

# 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 – FEBRUARY 19, 2015

The four hundred thirty-sixth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:03 p.m. by Vice 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<br>Robert Johnson<br>Frank Musumeci | Carl Heim<br>Kevin Venema (1:50 PM) | Gary Arenson<br>Jack McCluskey (1:24 PM)<br>Vicki Minnaugh |

Motion by Vicki Minnaugh, second by Gary Arenson, to excuse Chairman Xiques from this meeting. The motion carried unanimously.

**Others Present:** Greg McNeillie, Dahab Associates; Henry Renard, Robert Maddock, John Rochford, and Adrian Sancho, Inverness Counsel; Alan Brand and Nhat Nguyen, TA Realty; Peter Hapgood, Intercontinental; Clement Johns and Rosa Salum, Goldstein Schechter Koch; Steve Cypen, Attorney for the Fund; Larry Wilson, GRS Actuary for the Fund; James Fisher, Plan Administrator and Rachel Maldonado, Assistant Plan Administrator.

Also in attendance:

John Kearney, Pembroke Pines Fire Dept.	Scott Whitworth, Pines Fire Dept (Retired)
Lee Golditch, Pines Fire Dept (Retired)	

- ISS (Institutional Shareholders Services)** – ISS was unable to attend the Board meeting due to a scheduling conflict. The Board decided to wait until they were available to do their presentation at the March 2015 meeting.
- Dahab Associates** – Mr. McNeillie discussed the overall performance of the portfolio. The economy is strengthening as evident in the growth of GDP, fueled by increased federal spending and personal consumption expenditures. Domestic equities enjoyed a very positive quarter; not so for international equities that suffered due to many economic factors. Investment grade bonds had a fractional uptick while high-yield bonds were down a percent. The performance for the quarter was 3.48%. Mr. McNeillie planned to come before the Board at the March meeting to present managers for an agriculture product.

**Gross & Net Rate Returns for Q/E 12/31/14** – Administrator Fisher presented the gross 3.48% and net 3.35% rates of return for Q/E 12/31/14, as submitted by Dahab Consulting. Motion by Frank Musumeci, second by Vicki Minnaugh to approve the gross and net rates of returns for the quarter ending 12/31/14. The motion carried unanimously.

	Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Months
Atlanta Capital	10.4%	9.7%	---	---	4.0%
Herndon	-2.1%	5.0%	---	---	2.2%
Inverness	4.1%	4.9%	1.0	1.3	12.6%*
Lee Munder Midcap	6.1%	5.9%	---	---	10.7%
Lee Munder LargeCap	5.1%	4.8%	---	---	11.2%
SSgA Midcap	6.4%	6.3%	---	---	9.8%
SSgA Int'l Equity	-2.8%	-3.9%	---	---	-2.1%

SSgA LargeCap Value	5.0%	5.0%	---	---	13.4%
Wells Capital	5.2%	4.8%	---	---	9.6%

\*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	1.8%	3.3%	11.6%
Black Rock	2.5%	3.3%	11.7%
Intercontinental	4.3%	3.3%	N/A
TA Assoc Realty	-5.4%	3.3%	5.5%
AmSouth	10.4%	6.0%	12.8%

4. **TA Realty** – Alan Brand and Nhat Nguyen discussed TA Realty's performance for the quarter. For the first quarter of the fiscal year, the TA Realty Associates portfolio returned -5.4%, which was 8.7% below the NCREIF NFI-ODCE index's return of 3.3%. Over the trailing year, the portfolio returned 5.5%, which was 7.0% below the benchmark's 12.5% returns.
5. **Blackrock** – There were no representatives from Blackrock present at the meeting.
6. **Intercontinental** – Peter Hapgood of Intercontinental Real Estate updated the Board on its performance in Intercontinental's US REIF Fund. The Board's \$18M was called on August 18, 2014, therefore the performance only reflects one quarter of returns ending 12/31/2014. Net asset value is now \$18,921,717.56. The inception to date performance was 3.18% vs the NCREIF ODCE (Index) of 3.02% for the quarter.

Intercontinental feels that its portfolio is in excellent position to achieve its stated total return goal of 10% in 2015. Peter stated that real estate generally is a laggard to the capital markets. With the excellent market performance through 2014, many potential tenants will be expanding operations along with having the ability to absorb rent increases to the tune of 3%. The US REIF Fund has acquired 23 properties over the last year and acquisition activity has continued since the first of the year.

7. **Inverness** – Henry Renard, Robert Maddock, and John Rochford discussed quarterly performance of the portfolio. They introduced Adrian Sancho, who is part of the team that serves Pembroke Pines. The team expects an improving US economy, continued increased volatility in both equity and fixed income markets. They reported that they are seeing firmer employment reports with lagging inflation pressures in wages and wholesale prices. The effect of lower gasoline prices has not translated into consumer purchases but into debt reduction; look for consumer purchases to increase over time. The global economy continues to slow with deflationary pressures increasing. The equity rally still has room to grow as indicators show a mature rally but one that is not overpriced or overheated.

**The Board recessed at 3:15 p.m. and reconvened at 3:25 p.m.**

8. **Approval of Minutes for January 15, 2015** – Vice Chairman Cabeza presented minutes from the January 15, 2015 meeting for approval. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the minutes. The motion carried unanimously

9. **Approval of DROP Benefits** – The following DROP benefit was presented for approval.

- F/F Adam Cabeza, Normal Form, effective 2/1/15

Motion by Frank Musumeci, second by Vicki Minnaugh, to approve the DROP benefit as presented for Mr. Cabeza. The motion carried unanimously. Vice-Chairman Cabeza abstained from the vote due to a voting conflict.

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

- F/F Maurice Tola – Lump Sum \*\*\*
- F/F George Hussar – Lump Sum \*\*\*
- F/F John McCarthy – Lump Sum \*\*\*

- F/F Larry Shahboz – Lump Sum \*\*\*
- F/F Joseph D'Onofrio – Lump Sum \*\*\*
- F/F Robert Welter – Lump Sum \*\*\*
- F/F Ben. Joseph DeStefano – Lump Sum \*\*\*
- F/F David Smith – Monthly \*\*\*
- F/F Richard DeTata – Monthly \*\*\*
- F/F Morris Barnes – Monthly \*\*\*
- P/O George Soubasis – Lump Sum \*\*\*
- P/O Kevin King – Lump Sum \*\*\*
- P/O David Parsons – Lump Sum \*\*\*
- P/O Robert Powers – Monthly \*\*\*
- P/O Carl Schelling – Monthly \*\*\*

Motion by Gary Arenson, second by Vicki Minnaugh, 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. **Request for DROP Loan(s)** – The following DROP Loans were presented for Board consideration by Vice Chairman Cabeza:

- F/F James McNulty \*\*\*
- P/O Joseph Covino \*\*\*
- P/O Lawrence Diaco \*\*\*
- P/O Michael Grant \*\*\*

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

Motion by Vicki Minnaugh, second by Kevin Venema, to approve the DROP Loans as presented. The motion carried unanimously.

12. **Ratify Special Warrant #619** – Warrant #619 was presented to the Board for ratification. Motion by Vicki Minnaugh, second by Gary Arenson, to ratify special warrant #619. The motion carried unanimously.

**DROP Loans:**

P/O Joseph Covino - DROP Loan Less Documentary Stamp

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**Documentary Stamp for DROP Loans:**

Florida Department of Revenue – Documentary Stamp (Covino)

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**TOTAL**

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13. **Approval of Vendor Warrant #620** – Vice Chairman Cabeza presented Vendor Warrant #620 for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #620 in the amount of \$336,840.04. The motion carried unanimously.

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
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
SunTrust (James Fisher)	\$542.64
SunTrust (Rachel Maldonado)	\$1,051.05
Accelerated Business Solutions – Jan & Feb Copier Lease	\$480.13
Accelerated Business Solutions – Toner Shipping Costs	\$12.76
Dahab – Consulting Fees Q/E 12/31/14	\$28,862.61
MSA Group (Old Dominion Policy 3/3/15 Renewal)	\$2,980.90

Joan Wall – Bookkeeping Fees 12/9/14 – 2/10/15	\$2,801.84
Pitney Bowes – Postage Added	\$402.50
Pitney Bowes – Machine Property Fee	\$22.57
ProShred – 1/14/15	\$55.00
Holland & Knight – Inv. #3144857	\$1,725.00
SSGA – Mgmt Fees, International Q/E 12/31/14	\$70,313.96
SSGA – Mgmt Fees, Midcap Index Q/E 12/31/14	\$4,209.53
SSGA – Mgmt Fees, Value Index Q/E 12/31/14	\$4,856.08
Wells Capital – Mgmt Fees, Q/E 12/31/14	\$43,909.37
CRU Inv. #3077	\$356.00
Atlanta Capital – Mgmt Fees Q/E 12/31/14	\$99,222.00
Fiduciary Trust – Custody Fees for Lee Munder Midcap Q/E 9/30/14	\$2,612.99
Fiduciary Trust – Custody Fees for Lee Munder Q/E 9/30/14	\$2,638.09
Fiduciary Trust – Custody Fees for Inverness Q/E 9/30/14	\$10,594.59
Fiduciary Trust – Custody Fees for Inverness Q/E 9/30/14	\$8,332.22
Fiduciary Trust – Custody Fees for Atlanta Cap Q/E 9/30/14	\$5,543.32
Fiduciary Trust – Custody Fees for Herndon Cap Q/E 9/30/14	\$2,364.86
Fiduciary Trust – Custody Fees for Wells Cap Q/E 9/30/14	\$2,531.41
Fiduciary Trust – Custody Fees for R&D Q/E 9/30/14	\$1,250.00
Herndon Capital – Mgmt Fees, Q/E 12/31/14	\$34,712.46
FP & L	\$121.08
Rachel Maldonado – Reimbursement for Books	\$136.48
The Press Room (Pre-Addressed Envelopes and Labels)	\$513.88
Richard Ziff – January Loans	\$875.00
<b>GRAND TOTAL</b>	<b>\$336,840.04</b>

14. **Approval of Member Warrant #621** – Vice Chairman Cabeza presented Member Warrant #621 for approval. Motion by Vicki Minnaugh, second by Kevin Venema, to approve Warrant #621 in the amount of \$514,913.81. The motion carried unanimously.

**DROP Withdrawals:**

F/F Maurice Tola – Lump Sum DROP Withdrawal Less FIT	***
F/F George Hussar – Lump Sum DROP Withdrawal Less FIT	***
F/F John McCarthy – Lump Sum DROP Withdrawal Less FIT	***
F/F Laurence Shahboz – Lump Sum DROP Withdrawal Less FIT	***
F/F Joseph D'Onofrio – Final Lump Sum DROP Withdrawal Less FIT	***
F/F Robert Welter – Lump Sum DROP Withdrawal Less FIT	***
F/F Ben. Joseph DeStefano – Lump Sum DROP Withdrawal Less FIT	***
F/F David Smith – Monthly DROP Withdrawal commencing 3/1/15	***
F/F Richard DeTata – Monthly DROP Withdrawal commencing 3/1/15	***
F/F Morris Barnes – Monthly DROP Withdrawal commencing 3/1/15	***
P/O George Soubasis – Lump Sum DROP Withdrawal Less FIT	***
P/O Kevin King – Lump Sum DROP Withdrawal Less FIT	***
P/O David Parsons – Lump Sum DROP Withdrawal Less FIT	***
P/O Robert Powers – Monthly DROP Withdrawal commencing 3/1/15	***
P/O Carl Schelling – Monthly DROP Withdrawal commencing 3/1/15	***
U.S. Treasury – FIT – W/H (Tola, Hussar, McCarthy, Shahboz, D'Onofrio, Welter, DeStefano, Soubasis, King, Parsons)	***

**DROP Loans:**

F/F James McNulty - DROP Loan Less Documentary Stamp	***
P/O Michael Grant – DROP Loan Less Documentary Stamp	***
P/O Lawrence Diaco – DROP Loan Less Documentary Stamp	***

**Documentary Stamp for DROP Loans:**

Florida Department of Revenue – Documentary Stamp (McNulty)	***
Florida Department of Revenue – Documentary Stamp (Grant)	***
Florida Department of Revenue – Documentary Stamp (Diaco)	***

**TOTAL** **\$514,913.81**

15. **Approval of Special Warrant #622** – Vice Chairman Cabeza presented Special Warrant #622 for

approval. Motion by Vicki Minnaugh, second by Kevin Venema, to approve Warrant #622 in the amount of \$1,420.00. The motion carried unanimously. Trustee Arenson abstained from the vote due to a voting conflict.

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
Gary Arenson – FPPTA Conference Reimbursement	\$1,240.00
Arenson & Sandhouse – Preparation of 2014 Vendor 1099s	\$180.00
<b>GRAND TOTAL</b>	<b>\$1,420.00</b>

16. **Approval of Special Warrant #623** – Vice Chairman Cabeza presented Special Warrant #623 for approval. Motion by Vicki Minnaugh, second by Frank Musumeci, to approve Warrant #623 in the amount of \$555.75. The motion carried unanimously. Trustee Venema abstained from the vote due to a voting conflict.

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
Kevin Venema – FPPTA Conference Reimbursement	\$555.75
<b>GRAND TOTAL</b>	<b>\$555.75</b>

Asst. Administrator Maldonado informed the Board that there were two additional special warrants that needed to be added to the agenda for this meeting. Motion by Vicki Minnaugh, second by Kevin Venema, to add Warrants #624 and #625 to the agenda. The motion carried unanimously.

Motion by Vicki Minnaugh, second by Kevin Venema to approve Warrant #624 in the amount of \$308.24. The motion carried unanimously. Trustee Cabeza abstained from the vote due to a voting conflict.

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
SunTrust Visa (A. Cabeza)	\$308.24
<b>GRAND TOTAL</b>	<b>\$308.24</b>

Motion by Vicki Minnaugh, second by Kevin Venema to approve Warrant #625 in the amount of \$1,219.12. The motion carried unanimously. Trustee Johnson abstained from the vote due to a voting conflict.

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
Robert Johnson – FPPTA Conference Reimbursement	\$1,219.12
<b>GRAND TOTAL</b>	<b>\$1,219.12</b>

#### **NEW BUSINESS**

17. **FYE 9/30/14 Pension Fund Audit Results** – Deferred until a later part of the meeting.
18. **Staff Leave Accruals** – The trustees received a record of leave taken by Mr. Fisher and Ms. Maldonado during the quarter ending 1/31/15 of the current employment year. Motion by Vicki Minnaugh, second by Frank Musumeci, to approve the leave balances for Mr. Fisher and Ms. Maldonado. The motion carried unanimously.

#### **UNFINISHED BUSINESS**

**None.**

19. **Reports:**

**Plan Administrator** – Asst. Administrator Maldonado informed the Board that American Realty was not able to make the February quarterly meeting but planned on making a presentation in March. The Board asked that the March meeting start at 1:30 PM to accommodate a presentation from American Realty. If ISS confirms attendance, then the Board asked that the meeting start at 1:00 PM. Vice

Chairman Cabeza informed the Board that he is traveling in March and will not be available to attend the meeting. Trustee Venema also informed the Board that he would not be able to attend the March meeting due to a work obligation.

The annual affidavits were mailed to the members on February 11, 2015 and are due by Friday, March 6, 2015.

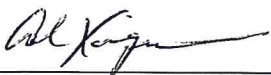
Ms. Maldonado gave an update on the Board's Pension. She is waiting to receive a date from City manager Charles Dodge. Ms. Maldonado spoke with Ray Edmondson of the FPPTA about hosting the workshop and he offered some alternative ways to approach the presentation if for some reason the Board is unable to get an audience with the Commissioners. Trustee Arenson spoke to Mayor Ortis and was told the workshop would be held after the most current reports are available in March.

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

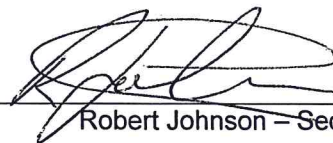
**Attorney** – Mr. Cypen discussed the Ordinance changes that have come about to meet some new IRS requirements. The Administrator will forward the Ordinance change to the City Attorney and City Manager to ensure the changes are adopted in time for the May 6, 2015 deadline. Mr. Cypen also discussed the fact that the IRS is still working through its treatment of the taxation of DROP plans, though this issue was thought to be settled last month.

**Actuary** – Larry Wilson talked about the upcoming valuation.

17. **FYE 9/30/14 Pension Fund Audit Results (Revisited)**: Clement Johns and Rosa Salum of Goldstein Schechter Koch presented the Audit results for FY 2014. They reassured the Board that the 2014 Financial Statements were found to be sound and with no issues. As of 9/30/14, the plan was valued at \$483,895,286. Trustee Arenson noted one page that contained Pension Fund letterhead did not have the correct trustees listed. Ms. Maldonado will forward the current letterhead to Ms. Salum. Motion by Vicki Minnaugh, second by Frank Musumeci, to accept the FYE 9/30/14 Pension Fund Audit Results as presented. The motion carried unanimously.
20. **Input from Retirees**: Retired F/F David Scott Whitworth asked the Board if he could speak to special tax counsel Robert Friedman. Mr. Friedman joined the meeting via teleconference. Mr. Whitworth presented the facts and circumstances of his rehire, with the hopes that his pension tax distribution code during the time of his reemployment would be changed from a "1" to a "2". This would render his pension exempt from additional 72(t) tax. Mr. Friedman felt that the information presented was not sufficient to warrant a distribution code change.
21. **Input from Active Members**: None.
22. **Input from Trustees**: None.
23. **Public Comment**: None.
24. **Adjournment** – Vice Chairman Cabeza announced that the next regular meeting would be held on **Thursday, March 19 at 1:00 PM**. There being no further business to come before the Board, motion by Carl Heim, second by Vicki Minnaugh, to adjourn the meeting at 4:48 p.m. The motion carried unanimously.



Al Xiques – Chairman



Robert Johnson – Secretary