

POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM

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

**BOARD OF TRUSTEES MINUTES
REGULAR MEETING
JANUARY 21, 2025**

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 Jorge Rossi
Trustee Sharra Aaronian
Trustee Daniel Christophers
Trustee Richard Cupo
Trustee Vincent Femia
Trustee David Hall
Trustee Patrick Hanrahan

ABSENT: Trustee Peter McGinnis

ALSO PRESENT: Gregg Rossman, Board Attorney
Michael Spano, Board Attorney
Debra Tocarchick, Executive Director
Maureen Femia, Deputy Director
Branden Lopez, CBIZ, CPA's
Hermes Garzon, CBIZ CPA's
Lawrence Watts, Nyhart (Viz Zoom)
Samantha Olson, Nyhart (Viz Zoom)
John Toweson, Nyhart (Via Zoom)
Jeff Swanson, SEAS (Via Zoom)
Ademir Zeco, SEAS (Via Zoom)

AUDIENCE TO BE HEARD

None

CONSENT AGENDA ITEMS

- a) Approval of Agenda of Regular Board Meeting on January 21, 2025
- b) Approval of Minutes of Regular Board Meeting on December 16, 2024
- c) 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.

MOTION: To ratify and approve the consent agenda items as presented with the addition of a DROP Loan Application from Captain Michael Scanzera. 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	
Rossi			X	
Aaronian			X	
Christophers			X	
Cupo			X	
Femia			X	
Hall		X	X	
Hanrahan	X		X	

<p>Board of Trustees Minutes Page Two</p> <p style="text-align: right;">January 21, 2025</p> <p><u>PRESENTATION OF THE 9/30/2024 AUDITED FINANCIAL STATEMENT BY HERMES GARZON OF CBIZ CPA's</u></p> <p>Branden Lopez, CPA, and Hermes Garzon, CPA, with CBIZ CPA's, presented the September 30, 2024 Financial Statement, with comparison to September 30, 2023. After conducting the audit in accordance with auditing standards generally accepted in the United States, and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States, an unmodified, otherwise known as a "clean opinion", was issued. Mr. Garzon pointed out the responsibilities of management to prepare and present the financial statements in accordance with accounting principles accepted by the United States by following Government Auditing Standards (GAS) and the Governmental Accounting Standards Board (GASB).</p> <p>Mr. Garzon referred to the Management's Discussion and Analysis noting this section summarizes the quantitative changes from 2023-2024. This section of the Financial Statement must be drafted by the Plan's management.</p> <p>Mr. Garzon reviewed the financial statement and summarized the highlights as shown below:</p> <ul style="list-style-type: none"> • Investments increased from \$235.4 million at September 30, 2023 to \$279.8 million at September 30, 2024, an increase of \$44.4 million, or 18.9%, to the investment portfolio driven by favorable market conditions. • The portfolio's time-weighted return on investments was 20.17%, net of fees, on a market value basis. The money-weighted rate of return was 19.57%. • The change to fiduciary net position was impacted by the Employer's contribution which was up approximately \$7.5 million from 2023 primarily due to plan amendments; and net investment income which increased from \$20.2 million in 2023 to \$44.9 million in 2024. Total deductions decreased approximately \$9 million due to distributions occurring in 2023 as a result of the closure of the Firefighters' Share Plan. • The unfunded commitment of alternative assets measured at net asset value (NAV) was approximately \$28 million. • The Plan's fiduciary net position as a percentage of the total pension liability was 57.52%, up from 53.81% the previous year. • No material weaknesses or significant deficiencies of internal control over financial reporting were detected during the course of the audit. • Based on the changes to the Ordinances governing the collectively bargained benefits, the audit procedures were modified to ensure the changes were tested and found no evidence of noncompliance or other matters that are required to be reported under Government Auditing Standards. 	TRUSTEES	M	S	Y	N

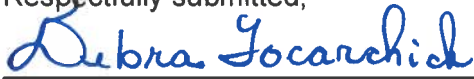
Board of Trustees Minutes Page Three	January 21, 2025	TRUSTEES	M	S	Y	N
<p>MOTION: To approve the 9/30/2024 audited financial statement as presented. PASSED 8-0.</p> <p><u>PRESENTATION OF LARGE CAP GROWTH EQUITY SEARCH REPORT BY JEFF SWANSON, SOUTHEASTERN ADVISORY SERVICES</u></p> <p>Mr. Swanson and Mr. Zeco were present via electronic media to discuss the results of the large cap growth equity manager search and to review Sands' investment performance more closely in terms of their style in managing this asset class. Mr. Swanson reminded the Board that it chose to part ways with Sawgrass in 2023; and divided the funds between Sands and Waycross. In hindsight, it was a smart move as Sawgrass was one of the worst performing growth managers of 2024.</p> <p>Mr. Swanson provided calendar year returns of four large cap growth equity managers in comparison to the current manager, Sands, and the Vanguard Growth Index Fund. Sands had some very good years and some very bad years going back to 2015. Their poor returns in 2024, which fell far below the benchmark, is what caused them to be put on watch. Compared to the four profiled managers, Sands has the weakest 10-year track record and the highest risk. The four profiled managers show more consistency and some have outperformed the benchmark with lower risk.</p> <p>Mr. Swanson reviewed the fee schedule for each manager and noted that they have different personalities, but all are solid candidates. Mr. Swanson ranked Silvant and Smith Group as the two top options, with Fiera as a low risk option and Westfield as a consistent option. It was questioned whether investing in the Vanguard Growth Index would be a good option since the fees would be considerably less and the investments broader. Mr. Swanson noted the index is in the analysis for comparison, but he is more in favor of utilizing active managers for this part of the portfolio.</p> <p>Mr. Zeco reviewed the upside/downside market capture of the managers profiled showing that most of the managers lost less than the market in the down markets and earned more than the market during the up months. These managers have exhibited the ability to protect on the downside and outperform on the upside compared to the market.</p> <p>The Board reviewed and discussed the options and elected to invite three of the investment managers to interview for the full Board as a potential replacement for Sands. Mr. Swanson was directed to invite the selected manager to present on February 18, 2025.</p>	<p>O'Connell Rossi Aaronian Christophers Cupo Femia Hall Hanrahan</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>	

Board of Trustees Minutes Page Four	January 21, 2025	TRUSTEES	M	S	Y	N
<p>MOTION: To invite the firms of Silvant Capital Management, Smith Group Asset Management, and Fiera Capital to interview as candidates for the Board’s large cap growth equities manager at the February 18, 2025 Board meeting, as recommended by Southeastern Advisory Services, Inc. PASSED 8-0.</p> <p>In response to the Executive Director’s inquiry regarding annual cash rebalancing, Mr. Swanson recommended the Board approve a transfer of \$5 million to the Vanguard 500 Stock Index Fund to build passive up to equal active investments, and to maintain the remaining balance in cash for ongoing capital calls.</p>	<p>O’Connell Rossi Aaronian Christophers Cupo Femia Hall Hanrahan</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>	<p>X X X X X X</p>	<p></p>
<p>MOTION: To transfer \$5M from the R&D account to the Vanguard 500 Stock Index Fund as soon as administratively feasible, and to maintain the remaining balance in cash in the R&D account, as recommended by Southeastern Advisory Services, Inc. PASSED 8-0.</p>	<p>O’Connell Rossi Aaronian Christophers Cupo Femia Hall Hanrahan</p>	<p>X</p>	<p>X</p>	<p>X X X X X X</p>	<p>X X X X X X</p>	<p></p>
<p><u>DISCUSSION WITH LAWRENCE WATTS OF NYHART RE FLORIDA RETIREMENT SYSTEM REVISED MORTALITY ASSUMPTION TABLES</u></p>						
<p>Mr. Watts was present via electronic media to discuss the Florida Retirement System (FRS) mortality assumption updates. Chapter 112 of the Florida statutes requires local government pension plans to use the mortality tables in either of the two most recently published actuarial valuation reports of the FRS. In November 2024, FRS’s actuarial valuation was published and changes were made to the mortality tables. After reviewing the data, it became evident that the special risk class (public safety) members were living longer than the tables were showing, and as a result changes needed to be made. Mr. Watts reviewed with the Board the mortality projection for the special risk class noting that a 50 year old male is expected to live almost two years longer (age 84.7), and a female is expected to live almost one year longer (age 87.7) under the new tables. The adjusted tables are expected to increase public safety liability by roughly 3% for FRS. The exact impact will vary for this Retirement System due to provisions of the Plan such as COLA’s and early retirements; however, it is projected to be approximately 3.3%.</p>						
<p>Mr. Watts explained the estimated cost impact to the 10/1/2024 Valuation using both the experience study updates approved in October and the new FRS mortality table updates. Due to the fact that these changes do have a material impact to the recommended contribution, he felt it was important to address the matter with the Board. Additionally, he noted that despite the 19.57% rate of return for the year, it is not fully recognized on the funding side due to phasing in the investment losses from 2022.</p>						

Board of Trustees Minutes Page Five	January 21, 2025	TRUSTEES	M	S	Y	N
<p>Furthermore, Mr. Watts reminded the Board of the tail volatility issue that has been on the radar for the past few years. The first stretch of gain bases will fall off of the amortization schedule in 2025 and will continue for the next 5-6 years, resulting in an increased contribution if nothing is done regardless of whether Plan assumptions are met.</p> <p>Mr. Watts asked the Board if it wished to implement the new FRS mortality assumptions in the 10/1/2024 Valuation or wait until 2025. His recommendation is to utilize the most accurate assumptions possible and adopt the tables for the 10/1/2024 valuation. The Board discussed the matter and agreed with Mr. Watts' recommendation.</p> <p>MOTION: To implement the new FRS mortality tables on the 10/1/2024 actuarial valuation report as recommended by Nyhart. PASSED 8-0.</p> <p>The Board discussed the tail volatility issue and asked the actuary to provide an ancillary report offering strategy options for consideration at the same time he delivers the 10/1/2024 actuarial valuation.</p> <p>The Chairman will then arrange a meeting with the City Manager and staff in early March in an effort to provide sufficient time to fully understand the impact and considerations of each strategy. The Board acknowledged its role in making a final decision on the funding strategy; but prefers to obtain feedback from its City partner before proceeding.</p> <p>Mr. Watts briefly discussed strategies such as smoothing and keeping the general pattern the same, but level out or a "fresh start" by re-amortizing all of the outstanding unfunded liability into a new payment. The actuarial valuation can be amended later if the Board opts to implement a particular strategy to mitigate the volatility to contributions due to tail volatility.</p> <p><u>GREGG ROSSMAN LEGAL REPORT</u></p> <p>Mr. Rossman discussed the opinion letter provided on behalf of Rossman Legal regarding Trust Designations. The best practice when naming a Trust as a beneficiary, or anyone claiming to be acting with the authority of a Trustee of a Trust, is to require the party provide a "Certificate of Trust" in accordance with Florida Statute 736.1017. This allows institutions to rely on information provided in a properly executed Certificate of Trust thereby shielding the Retirement System from liability in the event a claim is raised related to actions in reliance on the Certificate.</p>	<p>O'Connell Rossi Aaronian Christophers Cupo Femia Hall Hanrahan</p>	<p>X</p>	<p>X X X X X X X</p>	<p>X X X X X X X</p>	<p>X X X X X X X</p>	

Board of Trustees Minutes Page Six	January 21, 2025	TRUSTEES	M	S	Y	N
<p>MOTION: To accept the opinion letter regarding handling Trust designations and to administer accordingly, as recommended by Rossman Legal. PASSED 8-0.</p>		O'Connell Rossi Aaronian Christophers Cupo Femia Hall Hanrahan	X	X	X X X X X X X	
<p>Mr. Rossman reviewed the Capital Dynamics GSEC VI MFN Election Booklet and recommended opting into four additional provisions.</p>				X	X	
<p>MOTION: To approve the Capital Dynamics GSEC VI MFN Elections Booklet, as recommended by Rossman Legal, and to authorize the Chairman to execute same. PASSED 8-0.</p>		O'Connell Rossi Aaronian Christophers Cupo Femia Hall Hanrahan	X	X	X X X X X X X	
<p>Mr. Rossman and Matthew Swanson, VP of Asset Management of Grover Corlew negotiated the proposed amendments to the lease (8th Lease Amendment) should the Board decide to stay in the current office space.</p> <ul style="list-style-type: none"> • The Landlord will pay all costs for moving into and out of the “Swing Space.” • New “mill work” will be provided for the coffee area at the Landlord’s cost. • Janitorial services can be done in a “reasonable manner” as opposed to daily. • FPL invoices for the past twelve months were reviewed. The cost to the Board will average \$264.58 per month. • A budget for 2025 CAM costs was provided. Suite 302’s share is calculated to \$2,378.19 per month based on a formula, or 11% of the budget which equates to \$10.05 per sq. ft. • The Landlord is agreeing to an “allowance” of \$13,525.00 toward office furniture. The Board must buy new furniture and pay for it. The Landlord will reimburse up to the stated amount when provided with receipts. Grover Corlew has an existing conference table and credenza left behind by another tenant that they will give to the Board if the Board would like it. • Finally, the rent is very reasonable compared to the original terms. As stated in the lease the per square foot rate starts at \$16.53 and peaks at \$19.74 in the last year (84 months). This is the result of their agreeing to the same lease amount but for the bigger space. The old office was 1,899 square feet and Suite 302 is 2,705 square feet. They have also agreed to extend the lease term to nine years. They would not go to ten. 						

Board of Trustees Minutes Page Seven	January 21, 2025	TRUSTEES	M	S	Y	N
<p>Mr. Rossman also inquired on the status of the old office space at the Bank of America (BOA) building. Mr. Swanson advised him that the fourth floor has not been built out yet; however, they expect a tenant to lease the entire floor. Mr. Rossman reminded Mr. Swanson based on the current lease the Board is entitled to move back to the BOA building but is willing to work with the existing office space if properly compensated. Additionally, Mr. Rossman made it clear the final decision rests with the Board of Trustees.</p> <p>The Board discussed the proposed amendments presented and financial position of both office spaces. The current lease is through 9/30/2029, and the Board is aware that rent and CAM fees will likely be very costly in the BOA space at renewal time.</p> <p>The last architectural rendering for suite 302 has everything discussed to reconfigure the space as desired. Upon agreement of the proposed lease amendment, the anticipated start date to begin renovations is expected to be sometime between March and May. Mr. Rossman did not foresee any issues with pushing back the start date if needed. All buildout renovations will be at the expense of Grover Corlew. While renovations are being made, Grover Corlew will provide a temporary swing space for staff which could be another office space in the current building or another one of their locations. It was noted the old office space is smaller compared to the current space, and with the renovations, suite 302 will be much more conducive to conducting business. Additionally, Grover Corlew agreed to an extension of the lease out nine years. The rent will increase based on a 3% annual escalator; however, the CAM fees could vary from year to year.</p> <p>Discussion continued regarding the alternative of returning to the old office space and it was believed that Grover Corlew was motivated to negotiate a deal that would entice the Board to stay. The cost of janitorial fees and FPL fees have not been assessed to PBPFRS in the past and the Board questioned if these fees could be negotiated. Mr. Rossman offered to make the request but emphasized he does feel the lease amendments are fair and within reason.</p> <p>MOTION: To agree to remain in Suite 302, and to accept the terms of the lease as presented, as recommended by Rossman Legal. PASSED 7-1.</p> <p>Mr. Rossman discussed a conversation with the Saxena White securities litigation firm regarding staff time spent on the Chegg case. Hours will be calculated based on a formula and sent for the Executive Director to review.</p>						
		O'Connell Rossi Aaronian Christophers Cupo Femia Hall Hanrahan	X	X	X X X X X X X	X

Board of Trustees Minutes Page Eight	January 21, 2025	TRUSTEES	M	S	Y	N
<u>ADMINISTRATIVE AND MISCELLANEOUS ISSUES</u>						
The Executive Director reported receipt of the Madoff Victim Fund 10 th and final distribution.						
<u>COMMITTEE REPORTS</u>						
No Committee reports were rendered.						
<u>CHAIRMAN'S REPORT</u>						
The Chairman reminded the Board of the rededication of the memorial plaques at the old BOA building on Sunday, April 27 th at 11:00 AM followed by the Police Officers Reunion at Galuppi's.						
Nuveen Churchill is hosting an Alternatives Summit February 5-6 th at the Diplomat Hotel in Hollywood. The Chairman advised any Trustee attending that allowable expenses should be charged to the Retirement System.						
The Chairman informed the Board that Trustee McGinnis has been named acting Fire Chief.						
<u>EXECUTIVE DIRECTOR'S REPORT</u>						
➤ Columbus Day is now a City holiday so staff will add it to their approved list of holidays.						
<u>ADJOURNMENT</u>						
MOTION: To adjourn the January 21, 2025 Regular Board meeting at 5:15 PM. PASSED 8-0.		O'Connell Rossi Aaronian Christophers Cupo Femia Hall Hanrahan				X X X X X X X X
Respectfully submitted,  Debra Tocarchick, CEBS Executive Director			X	X		
<u>DISTRIBUTION:</u> Board of Trustees Gregg Rossman, Esq. Michael Spano, 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 – JANUARY 21, 2025

CONSENT AGENDA - WARRANT NOS. 5932 THROUGH 5939

Ratified and Approved on 01/21/2025

WARRANT NO.	PAYABLE TO	DESCRIPTION	AMOUNT
5932	Cynthia Marshall	Police Share Plan allocation for 9/30/2024 payable to the designated beneficiary of Darryl Marshall who died November 25, 2024; \$2,242.05	2,242.05
5933	Dan Christophers The Hartford CBIZ CPA's, PC Southeastern Advisory Services, Inc.	Board meeting expense reimbursement, 12/16/2024; \$66.00 Property, general liability & umbrella insurance coverage, 2/15/2025 – 2/15/2026; \$1,870.45 Inv No. 511N50003997, Progress audit billing 9/30/2024; \$12,035.00 Inv No. 2404, Investment consulting fee quarter ended 12/31/2024; \$41,682.00	55,653.45
5934	All Florida Alarm System Rossman Legal Xerox Corporation Florida U.C. Fund	Inv No. 559797, Quarterly monitoring fee; \$81.00 Inv No. 740, Retainer January 2025; \$7,250.00 Inv No. 022726191, December lease; \$136.11, excess print charges; \$91.08, Total \$227.19 Reemployment taxes quarter ending 12/31/2024; \$64.81	7,623.00
5935	Bank of America	Debra Tocarchick: IFEBP Annual Conference registration and hotel deposit; \$2,350.00, Telephone & internet; \$541.04, Board meeting supplies; \$114.98, Website domain renewal; \$38.16, Courier; \$19.90, Publications; \$15.96, Total \$3,080.04 Maureen Femia: Postage meter lease and delivery; \$253.00, Postage \$207.00, Board meeting supplies; \$71.05, Publications, \$22.99, Less credit balance, (\$252.89), Total \$301.15 Daniel Christophers: Board meeting expenses, 12/16/24; \$524.83	3,906.02
5936	Randy Devore	Change in annual DROP installments from DROP account; \$28,000.00	28,000.00
5937	Waycross Lazard Martin Currie	Inv mgmt. fee quarter ending 12/31/2024; \$31,588.87 Inv mgmt. fee quarter ending 12/31/2024; \$16,100.39 Inv mgmt. fee quarter ending 12/31/2024; \$11,232.69	58,921.95
5938	Yousif Allspring Sands	Inv mgmt. fee quarter ending 12/31/2024; \$7,204.20 Inv mgmt. fee quarter ending 12/31/2024; \$23,957.70 Inv mgmt. fee quarter ending 12/31/2024; \$39,463.22	70,625.12
5939	Michael D. Scanzera Florida Dept of Revenue Ascensus (Nyhart)	DROP loan net amount to Michael Scanzera; \$49,675.00 Documentary stamps for Michael Scanzera; \$175.00 Loan processing fee for Michael Scanzera; \$150.00	50,000.00