statistics Renaissance	Inv mgmt. fee quarter ended 9/30/2022; \$11,605.27 Death certificate for member Gary Morton; \$5.00 Inv mgmt. fee quarter ended 9/30/2022; \$22,922.75	34,533.02