

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
JULY 17, 2023**

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 (via Zoom)
Trustee Vincent Femia (arrived at 3:03 PM)
Trustee David Hall
Trustee Patrick Hanrahan
Trustee Peter McGinnis
Trustee Jorge Rossi

ALSO PRESENT: Pedro Herrera, Board Attorney
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director
Jim Kelts, Victory/Incore
Ed Goad, Victory/Incore
Jeff Swanson, Southeastern Advisory Services
Ademir Zeco, Southeastern Advisory Services

Trustee Christophers attended via electronic medium and was not able to vote on matters before the Board.

AUDIENCE TO BE HEARD

None

CONSENT AGENDA ITEMS

- a) Approval of Agenda of Regular Board Meeting on July 17, 2023
- b) Approval of Minutes of Regular Board Meeting on June 20, 2023
- c) Approval of Minutes of Professional Advisor's Review Committee Meeting on July 12, 2023
- d) Approval of Normal Retirement and DROP Application from Captain Donald Saville
- e) Approval of DROP Loan Application from Fire Battalion Chief Scott McLellan
- f) Ratification and Approval of Warrant Log
- g) Variable COLA Letter from Nyhart (informational)

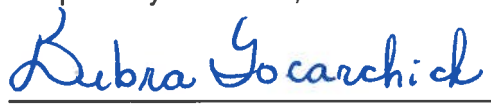
The Chairman asked if any Trustee wished to move an item from the consent agenda to the regular agenda for separate consideration. Seeing none, the Chairman called for a motion.

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 Two	July 17, 2023	TRUSTEES	M	S	Y	N
<p>MOTION: To ratify and approve the consent agenda items as presented. PASSED 7-0.</p> <p><u>SOUTHEASTERN ADVISORY SERVICES, INC – JEFF SWANSON</u></p> <p><u>Presentation by Victory/Incore Re Transition to Yousif Capital</u></p> <p>Mr. Zeco introduced Jim Kelts and Ed Goard who were in attendance to discuss a transition of the Victory/Incore fixed income group to Yousif Capital. Jim Kelts, the current portfolio manager at Victory/Incore, advised the Board that Yousif Capital acquired certain team members and accounts from Victory effective May 8, 2023. Due to the timing of a definitive agreement, he was unable to brief the Board at its recent Educational Symposium.</p> <p>Mr. Kelts provided a brief overview of his career history spanning the merger transitions from Comerica Bank to Munder Capital, and later to Victory/Incore in 2014. Over the years, Victory has grown significantly due to several other acquisitions. As a result, this has left its institutional business aspect feeling like a small piece of an ever-growing pie. The support is simply not the same as the company has evolved.</p> <p>Mr. Goard provided a background on Mr. Kevin Yousif, who owns Yousif Capital, and his previous relationship with Comerica Bank and World Asset Management. Mr. Yousif worked for Loomis Sayles Investment Advisors for ten years where he built the business to \$6 billion in assets under management. In 2021, he bought the business and founded Yousif Capital. Around the same time, Comerica approached Mr. Yousif about purchasing their asset management business. As of June 30, 2023, Yousif Capital has \$12.7 billion in assets under management.</p> <p>Mr. Goard and Mr. Yousif are long-time colleagues and have partnered to buy the institutional side of the Victory/Incore business. Victory gave its blessing and both parties are on board and in support of the transition. The strategic focus and discipline will remain unchanged; and the same team will continue to manage the fixed income portfolio. Partnering with Yousif Capital will allow the team the opportunity to focus more on their clients and on growing the business.</p> <p>The Board is being asked to consent to the assignment of its investment management agreement from Victory/Incore to Yousif Capital effective September 1, 2023. Discussion ensued amongst the Board and Mr. Zeco confirmed the team’s track record is transferable.</p> <p>The Chairman delayed the remainder of the formal Investment Consultant Report until Mr. Swanson’s arrival.</p>	<p>O’Connell Samolewicz Aaronian Hall 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>	

Board of Trustees Minutes Page Three	July 17, 2023	TRUSTEES	M	S	Y	N
<p><u>SUGARMAN, SUSSKIND, BRASWELL & HERRERA LEGAL REPORT</u></p>						
<p>The Victory to Yousif Consent Authorization Form was submitted for approval and execution.</p>						
<p>MOTION: To consent to assign the Victory Investment Management Agreement to Yousif Capital Management Inc; and to authorize the Chairman to Execute the Consent Authorization Form, as reviewed by Sugarman, Susskind, Braswell & Herrera, and recommended by Southeastern Advisory Services, Inc. PASSED 8-0.</p>		<p>O'Connell Samolewicz Aaronian Femia Hall Hanrahan McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	
<p>A formal resolution to terminate the MissionSquare 401(a) defined contribution plan was submitted for adoption.</p>						
<p>MOTION: To adopt the Consent Action of the Director's Resolution to terminate the MissionSquare 401 Money Purchase Plan; and to authorize the Chairman and the Executive Director to execute same, as recommended by Sugarman, Susskind, Braswell & Herrera. PASSED 8-0.</p>		<p>O'Connell Samolewicz Aaronian Femia Hall Hanrahan McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X X</p>	
<p>Mr. Herrera advised the Board that Churchill provided a revised Side Letter just this morning and he requires a few days to review it.</p>						
<p><u>SOUTHEASTERN ADVISORY SERVICES, INC – JEFF SWANSON</u> <u>(Continued)</u></p>						
<p>Mr. Swanson reviewed the June 2023 Flash Report noting that the month of June was good for private equity. The Fund's fiscal year-to-date return was up 13.4% with total assets at approximately \$244 million. Sands rebounded nicely compared to last year at 37%; and the new manager, Waycross, was up 7% for the month. Mr. Swanson noted that 5% of the portfolio is in a passive index. The Flash Report does not include real estate allocations as those statements are not available; however, the Fund does appear to be on track for a positive fiscal year.</p>						
<p>Chairman O'Connell briefed Mr. Swanson on the comments and reactions of the City Commissioners during the annual actuarial presentation last month. The Chairman requested Mr. Swanson address the Board's philosophy of diversity over investing in index funds so he may share it with the Commission.</p>						
<p>Trustee Samolewicz reiterated to Mr. Swanson the concerns he expressed to the Board last month regarding the deviation from protocol in the termination of an investment manager during the Educational Symposium. Mr. Swanson assured the Board there is no intention to deviate from the Board's standard protocol of watch and warning status.</p>						

<p>Board of Trustees Minutes Page Four</p> <p style="text-align: right;">July 17, 2023</p>	TRUSTEES	M	S	Y	N
<p>Mr. Swanson briefly discussed the impact to alternative investment strategies which occurred in 2023 due to increased rates and the banking crisis. This has created exciting opportunities to earn higher rates with less risk. The Board recently optimized this potential by onboarding multiple private credit managers. Additionally, Mr. Swanson anticipates further diversification within the alternative sector in the near future.</p>					
<p>An overview of all the alternative managers was reviewed and Mr. Swanson noted the private equity managers previously brought on through Graystone are now strictly in distribution mode, and at some point, will need to be recommitted. Mr. Swanson asked if the Board would be interested in Southeastern researching some smaller private equity firms, or whether it would prefer to stay with the current private equity investment managers. Discussion ensued and the Board agreed it was open to looking at other options as well as keeping the current private equity managers open as possibilities. This will be slated for the second half of 2024.</p>					
<p>Lastly, Mr. Swanson submitted a revised Investment Policy Statement which includes an amendment to incorporate House Bill 3 language which has also been reviewed by Mr. Herrera. Mr. Herrera noted that since the last discussion on HB3, the view of what the law means has changed in a good way. The law is geared toward regulating intent rather than a final outcome. This means the Board can invest in an ESG fund provided the process and considerations used as the basis for the final decision are the main focus.</p>					
<p>MOTION: To approve the revised Investment Policy Statement effective 31 days after the policy change is communicated to the Plan Sponsor, the actuary and the Division of Retirement as reviewed by Sugarman, Susskind, Braswell & Herrera, and recommended by Southeastern Advisory Services. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Femia Hall Hanrahan McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X</p>	
<p>The Executive Director informed the Board that the City contacted her regarding HB3 and she provided Mr. Sugarman's memorandum laying out the Board's plan of action to address the new law.</p>					
<p><u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u></p>					
<p>The Executive Director submitted the renewal quote for the fiduciary liability policy. The policy premium increased from the prior year due to the deteriorating funded position of the Retirement System.</p>					
<p>MOTION: To approve the renewal of the fiduciary liability policy at a cost of \$58,127.50 for the period of August 8, 2023 to August 8, 2024, with the policy's limit of liability and retention rate to remain at \$5 million and \$75,000, respectively. PASSED 8-0.</p>	<p>O'Connell Samolewicz Aaronian Femia Hall Hanrahan McGinnis Rossi</p>	<p>X</p>	<p>X</p>	<p>X X X X X X X</p>	

Board of Trustees Minutes Page Five	July 17, 2023	TRUSTEES	M	S	Y	N
<u>COMMITTEE REPORTS</u>						
<p><i>Professional Advisors Review Committee:</i> Committee Chairman Samolewicz reported the Committee met on July 12 to review the responses to the RFP for Legal Services. The Committee recommends the Board interview the firms of Rossman Legal and Daragjati Law at the August 21 Board meeting. Sugarman, Susskind, Braswell & Herrera is the third candidate for consideration and will not be asked to submit to an interview due to their long-standing relationship with the Board. Each firm will have 20 minutes for its presentation and 10 minutes for Q & A. The Board agreed by consensus to the Committee's recommendation.</p> <p>No other Committee reports were rendered.</p>						
<u>EXECUTIVE DIRECTOR'S REPORT</u>						
<p>The Executive Director reported on the following items:</p> <ul style="list-style-type: none"> ➤ A service-incurred disability application was submitted by firefighter Jennifer Hicks. ➤ Outstanding share plan applications: 3 actives, 2 deferred, 1 pending forfeiture and 1 deceased pending claim from estate. ➤ Waiting for the finished actuarial impact statement before submitting proposed ordinance amendments to the City. ➤ Status of outstanding private credit manager contracts: <ul style="list-style-type: none"> • <u>PennantPark</u> – Received Side Letter for execution on July 12. • <u>Churchill</u> – Target funding date moved to mid-August. Mr. Herrera just received Side Letter this morning. 						
<u>ADJOURNMENT</u>						
<p>MOTION: To adjourn the July 17, 2023 Regular Board meeting at 4:20 PM. PASSED 8-0.</p>		O'Connell				X
		Samolewicz				X
		Aaronian				X
		Femia				X
		Hall				X
		Hanrahan	X			X
		McGinnis				X
		Rossi		X		X
<p>Respectfully submitted,</p>  <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</p> <p>City Clerk Assistant City Attorney City HR Director President IAFF Local 1549 Marcum</p>						

REGULAR MEETING – JULY 17, 2023

CONSENT AGENDA - WARRANT NOS. 5759 THROUGH 5770

Ratified and Approved on 07/17/2023

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5759	Debra Tocarchick	One-time salary stipend on 7/10/2023 of 5.0% of annual salary subject to applicable taxes and not pensionable in accordance with the Board's Compensation Policy adopted 1/16/2018; \$7,639.51	7,639.51
5760	MissionSquare/457 FBO Steven VonStetina	Trustee-to-trustee transfer of Share Plan account as a result of plan termination on 9/30/2022; \$62,367.61	62,367.61
5761	MissionSquare/457 FBO Felipe De Las Pozas	Trustee-to-trustee transfer of Share Plan account as a result of plan termination on 9/30/2022; \$1,974.15	1,974.15
5762	MissionSquare/457 FBO Hunter Sims	Trustee-to-trustee transfer of Share Plan account as a result of plan termination on 9/30/2022; \$15,057.50	15,057.50
5763	Timothy Robison	Lump sum distribution of Share Plan account as a result of plan termination on 9/30/2022; \$7,991.79	7,991.79
5764	Scott E. McLellan Florida Department of Revenue Ascensus (Nyhart)	DROP loan net amount to Scott E. McLellan; \$49,675.00 Documentary stamps for Scott E. McLellan DROP loan; \$175.00 Loan processing fee for Scott E. McLellan; \$150.00	50,000.00
5765	Daniel Christophers Ascensus (Nyhart) Paul O'Connell Veronica R. Motriam M.D. US Postal Service	Board meeting expense reimbursement 6/20/2023; \$66.00 Inv No. 153360DB_202306, Benefit calculation; \$300.00 FPPTA Annual Conference expense reimbursement; \$404.32 Medical records for Jennifer Hicks; \$175.00 Postage; \$200.00	1,145.32
5766	Danielle Farquharson	Lump sum distribution of Share Plan account as a result of plan termination on 9/30/2022; \$1,974.15	1,974.15
5767	Patrick Hanrahan Richard Samolewicz Florida UC Fund Sands Capital	FPPTA Annual Conference expense reimbursement; \$254.14 Board meeting expense reimbursement 6/20/2023; \$77.43 Reemployment taxes quarter ended 6/30/2023; \$64.29 Inv mgmt. fee quarter ended 6/30/2023; \$27,531.99	27,927.85
5768	Bank of America	Debra Tocarchick: Telephone & internet; \$383.27, Courier; \$58.46, Publications; \$15.96, Total \$457.69 Maureen Femia: Board meeting supplies; \$157.81, Publications; \$22.99, Courier; \$17.22, Total \$198.02 Paul O'Connell: Public Funds Forum Registration; \$1,355.00, FPPTA Annual Conference expense; \$660.00, Business lunch; \$118.98, Total \$2,133.98 Daniel Christophers: Board meeting expense 6/20/2023; \$529.45 Patrick Hanrahan: FPPTA Annual Conference expense; \$495.00	3,964.14

REGULAR MEETING – JULY 17, 2023

CONSENT AGENDA - WARRANT NOS. 5759 THROUGH 5770

Ratified and Approved on 07/17/2023

		Richard Samolewicz: Board meeting expense 6/20/2023; \$150.00	
5769	Robert H. Olsen	Normal Retirement benefit commencing 9/1/2023 as a result of reaching end of DROP period on 8/17/2023; \$4,630.78	4,630.78
5770	Xerox Corp. Waycross Partners	Inv No. 019318902, May Lease; \$171.21, Inv No. 019243189, June Lease; \$45.28, Total \$216.49 Inv mgmt. fee quarter ended 6/30/2023; \$12,423.30	12,639.79