

# 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 – DECEMBER 16, 2015

The four hundred forty seventh meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 11:12 a.m. by Chairman Adam Cabeza.

<b>1. <u>Roll Call</u> –</b>	<b><u>Fire Members</u></b>	<b><u>Police Members</u></b>	<b><u>City Members</u></b>
	Adam Cabeza	Tim Anderson	Gary Arenson
	Robert Johnson	Adam Feiner	Jack McCluskey
	Frank Musumeci	Kevin Venema	Vicki Minnaugh

**Others Present:** Joseph Conroy, Wells Fargo; Mark Reid and Randall Cain, Herndon Capital; James Fisher, Plan Administrator; and Rachel Maldonado, Assistant Plan Administrator.

- 2. Wells Fargo** – Joseph Conroy of Wells Fargo Asset Management addressed the Board on quarterly performance for the quarter ending 9/30/15. The following summary was submitted by Mr. Conroy.

Mr. Conroy provided updates for Wells Capital Management and the Heritage Growth Team. The team's philosophy and process remained stable and the team continues to focus on the bottom up stock selection process that has proven successful for over 30 years – all holdings must have robust, sustainable, and underappreciated growth. From a team perspective, key decision makers remain in place. Analyst John Svolos left the team during year and Analyst Rohan Dighe, previously an intern, joined the team as a permanent analyst.

The portfolio review covered the periods ended September 30, when the market value was \$25.8 million. Year to date the portfolio has returned -2.59% as compared to -1.54% for the benchmark Russell 1000 Growth Index, and over the past 12 months, the portfolio has returned +2.51% as compared to the benchmark return of +3.17%. Since inception in March 2012, the portfolio has returned +11.78% as compared to +12.81% for the benchmark, and the market value has increased by \$7.8 million period, inclusive of net withdrawals of \$720,000. Over the past twelve months, the Consumer Discretionary, Information Technology, and Health Care sectors were the largest contributors to performance relative to the benchmark while Industrials (primarily railroads), Financials, and Consumer Staples were the largest detractors. Recent individual performance detractors included Alexion Pharmaceuticals, Dollar Tree, and Sprouts Farmers Markets, all of which remain in the portfolio. Despite recent investor focus on income-oriented stocks (such as Consumer Staples and Real Estate Investment Trusts) in the low interest rate environment, and a very narrow market (e.g.; for the 12 months ended September 30, only 5 stocks have accounted for 71% of the benchmark's returns) the Heritage remains true to its philosophy and process.

Looking forward, we believe the portfolio is well positioned to add value as the strategy has done over time. Portfolio holdings reflect our robust and sustainable growth orientation in areas such as biotech, IT cloud security, "Big Data" analytics, and a number of retailers with differentiated concepts that are largely insulated from internet competition. In addition to the portfolio's strong earnings growth fundamentals, growth stock valuations are very attractive from a historical perspective.

We greatly appreciate the trust and confidence that the board has placed in our organization and our team.

- 3. Herndon Capital** – Marc Reid and Randall Cain addressed the Board on quarterly performance for the quarter ending 9/30/15. They submitted the following summary.

Mr. Reid discussed that while the 3 & 5-year performance for the strategy is down, the underperformance for those time periods is concentrated in the 4th quarter of 2014. The underperformance for that quarter was due to our overweight in the energy sector. Since inception of the strategy, the portfolio has only underperformed 3 times over the 12-year history.

Mr. Cain discussed that there has been a great deal of volatility in the market place this year driven by geopolitical issues, oil prices, and the speculation of when the Fed will make its decision to increase interest rates. The year to date performance was up through November with the outperformance being driven by stock selection in the Consumer Staples, Energy and Consumer Discretionary sectors.

4. **Approval of Minutes for November 19, 2015** – Chairman Cabeza presented minutes from the November 19, 2015 meeting for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve the minutes. The motion carried unanimously

5. **Approval of DROP Benefits** – The following DROP benefits were presented for approval.

- F/F Thomas Forman 10 Years Certain & Life commencing 6/1/15

Motion by Vicki Minnaugh, second by Gary Arenson to approve the DROP benefits as presented. The motion carried unanimously.

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

- F/F Gabriel Cardenas – Lump Sum \*\*\*
- F/F Robert Griffin – Lump Sum \*\*\*
- F/F Richard DeTata – Lump Sum \*\*\*
- F/F Louis Nettina – Lump Sum \*\*\*
- F/F *Beneficiary* Sheila DeStefano – Lump Sum \*\*\*

Motion by Jack McCluskey, second by Vicki Minnaugh, 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.

7. **Request for Refund of Contributions** – The following refund of contributions was presented for approval.

- F/F Cameron Hartley \*\*\*

Motion by Rob Johnson, second by Gary Arenson to approve the refund as presented. The motion carried unanimously.

8. **Approval of DROP Loans** – The following DROP loans were presented for approval.

- P/O Joseph Yetto \*\*\*
- P/O Nick Naples \*\*\*
- P/O Donna Velazquez \*\*\*
- P/O Jeff Desilets \*\*\*

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

9. **Approval of Vendor Warrant #658** – Chairman Cabeza presented Vendor Warrant #658 for approval. Motion by Jack McCluskey, second by Gary Arenson, to approve Warrant #658 in the amount of \$26,456.13. The motion carried unanimously.

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
Cypen & Cypen – Monthly Retainer for November 2015	\$3,250.00



Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Dec. 2015)	\$407.72
Twilight Industries, LLC – (Maintenance – November 2015)	\$152.00
SunTrust (J. Fisher)	\$1,489.47
SunTrust (R. Maldonado)	\$256.76
ABS – December 2015 Lease	\$234.69
Employers – Renewal Bus. Deposit (Insurance Policies)	\$741.00
CRU, Invoice #3619	\$138.00
Ultimate Security, 3 mos. Beginning 12/21/15	\$75.00
Joan Wall – Services from 10/11/15 – 11/30/15	\$2,132.90
Holland & Knight, Inv #3268081	\$100.00
ProShred, Service on 11/18/15	\$56.38
Pitney Bowes – Postage Refill	\$705.50
Fiduciary –Custody Fee for Atlanta Capital, QE 10/31/15	\$5,697.88
Fiduciary –Custody Fee for Inverness, QE 10/31/15	\$10,857.47
FP&L	\$161.36
<b>GRAND TOTAL</b>	<b>\$26,456.13</b>

14. **Approval of Member Warrant #659** – Chairman Cabeza presented Member Warrant #659 for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #659 in the amount of **\$195,739.96**. The motion carried unanimously.

<b>DROP Withdrawals:</b>	
F/F Gabriel Cardenas – Lump Sum DROP Withdrawal less FIT	***
F/F Robert Griffin – Lump Sum DROP Withdrawal less FIT	***
F/F Richard DeTata – Lump Sum DROP Withdrawal less FIT	***
F/F Louis Nettina – Lump Sum DROP Withdrawal less FIT	***
F/F Ben. Sheila-Marie DeStefano – Lump Sum DROP Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Cardenas, Griffin, DeTata, Nettina, Alvaro)	***
<b>DROP Loans:</b>	
P/O Joseph Yetto – DROP Loan Less Documentary Stamp	***
P/O Nick Naples – DROP Loan Less Documentary Stamp	***
P/O Donna Velazquez – DROP Loan Less Documentary Stamp	***
P/O Jeff Desilets - DROP Loan Less Documentary Stamp	***
<b>Documentary Stamp for DROP Loans:</b>	
Florida Department of Revenue – Documentary Stamp (Yetto)	***
Florida Department of Revenue – Documentary Stamp (Naples)	***
Florida Department of Revenue – Documentary Stamp (Velazquez)	***
Florida Department of Revenue – Documentary Stamp (Desilets)	***
<b>Refund of Contributions:</b>	
F/F Cameron Hartley – Refund less FIT	***
U.S. Treasury – FIT – W/H (Hartley)	***
<b>TOTAL</b>	<b>\$195,739.96</b>

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

Additional warrants were presented. Motion by Vicki Minnaugh, second by Jack McCluskey, to add Warrants #660, #661 and #662 to the agenda. The motion carried unanimously.

Motion by Gary Arenson, second by Jack McCluskey to approve Warrant #660 in the amount of \$547.37. The motion carried unanimously. Trustee Feiner abstained from the vote due to a voting conflict.

#### **WARRANT #660**

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
Adam Feiner – Div of Retirement Conference Reimbursement	\$547.37
<b>TOTAL</b>	<b>\$547.37</b>

Motion by Gary Arenson, second by Jack McCluskey, to approve Warrant #661 in the amount of \$501.74. The motion carried unanimously. Trustee Anderson abstained from the vote due to a voting conflict.

**WARRANT #661**

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
Tim Anderson – Div of Retirement Conference Reimbursement	\$501.74
<b>TOTAL</b>	<b>\$501.74</b>

Motion by Gary Arenson, second by Jack McCluskey, to approve Warrant #662 in the amount of \$35,000.00. The motion carried unanimously.

**WARRANT #662**

<b>DROP Withdrawals:</b>	
P/O Kim Diaz – Lump Sum DROP Withdrawal less FIT	***
P/O Thomas Sadagursky – Lump Sum DROP Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Diaz, Sadagursky)	***
<b>TOTAL</b>	<b>\$35,000.00</b>

**NEW BUSINESS**

**None.**

**UNFINISHED BUSINESS**

**None.**

**16. Reports:**

**Actuary** – No report at this time.

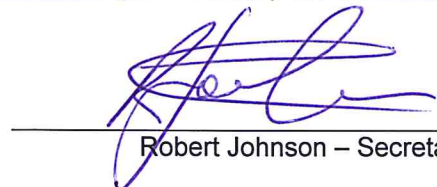
**Attorney** – No report at this time.

**Chairman** – Chairman Cabeza discussed the Ad Hoc Committee meeting that was held just prior to the regular business meeting. He discussed plans for the Board tablets and that Computers R Us would bring a number of proposals to the Board in January. At Mr. McCluskey's suggestion, the Board discussed the possibility of conducting an RFP for the tablets and their installation. Administrator Fisher suggested that the Board contact Steve Cypen to ascertain if an RFP was necessary in this instance.

**Plan Administrator** – No report at this time.

**17. Input from Retirees: None.****18. Input from Active Members: None.****19. Input from Trustees: Trustee Arenson discussed hiring the firm Robbins Geller Rudman & Dowd for securities litigation. The Board uses three firms already for this service but there is no additional cost to add a firm. Motion by Gary Arenson, second by Jack McCluskey, to hire Robbins Geller Rudman & Dowd for securities litigation. The motion carried unanimously.****20. Public Comment: None.****21. Adjournment – Chairman Cabeza announced that the next regular meeting would be held on **Thursday, January 21 at 2:00 PM.** There being no further business to come before the Board, motion by Kevin Venema, second by Gary Arenson, to adjourn the meeting at 12:28 p.m. The motion carried unanimously.**

  
Adam Cabeza – Chairman

  
Robert Johnson – Secretary