

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 18, 2016

The four hundred forty ninth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:11 p.m. by Chairman Adam Cabeza.

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

Motion by Gary Arenson, second by Frank Musumeci, to excuse the absences of trustees Kevin Venema and Tim Anderson. The motion carried unanimously.

Others Present: Greg McNeillie, Dahab Associates; Henry Renard, Robert Maddock, & John Rochford, Inverness Counsel; Alan Brand & Nhat Nguyen, TA Realty; Richelle Hayes, American Realty; Jack Sanders, Computers R Us; Clement Johns & Rosa Salum, GSK Auditors for the Fund; Larry Wilson, Actuary for the Fund; Steve Cypen, Attorney for the Fund; and James Fisher, Plan Administrator.

Also in attendance:

Dan Rotstein, HR Director for City of P. Pines	Jim White, Retiree of Pines Fire Dept.
Lee Golditch, Retiree of Pines Fire Dept.	

**The items on the agenda were addressed in an order that did not correspond to the numbered order for the meeting. The items that appear in these minutes retain the numbers given to them on the original meeting agenda.*

3. **Intercontinental** – There were no representatives at this meeting.
4. **Inverness** – Robert Maddock and John Rochford presented their quarterly performance. They submitted the following summary.

On equities: We have recently been experiencing volatility. Given the uncertainty over the presidential election along with the mixed signals from a variety of indicators whether strong S&P 500 balance sheets, the improving labor statistics or the rising but not overheated housing numbers on the positive side or the international weakness, overheated M&A activity and flattening yield curves on the negative side, we expect continued volatility. As noted on our volatility slide, it is possible to have a year where the market falls 14% during the year only to end up 27% for the full year.

On fixed income: The yield curve continues to flatten in the 2 to 10 year portion of the yield curve from over 2.50% in late 2014 to less than 1.00% today. We saw a similar pattern prior to the recessions of 2001 & 2007 after the Fed had raised the Fed Funds rate. A flatter yield curve has historically signaled a recession is on the way. Global interest rates continue to decline with 13 countries having negative interest rates out to 5 years. The US Dollar continues to strengthen as the US is seen as a safe haven with an economy that is growing modestly. We will maintain a long duration strategy with a focus on high quality corporate bonds and US Government Agencies.

5. **TA Realty** – Alan Brand and Nhat Nguyen presented their quarterly performance.
6. **American Realty** – Richelle Hayes presented her quarterly performance.

2. **Dahab Associates** – Greg McNeillie of Dahab Associates discussed the overall performance of the portfolio. On December 31, 2015, The Fund was valued at \$510,837,729, representing an increase of \$21,422,270 from September 2015's quarter ending value.

The pieces of the portfolio that beat their respective benchmarks were the small cap equity, international equity, and real estate segments. Pembroke Pines ranked in the 10th percentile of the Public Fund universe.

Gross & Net Rate Returns for Q/E 12/31/15 – Chairman Cabeza presented the gross 3.65% and net 3.50% rates of return for Q/E 12/31/15, as submitted by Dahab Consulting. Motion Vicki Minnaugh, second by Jack McCluskey to approve the gross and net rates of returns for the quarter ending 12/31/15. The motion carried unanimously.

	Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Months
Atlanta Capital	4.7%	3.6%	---	---	4.9%
Herndon	3.1%	5.6%	---	---	(5.5)%
Inverness	7.4%	7.0%	(0.2)%	(0.7)%	3.0%*
Lee Munder Midcap	2.8%	3.6%	---	---	(0.2)%
Lee Munder LargeCap	6.5%	7.3%	---	---	3.6%
SSgA Midcap	2.6%	2.6%	---	---	(2.2)%
SSgA Int'l Equity	3.6%	3.2%	---	---	(2.4)%
SSgA LargeCap Value	5.7%	5.6%	---	---	(3.7)%
Wells Capital	6.2%	7.3%	---	---	3.4%

*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	3.0%	3.3%	15.4%
Black Rock	3.3%	3.3%	15.4%
Intercontinental	5.9%	3.3%	14.8%
TA Assoc Realty	2.8%	3.3%	16.5%
Ceres	0.9%	4.3%	---
AmSouth	5.0%	1.9%	7.0%
Molpus Fund IV	(1.2)%	1.9%	---

7. **Approval of Minutes for January 21, 2016** – Chairman Cabeza presented minutes from the January 21, 2016 meeting for approval. Motion by Gary Arenson, second by Vicki Minnaugh, to approve the minutes as presented. The motion carried unanimously

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

- F/F Kenneth Yost Joint & 75% Contingent commencing 3/1/16
- P/O Thomas Burs Joint and 100% Contingent commencing 2/1/16

Administrator Fisher asked the Board to add an additional DROP benefit to the agenda.

- F/F Arturo San Joint & 100% Contingent commencing 10/1/15

Motion by Vicki Minnaugh, second by Adam Feiner, to add Mr. San's DROP benefit to the agenda for approval. Motion by Vicki Minnaugh, second by Frank Musumeci to approve the amended list of DROP benefits. The motion carried unanimously.

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

- F/F Leslie Ortagus ***
- F/F Thomas Varnadoe ***
- P/O Bryan Davis ***

Motion by Frank Musumeci, second by Rob Johnson to approve the DROP loans as presented. The motion carried unanimously.

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

- F/F Mariano Santos – Monthly ***
- F/F Maurice Washington – Lump Sum ***
- F/F David Moss – Lump Sum ***
- F/F Laurence Shahboz – Lump Sum ***
- F/F *Beneficiary* Joseph DeStefano – Lump Sum ***
- F/F Leslie Ortagus – Lump Sum ***
- F/F Ariel Villarreal – Lump Sum ***
- F/F Robert Ryan – Lump Sum ***
- F/F Robert Welter – Lump Sum ***
- F/F Robert Vesely – Lump Sum ***
- P/O Michael Scopa – Lump Sum ***
- P/O Dan Giustino – Lump Sum ***
- P/O George Soubasis – Lump Sum ***
- P/O James Dilenge – Lump Sum ***
- P/O Russell English – Lump Sum ***

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

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

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.

11. Ratification of Special Warrant #666 – Chairman Cabeza presented Special Warrant #666 for ratification. Motion by Vicki Minnaugh, second by Gary Arenson, to ratify Warrant #666. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
DROP Distributions:	
P/O James Fisher – Lump Sum Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Fisher)	***
TOTAL	***

12. Approval of Vendor Warrant #667 – Chairman Cabeza presented Vendor Warrant #667 for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #667 in the amount of \$182,228.16. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Cypen & Cypen – Monthly Retainer for February 2015	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Mar. 2015)	\$407.72
Twilight Industries, LLC – (Maintenance – February 2015)	\$152.00
Dahab – Consultant Fees for Q/E 12/31/15	\$29,223.47
ABS – January Lease	\$252.15
Wells Fargo – Mgmt Fee for Q/E 12/31/15	\$45,079.84
MSA Group (Business Owner and Umbrella Insurance Policies)	\$2,968.27
Glenda Sandhouse (2015 Tax Form Preparation)	\$180.00
Holland & Knight, Inv #3293004	\$100.00

Atlanta Capital – Mgmt Fee for Q/E 12/31/15	\$98,188.00
SunTrust (J. Fisher)	\$1,335.45
SunTrust (R. Maldonado)	\$700.06
James Fisher – FPPTA Conference Reimbursement	\$240.00
FP&L	\$151.20
GRAND TOTAL	\$182,228.16

13. **Approval of Member Warrant #671** – Chairman Cabeza presented Member Warrant #671 for approval. Motion by Gary Arenson, second by Rob Johnson, to approve Warrant #671 in the amount of \$420,107.55. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Plan Benefits:	
P/O Dan Giustino - Normal Retirement Benefit Commencing 3/1/2016	***
DROP Distributions:	
F/F Mariano Santos – Monthly Withdrawal commencing 3/1/16	***
F/F Maurice Washington – Lump Sum Withdrawal less FIT	***
F/F David Moss – Lump Sum Withdrawal less FIT	***
F/F Laurence Shahboz – Lump Sum Withdrawal less FIT	***
F/F <i>Beneficiary</i> Joseph DeStefano – Lump Sum Withdrawal less FIT	***
F/F Leslie Ortagus – Lump Sum Withdrawal less FIT	***
F/F Ariel Villarreal– Lump Sum Withdrawal less FIT	***
F/F Robert Ryan – Lump Sum Withdrawal less FIT	***
F/F Robert Welter – Lump Sum Withdrawal less FIT	***
F/F Robert Vesely – Lump Sum Withdrawal less FIT	***
P/O Michael Scopa – Lump Sum Withdrawal less FIT	***
P/O Dan Giustino – Lump Sum “Rollover” Withdrawal	***
P/O George Soubasis – Lump Sum Withdrawal less FIT	***
P/O James Dilege – Lump Sum Withdrawal less FIT	***
P/O Russell English – Lump Sum Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Washington, Moss, Shahboz, DeStefano, Ortagus, Villarreal, Ryan, Welter, Vesely, Scopa, Soubasis, Dilege, English)	***
DROP Loans:	
F/F Leslie Ortagus - DROP Loan Less Documentary Stamp	***
P/O Thomas Varnadoe – DROP Loan Less Documentary Stamp	***
P/O Bryan Davis – DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Ortagus)	***
Florida Department of Revenue – Documentary Stamp (Varnadoe)	***
Florida Department of Revenue – Documentary Stamp (Davis)	***
TOTAL	\$420,107.55

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

Additional warrants were presented related to trustee education. Motion by Gary Arenson, second by Frank Musumeci to add Warrant #668. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #668 in the amount of \$1,124.54. The motion carried unanimously. Trustee Cabeza abstained from the vote due to a voting conflict.

WARRANT #668	Amount
SunTrust Visa (A. Cabeza) January Charges	\$450.00
Adam Cabeza – Intercontinental Conference Reimbursement	\$207.54
Adam Cabeza – FPPTA Conference Reimbursement	\$240.00
SunTrust Visa (A. Cabeza) December Charges	\$224.00
TOTAL	\$1,121.54

Motion by Vicki Minnaugh, second by Gary Arenson to add Warrant #669. Motion by Vicki Minnaugh,

second by Gary Arenson, to approve Warrant #669 in the amount of \$1,177.31. The motion carried unanimously. Trustee Arenson abstained from the vote due to a voting conflict.

WARRANT #669

Amount

Gary Arenson – FPPTA Conference Reimbursement	\$1,177.31
TOTAL	\$1,177.31

Motion by Jack McCluskey, second by Vicki Minnaugh to add Warrant #670. Motion by Adam Feiner, second by Gary Arenson, to approve Warrant #670 in the amount of \$480.61. The motion carried unanimously. Trustee Johnson abstained from the vote due to a voting conflict.

WARRANT #670

Amount

Robert Johnson – FPPTA Conference Reimbursement	\$480.61
TOTAL	\$480.61

15. **Summary Plan Description** – Administrator Fisher noted that the SPD distributed to the members needs to be updated to include recent plan changes. Larry Wilson agreed to work on it on behalf of the Board in the next few months.
16. **Staff Leave Accruals:** A report was submitted detailing leave usage of the Plan Administrator and Asst. Plan Administrator through the quarter ending 1/31/16 of their employment year. Motion by Jack McCluskey, second by Adam Feiner, to approve the leave report as presented. The motion carried unanimously.
18. **Computers R Us Proposal:** The Board discussed the proposal by CRU to provide tablets to the Board. There was discussion on the office access, data security and the monthly fee to provide the tablets with secure Internet access. Motion by Gary Arenson, second by Rob Johnson, to table the discussion until the following month. The motion carried unanimously.
14. **FYE 9/30/15 Pension Fund Audit Results:** Clement Johns and Rosa Salum of Goldstein Schechter Koch presented the Audit results for FY 2015. They reassured the Board that the 2015 Financial Statements were found to be sound and with no issues. As of 9/30/15, the plan was valued at \$495,206,739. Motion by Vicki Minnaugh, second by Gary Arenson, to accept the FYE 9/30/15 Pension Fund Audit Results as presented. The motion carried unanimously.
17. **Actuarial Experience Study:** The Board discussed the actuarial experience study that Larry Wilson of GRS presented to them in January. The Plan's consultant Greg McNeillie discussed the investment implications of lowering the assumption rate but emphasized that he had no opinion on whether the Board should lower the rate or not. Motion by Gary Arenson, second by Vicki Minnaugh, to accept all of the changes proposed in the actuarial experience study except the change to the assumed rate of return. The motion carried unanimously. These changes found on pages 1 and 2 of the study include the following changes:
- Update the current service based table with future **salary increase** assumptions to reflect lower observed salary increases than expected.
 - Update the assumed rates of future **retirement** based on actual experience to reflect overall higher observed retirements than expected.
 - Update the assumed rates of future employment **termination** based on actual experience to reflect overall lower observed terminations than expected.
 - Update the assumed **mortality** to the prescribed mortality assumption under Chapter 2015-157 (House Bill 1309).

The study included a change to lower the assumed investment rate from 8.00% to 7.50%. After much consideration from the Board, motion by Gary Arenson, second by Jack McCluskey, to reduce the assumption rate by .05% every year for the next five years to reach 7.75%. The motion carried

unanimously.

19. **Reports:**

Actuary – No additional report at this time.

Attorney – No additional report at this time.

Chairman – Chairman Cabeza noted that Frank Musumeci will be leaving the Board after the April meeting due to his retirement. At the Board's request, the office staff will begin working immediately on a mid-term election for the vacant Fire Trustee seat.

Plan Administrator – Asst. Administrator notified the Board that the annual affidavits had been sent out and the responses were still coming in from members.

20. **Input from Retirees:** None.

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

22. **Input from Trustees:** None.

23. **Public Comment:** None.

24. **Adjournment** – Chairman Cabeza announced that the next regular meeting would be held on **Wednesday, March 16, 2015 at 2:00 PM.** The meeting was adjourned at 4:15 PM.


Adam Cabeza – Chairman


Robert Johnson – Secretary