

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 – JANUARY 19, 2012

The three hundred and ninety-ninth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 3:00 p.m. by Chairman Adam Cabeza.

1.	Roll Call –	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
		Adam Cabeza	Carl Heim	Gary Arenson
		Steve Dougherty	James Ryan	Vicki Minnaugh
		Frank Musumeci	Al Xiques	

Isadore Nachimson was unable to attend due to recently being hospitalized and had requested an excused absence. Motion by Vicki Minnaugh, second by Gary Arenson, to excuse Isadore Nachimson for this meeting. The motion carried unanimously.

Others Present: Greg McNeillie from Dahab Associates; Elizabeth Slover and Carl O'Connell from The Boston Company; Andrew Boyd and Sean Kenney from MFS Investment Management; Dann Smith and John Kreuger from Wells Capital Management; Larry Wilson from Gabriel, Roeder, Smith & Co.; F/F Ryan Claxson; Alison Bieler, Esq. from Cypen & Cypen; Karen H. Warner, Plan Administrator; and James Fisher, Assistant Plan Administrator.

2. **Large Cap Growth Finalist Presentations**

The Boston Company – Carl O'Connell (Senior Relationship Manager) and Elizabeth Slover (Director of Equity Research) represented the firm. The firm was established in 1970 with independent teams focused on a fundamental research approach to global equity management. Total assets under management were reported to be \$37.5 billion (226 clients) as of December 31, 2011. They reported 19 total clients in Florida with a representative client list including City of Clearwater Firefighters; City of Delray Beach General Employees; City of North Miami Clair T. Singerman Employees' Retirement System; City of St. Petersburg; and Miramar Police & Fire. Mr. O'Connell reviewed the various elements of their sector philosophy as well as composite returns vs. the Russell 1000 Growth for the most recent quarter; one, three and five years; and inception to date. Ms. Slover continued with the presentation by reviewing the firm's investment team, philosophy, process and buy/sell disciplines. Proposed fee schedule:

First \$25 million	65 bps
Next \$25 million	45 bps
Next \$50 million	35 bps
Thereafter	25 bps

Because they are in South Florida frequently, they are willing to negotiate down to the following fees:

First \$25 million	45 bps
Next \$50 million	35 bps
Thereafter	25 bps

MFS Investment Management – The firm was represented by Sean Kenney and Andrew Boyd (Institutional Portfolio Manager). Mr. Kenney reviewed the firm's business profile, reporting \$206 billion in assets under management as of September 30, 2011. He addressed the distinguishing characteristics of MFS Growth Equity and how these characteristics have translated into results through consistent relative performance, out-performance attributable to stock selection and compelling peer rankings. Mr. Boyd continued the presentation by reviewing the firm's objective and philosophy, investment process and global research platform. He also addressed risk management procedures that are in place as well as composite performance over 1, 3, 5 and 10 year periods. Proposed fee schedule:

Initial \$50 million	55 bps
Next \$50 million	40 bps
Thereafter	35 bps

Plus: Custody Fee 5 bps (non-negotiable)

Wells Capital Management – Dann Smith (Sales Director) and John Krueger (Product Specialist) represented the firm. Based in Milwaukee, Wells Capital Management is a leading institutional investment management firm with the strength and resources of Wells Fargo Bank, N.A. (parent company). Mr. Smith addressed the Board by reviewing the firm's three key principles: autonomous investment teams, independent risk management and dynamic client relationships. He reported total assets under management in excess of \$330 billion as of December 31, 2011. He also reviewed their representative client list including, in Florida, City of Orlando Pension Funds, City of Tampa and State Board of Administration of Florida. Mr. Krueger continued the presentation by highlighting distinguishing characteristics of the Heritage Premier Growth Equity, the investment philosophy, and process including their sell discipline. He also reviewed annualized performance peer universe rankings as of September 30, 2011. Proposed fee schedule (based upon a minimum account value of \$10 million):

First \$25 million	75 bps
Next \$25 million	65 bps
Next \$50 million	55 bps
Thereafter	45 bps

Minimum Annual Fee: \$75,000

With a minimum initial investment of \$15 million, they are willing to negotiate down to the following fees:

First \$25 million	70 bps
Next \$25 million	65 bps
Next \$50 million	55 bps
Thereafter	45 bps

Minimum Annual Fee: \$75,000

3. **Review Large Cap Growth Finalist Presentations** – Greg McNeillie reviewed highlights of each presentation and comparisons reflected in their manager search booklet. The Trustees discussed their preferences among the three presenters. Mr. McNeillie also answered general questions including whether the proposed fees were negotiable. Following discussion, Gary Arenson moved to hire Wells Capital Management. Steve Dougherty seconded the motion. The motion carried based upon the following roll call vote:

	<u>For the Motion</u>	<u>Against the Motion</u>
Gary Arenson	X	
Adam Cabeza	X	
Steven Dougherty	X	
Carl Heim	X	
Vicki Minnaugh		X
Frank Musumeci	X	
James Ryan		X
Al Xiques		X

4. **Approval of Minutes for December 15, 2011.** Chairman Cabeza presented minutes from the December 15, 2011 meeting for approval. Motion by Vicki Minnaugh, second by Gary Arenson, to approve as presented. The motion carried unanimously.
5. **Approval of Warrant #534.** Chairman Cabeza presented Warrant #534 in the amount of \$5,952.74 for approval and payment. Prior to Board action, it was noted that one revision had been made since agenda packets were distributed (LEAF – Copier Lease payment reduced and will be considered paid in full), revising the warrant total to \$5,908.51. Motion by Vicki Minnaugh, second by Gary Arenson, to approve as revised. The motion carried unanimously, authorizing the payment of:

Cypen & Cypen – Monthly Retainer for January, 2012	\$3,250.00
Hampton Professional Center Condo No. 2 – Monthly Maintenance (Suite #104) for February, 2012	\$407.72
LEAF – Xerox Copier Lease Final Buyout Payment	\$150.00
Twilight Industries, LLC – Office Maintenance for January, 2012	\$152.00
Gary Arenson – Reimb. Conference Exp (IIR) Airport Parking	\$75.00
Fiduciary Trust Company – Final Custody Fee for Q/E 12/31/2011 (Buckhead)	\$1,168.12
Richard L. Ziff, P.A. – DROP Loan Processing Fees (January)	\$175.00
FP&L – Electric Service 11/28/2011-12/28/2011 (already Paid)	\$130.67
Purchase Power – Postage Meter Refill	\$400.00
TOTAL	\$5,908.51

6. **Approval of DROP Benefit(s).** Karen Warner stated Mr. McCausland's DROP benefit was presented to the Board and approved at the December meeting, knowing that it would be necessary to revise the calculation due to a payroll error. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the calculation of DROP Benefit(s) – revised – as presented. The motion carried unanimously to approve:

	DROP Eff. Date	DROP Term. Date	Form of Benefit
P/O Sydney McCausland ** Revised **	10/01/2011	9/30/2016	Joint & 25% Contingent

7. **Approval of DROP Loan(s)** – The following DROP Loan application was presented for Board consideration:

- F/F Robert Welter ***
- *** (See Attachment A)

Motion by Vicki Minnaugh, second by Gary Arenson, to approve the DROP Loan for Robert Welter as presented. The motion carried unanimously.

8. **Request for DROP Account Distribution(s)** – The following DROP account distribution requests were presented for Board consideration:

- | | |
|------------------------------------|----------------------------------|
| ▪ F/F Pete Greene (Lump Sum) | ▪ F/F David Raines (Lump Sum) |
| ▪ P/O Warren McLoughlin (Lump Sum) | ▪ F/F Ricardo Torres (Lump Sum) |
| ▪ F/F Joseph Montopoli (Monthly) | ▪ F/F Ariel Villarreal (Monthly) |
| ▪ P/O David Parsons (Lump Sum) | |

*** (See Attachment A)

The 415 screening tool results were provided to Actuary Larry Wilson; and, when appropriate, his office has provided the necessary letters indicating these distributions would not pose a problem with the 415 limitation at the present time. Motion by Vicki Minnaugh, second by James Ryan, to approve the distribution requests for Pete Greene, Warren McLoughlin, Joseph Montopoli, David Parsons, David Raines, Ricardo Torres and Ariel Villarreal as presented. The motion carried unanimously.

UNFINISHED BUSINESS

None

NEW BUSINESS

9. **Review / Approve – DROP Loan Interest Rate for Q/E 3/31/2012.** Agenda packets included information that the Wall Street Journal prime rate at the beginning of the current quarter remained at 3.25%. It was noted that the DROP Loan Rules provide for 1% interest to be added to the WSJ rate. Motion by Gary Arenson, second by Vicki Minnaugh, to approve a 4.25% DROP Loan interest rate for loans approved by the Board during January, February and March of 2012. The motion carried unanimously.

10. Review / Approve – Financial Reports for Q/E 3/31/2011 ** Revised **
Review / Approve – Financial Reports for Q/E 6/30/2011
Review / Approve – Financial Reports for Q/E 9/30/2011

Agenda packets included financial reports prepared by Joan Wall. It was noted that the report for Q/E 3/31/2011 was previously presented for Board approval, but it became necessary to make revisions based upon a rerun of statements from Fiduciary Trust. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the Financial Reports for Q/E 3/31/2011 ** Revised **, Q/E 6/30/2011 and Q/E 9/30/2011 as presented. The motion carried unanimously.

11. Reports:

Actuary – Actuary Larry Wilson reported on the following:

- Actuarial Valuation – Work is in progress. All census and payroll data has been received. GRS is waiting for “draft” financial information from the auditors.
- Updates to the “415 Screener” tool for 2012 have been provided to the Pension Office.
- GRS is working to complete pages 6, 15 and 15(a) for incorporation into the 9/30/2011 State Annual Report. Target date for completion is January 30th.
- Experience Study – Mr. Wilson reported that they hope to have the study completed by February 10th and to report the results to the Board at the February 16th meeting.
- DROP statements for Q/E 12/31/2010 will be completed following the February meeting, at which time they expect to receive the gross and net rates of return for the quarter.

Attorney – Alison Bieler reported on the following:

- Trustees were reminded about the completion of this year’s Financial Disclosure Form. Please call her with any questions or comments.
- Ms. Bieler will be speaking at FPPTA.
- Pending Litigation – Nothing to report.

Chairman – None.

Plan Administrator – The Pension Office is in receipt of additional bills for payment and other disbursements for approval. Chairman Cabeza presented Warrant #535 for addition to the agenda and approval for payment. Motion by Vicki Minnaugh, second by Frank Musumeci, to add Warrant #535 to the agenda. The motion carried unanimously. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the payment of Warrant #535 as presented in the amount of \$463,011.25. The motion carried unanimously, authorizing the payment of:

Plan Benefits:		
F/F Jeffery Moral – Normal Retirement Benefit Commencing 2/1/2012		***
P/O Daniel Rakofsky – Normal Retirement Benefit Commencing 12/1 2011		***
P/O George Soubasis – Normal Retirement Benefit Commencing 2/1/2012		***
DROP Withdrawals:		
P/O Vincent Falzone Sr.-Lump Sum DROP Withdrawal		***
F/F Pete Greene – Lump Sum DROP Withdrawal		***
F/F Warren McLoughlin– Lump Sum DROP Withdrawal		***
F/F Joseph Montopoli – Monthly DROP Withdrawal		***
P/O David Parsons – Lump Sum DROP Withdrawal		***
F/F David Raines – Lump Sum DROP Withdrawal		***
F/F Ricardo Torres – Lump Sum DROP Withdrawal		***
F/F Ariel Villarreal – Monthly DROP Withdrawal		***
U.S.Treasury – FIT Withholding (Falzone, Greene, McLoughlin, Parsons, Raines, Torres)		***
DROP Loans:		
F/F Robert Welter – DROP Loan		***
Documentary Stamp for DROP Loans:		
Florida Department of Revenue – Documentary Stamp (Welter)		***

Various:

SunTrust Bank (Business Visa – Fisher)	Cbeyond (Phones/Internet)	\$435.70	
	Gasoline	48.08	
	Storage Unit	104.00	
	Bd Mtg/Ofc Supplies	68.12	
	Pest Control	35.00	
	Postage Meter (Qtr. Lease)	324.00	
	Conference Exp. (I.I.R. Taxi)	43.00	
		\$1,057.90	\$1,057.90
SunTrust Bank (Business Visa – Warner)	Bd Mtg / Ofc Supplies	\$99.84	
	Xerox (mo. Maint & Qtr. Copies)	238.94	
	ISP	25.90	
		\$364.68	\$364.68
US Treasury (Employer's Annual Federal Unemployment Tax Return for 2011)			\$112.00
The Press Room (Reorder Envelopes)			\$198.00
The Plastridge Agency, Inc. (Renewal of ERISA Bond period of 3/23/2012-3/23/2013)			\$335.29
Gabriel Roeder Smith & Company – Professional Fees (December 2011)			\$10,731.00
Fiduciary Trust Co.- Custody Fee for Q/E 12/31/2011 (Stewart)			\$366.49
Fiduciary Trust Co.- Custody Fee for Q/E 12/31/2011 (Lee Munder Mid Cap)			\$1,136.35
Fiduciary Trust Co.- Custody Fee for Q/E 12/31/2011 (Lee Munder)			\$3,174.03
Lee Munder Capital Group, LLC Mgmt. Fee for Q/E 12/31/2011 (Large Cap)			\$43,397.63
Lee Munder Capital Group, LLC Mgmt. Fee for Q/E 12/31/2011 (Mid Cap)			\$18,373.44
Inverness Counsel , LLC Mgmt. Fee for Q/E 03/31/2012			\$168,568.87

*** (See Attachment A)

TOTAL**\$463,011.25**

New computer equipment has been delivered and is scheduled for installation on Monday, January 23rd.

The annual "Are You Alive" affidavits have been mailed out.

Discussion followed on a meeting date for the Ad Hoc Committee to review Contracts. Ms. Bieler will check her calendar and advise the best date(s) for her.


Karen Warner distributed written notice of her intent to retire effective June 30, 2012. Following discussion, it was agreed that Pension Office staff will present a plan of action at the February 16th meeting.

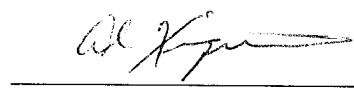
12. **Input from Retirees:** None.
13. **Input from Active Members:** None.
14. **Input from Trustees:** None.
15. **Adjournment** – Chairman Cabeza announced that the next regular meeting would be held on **Thursday, February 16, 2012** as follows:

2:00 p.m. Dahab Associates
Atlanta Capital Management
Inverness Counsel

4:00 p.m. Regular order of business

There being no further business to come before the Board, motion by Vicki Minnaugh, second by Carl Heim, to adjourn the meeting at 5:20 p.m. The motion carried unanimously.


 Adam Cabeza – Chairman


 Al Xiques – Secretary