

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

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

## REGULAR MONTHLY MEETING – AUGUST 11, 2016

The four hundred fifty-fifth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:08 PM by Chairman Adam Cabeza.

- | 1. | <u>Roll Call –</u> | <u>Fire Members</u>                                     | <u>Police Members</u>       | <u>City Members</u>                              |
|----|--------------------|---|-----------------------------|--|
|    |                    | Adam Cabeza<br>Robert Johnson<br>John Kearney (1:31 PM) | Adam Feiner<br>Kevin Venema | Gary Arenson<br>Jack McCluskey<br>Vicki Minnaugh |

**Others Present:** Greg McNeillie, Dahab Associates; Robert Maddock and John Rochford, Inverness Counsel; Tom Capobianco and James Gribbell, LMCG; Paul Daragjati, Board Attorney; James Fisher, Plan Administrator and Rachel Maldonado, Asst. Plan Administrator.

Motion by Gary Arenson, second by Kevin Venema, to excuse the absence of Trustee Anderson. The motion carried unanimously.

2. **Inverness** – Robert Maddock and John Rochford presented the quarterly performance for Inverness Counsel. The following summary was submitted.

We expect continued volatility in both the equity and fixed income markets. High dividend paying stocks outperformed in the first half of 2016 which is a sector of the market we do not have a lot of exposure to which caused our underperformance. The good news is that since June 30<sup>th</sup> 2016 those same stocks have traded lower and the market has recognized the value of the other sectors enabling us to outperform the S&P since June 30<sup>th</sup>.

Interest rates continue to remain low but compared to global rates the US remains attractive. Foreign purchases of US bonds continue to increase thereby keeping US rates low. Global growth remains anemic while the US economy was slow in the first half of 2016 third quarter GDP is expected to return 3.6% versus only 1% in the first half of the year. Our main concerns are the US elections, geopolitics and anemic global growth. We continue to expect US growth to improve driven by housing and a consumer that is fully employed and receiving a raise.

3. **LMCG** – Tom Capobianco and James Gribbell presented the quarterly performance for Lee Munder Capital Group. No summary was submitted.
4. **Intercontinental** – Peter Hapgood had a family emergency and was not able to attend the meeting.
5. **Dahab Associates** – Greg McNeillie of Dahab Associates discussed the overall performance of the portfolio. On June 30, 2016, the Fund was up 1.5% valued at \$518,111,015, representing an increase of \$6,088,581 from March 2016's quarter ending value.

**Gross & Net Rate Returns for Q/E 6/30/16** – Due to the meeting date being scheduled earlier in the month, certain performance numbers were not yet finalized.

Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Months
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Atlanta Capital	4.1%	3.8%	---	---	5.0%
Herndon	(0.5)%	4.6%	---	---	(7.9)%
Inverness	(0.7)%	2.5%	2.3%	2.1%	(3.3)%*
Lee Munder Midcap	4.6%	3.2%	---	---	(2.0)%
Lee Munder LargeCap	(0.9)%	0.6%	---	---	(2.6)%
SSgA Midcap	4.0%	4.0%	---	---	1.4%
SSgA Int'l Equity	(1.3)%	(0.6)%	---	---	(10.7)%
SSgA LargeCap Value	4.5%	4.6%	---	---	3.0%
Wells Capital	(0.2)%	0.6%	---	---	(4.6)%

\*This number reflects the trailing 12 months of only the equity portion of the Inverness portfolio.

	R.E.	R.E. Bench-mark	Trailing 12 Months
Am. Realty Advisors	1.3%	2.1%	10.6%
Black Rock	2.7%	2.1%	13.4%
Intercontinental	1.9%	2.1%	13.1%
TA Assoc Realty	0.9%	2.1%	8.7%
Ceres	1.0%	1.3%	4.1%
AmSouth	0.8%	1.1%	6.8%
Molpus Fund IV	0.0%	1.1%	---

In conjunction with the performance discussion, Mr. McNeillie talked about the results of the Board's recent manager search. Mr. McNeillie made the following suggestions to improve portfolio performance.

- Reduce holdings with Inverness.
- Eliminate one Large Cap Growth manager and with those funds, increase passive management.
- Eliminate Herndon Capital from the portfolio due to underperformance and recent staffing turnover.

The Board decided not to take any action to reduce Inverness holdings at this time. The Board selected three managers from the search to interview in October to replace Herndon Capital. Motion by Kevin Venema, second by Gary Arenson, to interview Invesco, Eagle, and Ridgeway for Large Cap Value. The motion carried unanimously.

The manager search included index managers. The Board discussed the passive piece and reviewed the potential candidates' statistics in terms of fees. Motion by Rob Johnson, second by Jack McCluskey, to revise the SSGA contract to include large cap growth index and to move the funds from the Wells Capital account. The motion carried unanimously. Mr. McNeillie informed the Board that all changes should be in place by January 1<sup>st</sup>, 2017.

6. **Approval of Minutes for July 21, 2016** – Chairman Cabeza presented the minutes from the previous meeting held on July 21, 2016. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve the minutes as presented. The motion carried unanimously.

7. **Approval of DROP Distributions** – The following DROP distributions were presented for approval.

- P/O Ron Wells – Lump Sum \*\*\*
- P/O Nelson Martinez – Lump Sum \*\*\*
- P/O Gary Jomant – Lump Sum \*\*\*
- P/O John Hess – Lump Sum \*\*\*
- P/O Kevin King – Lump Sum \*\*\*
- P/O David Parsons – Lump Sum \*\*\*
- F/F Johnny Mullin – Lump Sum \*\*\*
- F/F Leslie Ortagus – Lump Sum \*\*\*
- F/F Richard DeTata – Lump Sum \*\*\*
- F/F David Saxon – Lump Sum \*\*\*

Administrator Fisher asked the Board to add the following distributions to the list.



- F/F Jaime Friedman – Lump Sum \*\*\*
- P/O Michael Scopa – Lump Sum \*\*\*
- F/F Michael Sica – Lump Sum \*\*\*

Motion by Vicki Minnaugh, second by Rob Johnson, to add the additional distributions for approval. The motion carried unanimously. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the list of DROP distributions. The motion carried unanimously.

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.

Administrator Fisher asked the Board to add a new DROP benefit for approval.

- P/O Robert Moncayo Normal Form commencing 7/1/16

Motion by Vicki Minnaugh, second by Kevin Venema, to add the benefit for approval. The motion carried unanimously. Motion by Vicki Minnaugh, second by Rob Johnson, to approve the DROP benefit for Mr. Moncayo. The motion carried unanimously.

Asst. Administrator Maldonado asked the Board to add a new DROP loan for approval.

- F/F Maurice Tola \*\*\*

Motion by Vicki Minnaugh, second by Rob Johnson, to add the DROP loan for approval. The motion carried unanimously. Motion by Vicki Minnaugh, second by Rob Johnson, to approve the DROP loan for Mr. Tola. The motion carried unanimously.

8. **Approval of Vendor Warrant #689** – Chairman Cabeza presented Vendor Warrant #689 for approval. Motion by Vicki Minnaugh, second by Adam Feiner, to approve Warrant #689 in the amount of \$494,198.96. The motion carried unanimously.

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
Cypen & Cypen – Monthly Retainer for August 2016	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Sept. 2016)	\$407.72
Twilight Industries, LLC – (Maintenance – August 2016)	\$152.00
Dahab – Consulting Fees for Q/E 6/30/16	\$29,428.55
Accelerated Business Solutions – Copier Lease 7/15/16 – 8/14/16	\$245.35
CRU – Inv. #3997	\$483.00
CRU – Inv. #4013	\$178.00
CRU – Inv. #4022	\$138.00
CRU – Inv. #4023	\$199.50
Wells Capital – Mgmt Fees Q/E 6/30/16	\$42,936.78
Atlanta Capital – Mgmt Fees Q/E 6/30/16	\$105,866.00
Inverness – Fixed Income Mgmt Fees Q/E 9/30/16	\$72,051.78
Inverness – Equity Mgmt Fees Q/E 9/30/16	\$117,428.47
SSGA – Value Index Fees Q/E 6/30/16	\$4,972.92
SSGA – International Mgmt Fees Q/E 6/30/16	\$66,665.05
SSGA – Midcap Index Fees Q/E 6/30/16	\$4,451.05
SunTrust (8870)	\$1,494.75
SunTrust (8961)	\$854.46
GRS – November 2015	\$16,294.00
GRS – December 2015	\$24,954.00
Adam Cabeza – FPPTA Reimbursement	\$240.00
Richard Ziff – August 2015 Loan	\$175.00
FP&L	\$446.64
Robert Johnson – FPPTA Reimbursement	\$553.34
Timothy Anderson – FPPTA Reimbursement	\$332.60
<b>TOTAL</b>	<b>\$494,198.96</b>

9. **Approval of Member Warrant #690** – Chairman Cabeza presented Member Warrant #690 for approval. Motion by Kevin Venema, second by Vicki Minnaugh, to approve Warrant #690 in the amount of **\$202,750.00**. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
<b>DROP Distributions:</b>	
P/O Ron Wells – Lump Sum Withdrawal less FIT	***
P/O Nelson Martinez – Lump Sum Withdrawal less FIT	***
P/O Gary Jomant – Lump Sum Withdrawal less FIT	***
P/O John Hess – Lump Sum Withdrawal less FIT	***
P/O Kevin King – Lump Sum Withdrawal less FIT	***
P/O David Parsons – Lump Sum Withdrawal less FIT	***
F/F Johnny Mullin – Lump Sum Withdrawal less FIT	***
F/F Leslie Ortagus – Lump Sum Withdrawal less FIT	***
F/F Richard DeTata – Lump Sum Withdrawal less FIT	***
F/F David Saxon – Lump Sum Withdrawal less FIT	***
F/F Jaime Friedman – Lump Sum Withdrawal less FIT	***
F/F Michael Sica – Lump Sum Withdrawal less less FIT	***
P/O Michael Scopa – Lump Sum Withdrawal less FIT less FIT	***
U.S. Treasury – FIT – W/H (Wells, Martinez, Jomant, Hess, King, Parsons, Mullin, Ortagus, DeTata, Saxon, Friedman, Sica, Scopa)	***
<b>DROP Loans:</b>	
F/F Maurice Tola - DROP Loan Less Documentary Stamp	***
<b>Documentary Stamp for DROP Loans:</b>	
Florida Department of Revenue – Documentary Stamp (Tola)	***
<b>TOTAL</b>	<b>\$202,750.00</b>

\*\*\* Schedule A is available upon request. Please contact the Pension Office if you wish to view it.

### **NEW BUSINESS**

None

### **UNFINISHED BUSINESS**

10. **Trustee Election** – Asst. Administrator Maldonado informed the Board of the results of the Trustee Elections. Firefighter Rob Johnson ran unopposed and will retain his seat for the new 2-year term from 10/1/16 through 9/30/18. Police officer Sean Wollard ran unopposed and will begin a brand new term with the Board, replacing current trustee Kevin Venema, for two years from 10/1/16 through 9/30/18

### 11. **Reports:**

**Actuary** – No report.

**Attorney** – Attorney Paul Daragjati discussed his role with Klausner Kaufman Jensen & Levinson. He reminded the Board that administrative budgets were due to the Plan sponsor if they had not been submitted already.

**Chairman** – Chairman Cabeza thanked Trustee Venema for his tenure with the Board. He also thanked Mr. Daragjati for taking time to attend the meeting in Steve Cyphen's absence. He conveyed the Board's intention to do due diligence and conduct an RFP for attorney services if Mr. Cyphen did not return.

**Plan Administrator** – Asst. Administrator Maldonado had a number of items to discuss under the report.

- Mr. Fisher contacted the City as instructed for a copy of their IT policy. They are in the process of updating and will provide a copy for our reference when it is completed.
- A number of conferences are on the horizon: FPPTA 9/25 – 9/28, NCPERS 10/23 – 10/26, and State conference 11/2 – 11/4.



- Progress on the two disability applications continues and at least one is expected to be heard before the end of the year.
- Comcast has brought their business to the Hampton Office Park and the office will be signing up for their product to improve Internet speed and reduce the current monthly bill. They have promised to be ready to provide service in the next 45-90 days.
- The Fiduciary Liability Policy has been renewed through July of 2017.

12. **Input from Retirees:** None.

13. **Input from Active Members:** None.

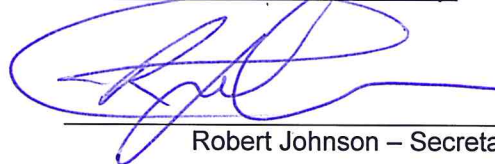
14. **Input from Trustees:** None.

15. **Public Comment:** None.

16. **Adjournment** – Chairman Cabeza announced that the next regular meeting would be held on **Thursday, September 15, 2016 at 2:00 PM.** There being no further business, motion by Vicki Minnaugh, second by Gary Arenson to adjourn the meeting at 4:11 PM. The motion carried unanimously.



Adam Cabeza – Chairman



Robert Johnson – Secretary