

BOARD OF TRUSTEES OF THE CITY PENSION FUND FOR FIREFIGHTERS & POLICE OFFICERS

In the City of Pembroke Pines
Hampton Professional Center
1951 NW 150th Avenue – Suite #104
Pembroke Pines, FL 33028

REGULAR MONTHLY MEETING – FEBRUARY 21, 2013

The four hundred and twelfth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 2:03 p.m. by Chairman Carl Heim.

1. <u>Roll Call</u> –	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
	Adam Cabeza	Carl Heim	Gary Arenson
	Steve Dougherty(2:07 pm)	Kevin Venema	Vicki Minnaugh
	Frank Musumeci (2:07 pm)	Al Xiques	

Others Present: Greg McNeillie from Dahab Associates; Henry Renard, Robert Maddock, and John Rochford from Inverness Counsel; Kenneth Grimes, Herndon; Clement Johns, Gabriel Schechter Koch; Alison Bieler, Attorney for the Fund; Larry Wilson, Actuary for the Fund; Jonathan Woodruff, citizen; James Fisher, Plan Administrator and Rachel Maldonado, Assistant Plan Administrator.

2. Dahab Associates –

	<u>Equities</u>	<u>Equity Benchmark</u>	<u>Fixed Income</u>	<u>Fixed Inc. Benchmark</u>	<u>Trailing 12 Months</u>
Atlanta Capital	2.4%	1.8%	---	---	12.4%
Inverness	-1.1%	-0.4%	0.3%	0.4%	N/A
Lee Munder	3.5%	2.9%	---	---	20.2%
SSgA Midcap	3.6%	3.6%	---	---	17.9%
SSgA Int'l Equity	6.9%	5.9%	---	---	18.3%

	<u>R.E.</u>	<u>R.E. Bench-mark</u>	<u>Trailing 12 Months</u>
Am. Realty Advisors	2.5%	2.3%	11.3%
AmSouth Timber Fd.	3.4%	5.9%	4.7%
BlackRock	2.1%	2.3%	9.5%
TA Assoc Realty	1.3%	2.3%	10.9%

Mr. McNeillie reviewed the Plan's target allocation. He noted that the fund is \$5 Million underweight in timber. More money should be moved into some other assets. He is currently going through timber searches. Mr. McNeillie advised the Trustees to learn more about agricultural assets.

He also suggested that now might be a good time to reallocate to international, since that is also an area that is underweight. Mr. McNeillie suggested moving \$6 Million from Inverness core equity to SSgA International equity. SSgA International equity is made up largely of emerging markets. Motion by Gary Arenson, second by Al Xiques, to move the \$6 Million from Inverness core equity to SSgA International Equity. The motion carried unanimously. Trustee Cabeza asked for a report back to show where the money was invested once SSgA receives it.

Mr. McNeillie reported the fund was overweight in cash which causes a dent in overall performance. He suggested eliminating some of the cash by investing and moving \$4 Million into American Realty and \$5 Million into Blackrock. The money would come from the R&D account. Motion by Vicki Minnaugh, second by Gary Arenson, to move \$9 Million cash from the R&D account and place \$4 Million with American Realty and \$5 Million with Blackrock. The motion carried unanimously.

Trustee Musumeci asked about page 3 of the report that reflects the numbers for Atlanta Capital. Their good years are dropping off their average. However, they tend to outperform in the down market.

The Board discussed whether or not Fiduciary Trust should be paying the managers out of their own accounts. The Administrator was under the assumption that it was always this way. Inverness thought the managers' fees should be paid out of the R&D account otherwise it would reduce the amount of money that is being managed. Mr. McNeillie confirmed that the correct and common way was to pay the managers their fees out of the money that they manage. Mr. McNeillie said he would contact each manager to confirm that they expect and understand this process.

3. **Herndon** – Kenneth Grimes, Director of Research and Deputy CIO, presented to the Board regarding the management of the Large Cap Value Strategy. Herndon has worked with the board little more than a year. They have performed close to 18%, which is an outlier. They originally received \$15.5 Million from the Board and are now at \$18 Million. The performance is being driven by the improving economy the resolution of the election. They have been overweight in IT which has performed well and have enjoyed a strong performance on the healthcare side. A few of their consumer discretionary (like Coach), and other consumer staples have negatively impacted performance. As well, Herndon has been underweight in telecomm, which did well, so they were not able to take full advantage of those earnings.
4. **TA Realty** – No one from the firm was present at the meeting.
5. **Inverness Counsel, LLC** – Robert Maddock discussed the volatility for different sectors year to year. He expressed cautious optimism for the U.S. Market. John Rochford talked about the average maturity, duration, and credit rating of the bonds.

Greg McNeillie of Dahab readdressed the Board to report changes in Dahab management. He noted that David Lee had been promoted to president. Greg has been promoted to a newly created position of Vice Chairman, which is a position that has more of an external focus. It will not change his role with the Pembroke Pines Pension. However, David Lee who served as a secondary for Greg will no longer have a direct relationship with the Board.

The Board recessed at 3:45 p.m. and reconvened at 4:00 p.m.

6. **Approval of Ad-Hoc Committee Minutes for January 17, 2013** – Committee Chair Gary Arenson presented the minutes to the Board from the Ad Hoc Committee meeting held January 17, 2013. Motion by Steve Dougherty, second by Al Xiques, to approve the January minutes for the committee meeting. The motion carried unanimously.
7. **Approval of Minutes for January 17, 2013** – Chairman Heim presented minutes from the January 17, 2013 meeting for approval. Motion by Adam Cabeza, second by Kevin Venema, to approve the minutes. The motion carried unanimously.
8. **Approval of Warrant #562** – Chairman Heim presented Warrant #562 in the amount of \$133,934.40 for approval and payment. Motion by Vicki Minnaugh, second by Frank Musumeci, to approve as presented. The motion carried unanimously. Gary Arenson abstained from the vote.

Cypen & Cypen – Monthly Retainer for February 2013	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Mar. 2013)	407.72
Twilight Industries, LLC – (Maintenance – February 2013)	152.00
The Plastring Agency (Emp. Dishonesty Bond 3/23/13-3/23/14)	335.29
Herndon Capital Q/E 12/31/12	\$26,140.81
IRS, Form 940-V, Q/E 12/31/12 (Already Paid)	\$252.00
Atlanta Capital Q/E 12/31/12	\$67,598.00
Computers R Us – On Site Labor	\$138.00
FP&L (Already Paid)	\$198.61
Rachel Maldonado: Conference Per Diem	\$200.00

Al Xiques: Conference Reimbursement	\$20.00
Wells Capital Q/E 12/31/12	\$32,008.30
SunTrust (R. Maldonado)	\$1,603.59
SunTrust (A. Xiques)	\$1,630.08
TOTAL	\$133,934.40

9. **Approval of DROP Loan(s)** – The following DROP Loans were presented for Board consideration:

- P/O Craig Rupp ***
- F/F Jaime Friedman ***

*** (See Attachment A)

Motion by Vicki Minnaugh, second by Gary Arenson, to approve the DROP benefit as presented for Mr. Rupp and Mr. Friedman. The motion carried unanimously.

10. **Approval of DROP Account Distribution(s)** – The following DROP Distributions were presented for Board consideration:

- F/F Bill Dearman (Lump Sum) ***
- F/F Greg Pompos (Lump Sum) ***
- F/F Robert Bauman (Lump Sum) ***
- F/F Robert Griffin (Monthly) ***
- P/O Richard Lebel (Lump Sum) ***
- P/O Kevin King (Lump Sum) ***
- P/O Warren McLoughlin (Lump Sum)***
- P/O Chad Cunningham (Monthly) ***
- P/O James Dilenge (Lump Sum) ***
- P/O Bernhard Kraemer (Lump Sum) ***
- P/O Mike Segarra (Lump Sum) ***

*** (See Attachment A)

The IRC 415 screening tool results were provided to Actuary Larry Wilson. When appropriate, his office will provide the necessary letters to members indicating distributions will not pose a problem with the IRC 415 limitation at the present time. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the account distributions as presented. The motion carried unanimously.

UNFINISHED BUSINESS

11. **Meeting Time Change** – The Board reviewed changing the Regular Meeting time to 2:00 PM going forward. Quarterly investment meetings will continue with a start time at 2:00 PM, as they normally have. Motion by Al Xiques, second by Kevin Venema, to change the start time of the meeting to 2:00 PM beginning with the March 2013 meeting. The motion carried unanimously.

NEW BUSINESS

12. **9/30/12 Pension Fund Audit Results** – Clement Johns from Goldstein Schechter Koch presented the final draft findings of this year's annual audit. He said that the plan had a very "clean report", with no issues of non-compliance or misstatements. It was a fairly easy audit to complete in the sense that there were no plan changes last fiscal year. Mr. Johns stated that the funding ratio is at 60% based on the last completed actuarial report. Motion by Vicki Minnaugh, second by Gary Arenson, to accept the audit findings for the fiscal year ending 9/30/12. The motion carried unanimously. Motion by Gary Arenson, second by Vicki Minnaugh, to have the Chairman sign the management letter. The motion carried unanimously.
13. **Inverness Investment Guidelines** – There were questions on what the actual changes were. The substance is the same as what was in place. The only change is that, since bonds and equities were newly split into different accounts, each account needs its own guidelines. Motion by Gary Arenson, second by Steve Dougherty, to approve the Investment Guidelines and authorize the Chair to sign them. The motion carried unanimously. An executed copy will be forwarded to the State and to the City Clerk.

14. **Gross and Net Rates of Return for Q/E 12/31/12** – Motion by Adam Cabeza, second by Vicki Minnaugh, to approve the gross (0.82%) and net (0.7%) rates of returns for the quarter ending 12/31/12. The motion carried unanimously.
15. **November 2012 Minutes** – Asst. Administrator Rachel Maldonado discussed a correction that needed to be applied to the previously approved minutes for November 2012. Inverness found an error on the reporting of their performance in the minutes. There was only that one change on the first page. Motion by Gary Arenson, second by Steve Dougherty, to approve the corrected minutes as the official record for November 2012. Motion carries unanimously.
16. **Establish Petty Cash Account** – Administrator Fisher and Asst. Administrator Maldonado requested that the Board consider allowing the office staff to have a petty cash account in the amount of \$1,000.00. This would allow certain invoices that are time sensitive to be paid without waiting for the warrants to be presented at the meetings. Sometimes they need to be paid before the meeting or they incur fees or penalties. Even though there are many local banks to choose from, the Board felt most comfortable setting up the account with the plan's custodian, Fiduciary Trust, for ease of reporting and transparency. They also want to be sure that there are no additional custodial fees assessed for this account. Motion by Gary Arenson, second by Vicki Minnaugh, to approve a petty cash account through the Plan's custodian and maintain a \$1,000.00 balance. The motion carried unanimously.
17. **Quarterly Staff Accruals** – Administrator Fisher presented the quarterly leave balances for the office staff through 1/31/13. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the balances and usage as presented. The motion carried unanimously.
18. **Reports:**

Actuary – Mr. Wilson discussed the timeline for the completion of the actuarial valuation. With the audit being approved at this meeting, Mr. Wilson expects to present the actuarial valuation at the March meeting. Also, with the approval of the quarterly returns ending 12/31/12, he can complete the DROP earnings for the quarter during the month of March, as well.

Attorney – Ms. Bieler gave an update on the FRS case. Motions for re-hearing are expected. As well, Senate Bill 2 amending the Code of Ethics for Public Officers and Employees was approved by the Senate committee and will likely be passed by the Legislature this year. The sessions start in March.

Chairman – Chairman Heim brought up the discussion on asset allocation and having the Ordinance rewritten. Mr. McNeillie is to advise Ms. Bieler of the particular changes that the Board would like to implement. Ms. Bieler said she would prepare a draft based upon the information provided by Mr. McNeillie and present the draft to the Board at the March meeting.

Plan Administrator – Administrator Fisher gave a status report on Trustee Isadore Nachimson. Trustee Isadore Nachimson resigned his position with the Board. The Pembroke Pines City Commission voted to appoint John Curran on February 20, 2013 to finish the term.

Administrator Fisher asked that Firefighter Robert Vesely be added to the agenda. Motion by Gary Arenson, second by Vicki Minnaugh, to add Mr. Vesely to the agenda. The motion carried unanimously. Motion by Gary Arenson, second by Vicki Minnaugh, to approve Mr. Vesely's benefit. The motion carried unanimously.

The Pension Office is in receipt of additional bills for payment and other disbursements for approval. Administrator Fisher presented Warrant #563 for addition to the agenda and approval for payment. Motion by Vicki Minnaugh, second by Steve Dougherty, to add Warrant #563 to the agenda. The motion carried unanimously. Motion by Vicki Minnaugh, second by Steve Dougherty, to approve the payment of Warrant #563 as presented in the amount of \$562,590.62. The motion carried unanimously. The authorized payment includes:

Plan Benefits:

P/O Louis Sorangelo - Normal Retirement Benefit Commencing 3/1/2013	***
P/O Chad Cunningham - Normal Retirement Benefit Commencing 3/1/2013	***
P/O Kevin King - Normal Retirement Benefit Commencing 3/1/2013	***
P/O Richard Lebel - Normal Retirement Benefit Commencing 3/1/2013	***

P/O Kevin McCluskey - Normal Retirement Benefit Commencing 3/1/2013	***
F/F Bill Dearman - Normal Retirement Benefit Commencing 3/1/2013	***
F/F Robert Griffin - Normal Retirement Benefit Commencing 3/1/2013	***
DROP Withdrawals:	
F/F Gregory Pompos – Lump Sum DROP Withdrawal	***
P/O Richard Lebel – Lump Sum DROP Withdrawal	***
P/O Kevin King – Lump Sum DROP Withdrawal	***
P/O Warren McLoughlin - Lump Sum DROP Withdrawal	***
F/F Robert Bauman – Lump Sum DROP Withdrawal	***
P/O Chad Cunningham - Monthly DROP Withdrawal effective 3/1/2013	***
P/O James Dilenge – Lump Sum DROP Withdrawal	***
F/F Robert Vesely – Lump Sum DROP Withdrawal	***
F/F Bill Dearman – Lump Sum DROP Withdrawal	***
P.O Michael Segarra – Lump Sum DROP Withdrawal	***
P/O Bernhard Kraemer – Lump Sum DROP Withdrawal	***
F/F Robert Griffin – Monthly DROP Withdrawal effective 3/1/2013	***
U.S. Treasury FIT W/H (Pompos, Lebel, King, McLoughlin, Bauman, Dilenge, Vesely, Dearman, Segarra, Kraemer)	
DROP Loans:	
P/O Craig Rupp - DROP Loan Less Documentary Stamp	***
F/F Jaime Friedman – DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans	
Florida Department of Revenue – Documentary Stamp (Rupp)	***
Florida Department of Revenue – Documentary Stamp (Friedman)	***
Various:	
Arenson & Sandhouse, PA through 12/31/12	\$850.00
SunTrust (J. Fisher)	\$868.58
SunTrust (A. Cabeza)	\$1,031.99
Purchase Power (Postage Stamps)	\$400.00
Adam Cabeza – FPPTA Conference Per Diem	\$240.00
GRS, January 2013	\$12,460.00
Fiduciary, Custody Fee (Inverness) through 1/31/13	\$10,409.24
Fiduciary, Custody Fee (Atlanta) through 1/31/13	\$4,070.44
GSK, for 9/30/12 Audit (Invoice Date 2/11/13)	\$9,500.00
MSA Group, Business Owner Insurance beginning 3/3/13	\$2,907.53
The Press Room (Envelopes & Labels)	\$389.00
SSgA International 101/12 – 12/31/12	\$47,204.72
SSgA Russell 100 Value 10/1/12 – 12/31/12	\$3,221.58
SSgA S&P Midcap 10/1/12 – 12/31/12	\$1,590.36
Rachel Maldonado – Reimbursement for Mileage (Office Errands) 5/16/12-10/16/12	\$53.08
Computers R Us for February Service Call	\$154.00
TOTAL	\$562,590.62

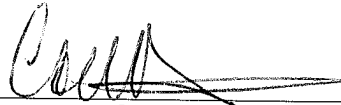
*** (See Attachment A)

Administrator Fisher updated the Board on the status of the annual "Are You Alive?" Affidavits. There are still 29 that have not come back since the original due date of 2/7/13. The Board instructed the Administrator to issue a second letter to anyone who has not responded and give them up to March 11th to comply. Motion by Vicki Minnaugh, second by Gary Arenson, to stop the benefit for anyone who has not turned in their affidavit by March 11th, resulting in an interruption of benefits beginning April 1, 2013. The motion carried unanimously.

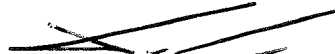
Finally, the Assistant Administrator discussed the need for the office to acquire a new copier due to wear and tear and limitations on the existing office copier. The six-year old copier is used daily for printing, faxing, copying, and scanning. Xerox, the current provider, offered three quotes. The Board asked to see quotes and offerings of some other companies, in order to do due diligence. Since the copier will be leased, the Board also asked that shorter lease terms be explored.

19. **Input from Retirees:** None.

20. **Input from Active Members:** None.
21. **Input from Trustees:** Adam Cabeza noted that he will be not be present at the next meeting in March and asked to be excused.
22. **Adjournment** – Chairman Heim announced that the next regular meeting would be held on **Thursday, March 21, 2013** at 2 p.m. There being no further business to come before the Board, motion by Vicki Minnaugh, second by Steve Dougherty, to adjourn the meeting at 5:23 p.m. The motion carried unanimously.



Carl Heim – Chairman



Kevin Venema – Secretary