

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 AUGUST 17, 2017

The four hundred sixty-seventh meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:02 PM by Chairman Timothy Anderson.

1.	<u>Roll Call –</u>	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
		Robert Johnson John Kearney	Timothy Anderson Adam Feiner Sean Wollard	Gary Arenson Jack McCluskey Vicki Minnaugh

Others Present: George Dahduh, Molpus; James Bates, Regions AmSouth; Robert Maddock and John Rochford, Inverness Counsel; Larry Wilson; Plan Actuary; Paul Daragjati, Board Attorney; James Fisher, Plan Administrator and Rachel Maldonado, Asst. Plan Administrator.

Motion by Adam Feiner, second by Robert Johnson, to excuse Mr. Cabeza's absence from the meeting. The motion carried unanimously.

Also in attendance:

Frank Musumeci, Retired Pines Fire

2. **Molpus** – George Dahduh discussed the performance for the quarter ending 6/30/17. He submitted the following summary.

Mr. Dahduh provided a brief overview and update of Molpus, including information about company size, track record, presence as a well-established TIMO in the U.S., and recent announcement of Bob Lyle being named President of Molpus. Mr. Dahduh then explained how market drivers such as domestic demand, Canadian softwood lumber and supply constraints play a key role in the timber market in the U.S.

He then gave an overview of MWFIV, including total fund size (\$662,500,000), investor types, target return, and strategy. Mr. Dahduh gave an update on potential for a final acquisition in Fund IV before the expiration of the investment period.

Mr. Dahduh presented details regarding MWFIV's three acquisitions so far in Fund IV, including 190,061 acres in Louisiana that closed in October of 2015; 48,646 acres in Florida and Georgia that closed in January 2016, 121,302 acres in Arkansas and Texas that closed in December 2016. He then gave details on the different markets and opportunities of each property. Mr. Dahduh concluded his presentation with an announcement that Molpus was formally launching a new fund, Molpus Woodlands Fund V.

3. **Regions AmSouth** – James Bates discussed the performance for the quarter ending 6/30/17. He submitted the following summary.

As of 7/31/2017, AmSouth Timber Company TE, LLC owns approximately 28,015 acres located in 4 Southern states. The YTD total return = 0.5% with a cash yield of 8.5% or \$425K to PP. Since inception as of 6/30/17, PP's est. FMV = \$5,217,271 with a total cash = 45.1% or \$2,256,055. Since inception IRR = 4.7% net of all fees and expenses.

4. **Inverness Counsel** – Robert Maddock and John Rochford discussed their performance for the quarter ending 6/30/17. The summary they submitted is below.

Inverness touched on the dropping number of positive indicators for the market as well as the one positive area that remains in housing. John touched on the low rates overseas that are expected to rise as other central banks taper their bond purchases and the impact that that will have on long rates over time. They also talked briefly about the cash on the side for safety. Inverness thanked the board for the opportunity to serve.

5. **Dahab Associates** – Greg McNeillie of Dahab Associates discussed the overall performance of the portfolio. As of June 30, 2017, the Fund earned 2.46% for the quarter and was valued at \$575,895,580 representing an increase of \$11,509,694 from the previous quarter.

Gross & Net Rate Returns for Q/E 3/31/17 – The Board reviewed the gross and net of fees rates of return for Q/E 12/31/16, as submitted by Dahab Consulting. Motion Jack McCluskey, second by Robert Johnson to approve the gross 2.46% and net 2.32% rates of returns for the quarter ending 6/30/17. The motion carried unanimously.

	Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Months
Atlanta Capital	3.4%	2.5%	---	---	15.6%
Bridgeway Capital	1.2%	1.3%	---	---	---
Inverness	2.8%	3.1%	1.2%	1.3%	18.2%*
Lee Munder Midcap	1.2%	2.7%	---	---	16.3%
Lee Munder LargeCap	4.6%	4.7%	---	---	20.2%
SSgA Midcap Core	2.0%	2.0%	---	---	18.5%
SSgA Int'l Equity	6.3%	5.8%	---	---	23.7%
SSgA LargeCap Value	1.4%	1.3%	---	---	15.6%
SSgA LargeCap Growth	4.6%	4.7%	---	---	---

*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	2.0%	1.7%	7.5%
Black Rock	1.7%	1.7%	9.4%
Intercontinental	1.4%	1.7%	13.3%
TA Assoc Realty	1.5%	1.7%	4.8%
Ceres	1.3%	1.6%	5.0%
AmSouth	0.1%	0.7%	0.4%
Molpus Fund IV	0.4%	0.7%	5.7%

6. **Approval of Minutes for July 20, 2017** – Chairman Anderson presented the minutes from the previous meeting held on July 20, 2017. Trustee Wollard asked that the language under Item #14 discussing the investment be changed from compliant with the “investment policy” to compliant with the “Pension Ordinance.” Motion by Jack McCluskey, second by Robert Johnson, to approve the amended minutes. The motion carried unanimously.

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

- P/O John Gazzano – Lump Sum
- P/O Kevin McCluskey – Lump Sum
- P/O John Hess – Lump Sum
- P/O William Bucknam – Lump Sum
- F/F Richard Scopa – Lump Sum
- F/F James McNulty – Lump Sum
- F/F Charles Hernandez – Lump Sum
- F/F Jason Swensson – Lump Sum
- F/F Ben. Joseph DeStefano – Lump Sum
- F/F James Sammarco – Lump Sum
- F/F David Saxon – Lump Sum

Administrator Fisher asked the Board to add a distribution to the agenda. Motion by Robert Johnson, second

by Gary Arenson to added the additional distribution. The motion carried unanimously. Trustee Jack McCluskey abstained from the vote due to a voting conflict.

- P/O Joseph Yetto – Lump Sum

Motion by Vicki Minnaugh, second by Gary Arenson, to approve the amended 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.

8. Request for DROP Loan(s) – Chairman Anderson presented the following DROP loan for approval.

- P/O Nick Naples
- F/F Steve Iannazzone

Motion by Jack McCluskey, second by Vicki Minnaugh, to approve the list of DROP loans. The motion carried unanimously.

9. Approval of Vendor Warrant #729– Chairman Anderson presented Vendor Warrant #729 for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #729 in the amount of \$40,805.84. The motion carried unanimously. Due to a voting conflict, Trustee Kearney abstained from the vote.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Klausner, Kaufman, Jensen & Levinson – Monthly Retainer for August 2017	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Sept 2017)	\$407.72
Twilight Industries, LLC – (Maintenance – August 2017)	\$152.00
Steven Bornstein – August 2017 Loans	\$400.00
Dahab Associates, Consulting Fees for Q/E 6/30/17	\$31,509.69
ABS Copier	\$245.35
CRU, Inv. #4634	\$89.00
Holland & Knight, Inv. #5539764	\$487.50
SunTrust Visa ending 8870	\$968.75
SunTrust Visa ending 8961	\$1,784.50
Pitney Bowes – Postage	\$200.00
John Kearney – FPPTA June 2017 Conference Reimbursement	\$1,162.40
FP&L	\$148.93
TOTAL	\$40,805.84

10. Approval of Member Warrant #730– Chairman Anderson presented Member Warrant #730 for approval. Motion by Jack McCluskey, second by Vicki Minnaugh, to approve Warrant #730 in the amount of \$240,214.63. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Retirement Benefits:	
P/O John Gazzano – Normal Retirement Benefit Commencing 9/1/17	***
F/F Richard Scopa – Normal Retirement Benefit Commencing 9/1/17	***
F/F Jason Swensson – Normal Retirement Benefit Commencing 9/1/17	***
F/F James McNulty – Normal Retirement Benefit Commencing 9/1/17.00	***
F/F Charles Hernandez – Normal Retirement Benefit Commencing 9/1/17	***
DROP Distributions:	
P/O John Gazzano – Lump Sum Withdrawal less FIT	***
P/O Kevin McCluskey – Lump Sum Withdrawal less FIT	***
P/O John Hess – Lump Sum Rollover	***
P/O William Bucknam – Lump Sum Withdrawal less	***
F/F Richard Scopa – Lump Sum Withdrawal less FIT	***
F/F Jason Swensson – Lump Sum Withdrawal less FIT	***

F/F James McNulty– Lump Sum Withdrawal less FIT	***
F/F Charles Hernandez – Lump Sum Withdrawal less FIT	***
F/F <i>Beneficiary</i> Joseph DeStefano – Lump Sum Withdrawal less FIT	***
F/F James Sammarco – Lump Sum Withdrawal less FIT	***
F/F David Saxon – Lump Sum Withdrawal less FIT	***
P/O Joseph Yetto – Lump Sum Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Gazzano, McCluskey, Bucknam, Scopa, Swensson, McNulty, Hernandez, DeStefano, Sammarco, Saxon, Yetto)	***
DROP Loans:	
P/O Nick Naples - DROP Loan Less Documentary Stamp	***
F/F Steven Iannazzone - DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Naples)	***
Florida Department of Revenue – Documentary Stamp (Iannazzone)	***
TOTAL	\$240,214.63

UNFINISHED BUSINESS

11. **Trustee Election Report:** Asst. Administrator Maldonado reported the official results of the trustee election. Since only the incumbents filed for self-notification, the Board members will remain on for the next two-year term beginning October 1, 2017.
12. **Computers R Us Quote for Services:** The discussion was deferred as the Board had concerns of a technical nature that the office staff could not address.

NEW BUSINESS

None.

13. **Reports:**

Actuary – Actuary Larry Wilson reminded the Board of various projects in process, namely legislative updates for the 10/1/17 Valuation, progress on Police COLAs for 10/1/17, and 6/30/17 DROP accounting. In a discussion about the Excess Benefit provided by the City to eligible members, Trustee McCluskey asked that the office staff verify how the City treats the cost for the benefit in its budget.

Attorney – Attorney Paul Daragjati informed the Board that Travelers Insurance would not pay the legal fees for KKJL to take over as counsel concerning the litigation with member Fritz. Therefore, the current counsel for this case will remain.

Chairman – No report at this time.

Plan Administrator – Asst. Administrator Maldonado informed the Board that the deadline for the RFP for auditing firm was fast approaching. All proposals are due 8/30/17. Those who volunteered for the committee to review the proposals will be contacted after the due date to schedule that meeting.

Administrator Fisher relayed to the Board a concern by various members regarding the minimum amount on lump-sum DROP withdrawals. A few members have expressed their desire to withdraw an amount less than the current minimum of \$5,000.00. The Board discussed lowering the amount to match the minimum \$1,000.00 amount allowed for a DROP loan. Motion by Vicki Minnaugh, second by Sean Wollard to lower the minimum distribution amount for lump sum DROP distributions to \$1,000.00. The motion carried unanimously.

14. **Input from Retirees:** None.
15. **Input from Active Members:** None.
16. **Input from Trustees:** The Trustees asked about the status of getting hurricane impact windows for the office. Administrator Fisher says he has contacted a few vendors to schedule a quote but apparently their

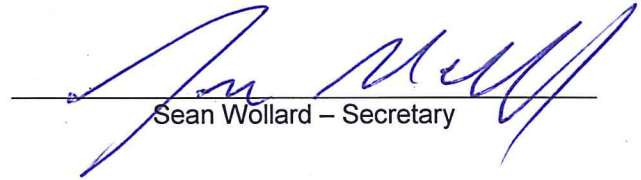
calendars have been full. Mr. Fisher will keep working on it.

20. **Public Comment:** None.

21. **Adjournment** – Chairman Anderson announced that the next regular meeting would be held on **Thursday, September 21, 2017 at 2:00 PM.** There being no further business, motion by Jack McCluskey, second by Gary Arenson to adjourn the meeting at 3:44 PM. The motion carried unanimously.



Timothy Anderson – Chairman



Sean Wollard – Secretary