

# 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 – MARCH 19, 2015

The four hundred thirty-seventh meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:05 p.m. by Chairman Al Xiques.

1.	<u><b>Roll Call –</b></u>	<u><b>Fire Members</b></u>	<u><b>Police Members</b></u>	<u><b>City Members</b></u>
		Robert Johnson Frank Musumeci	Carl Heim Al Xiques	Gary Arenson Jack McCluskey Vicki Minnaugh

Motion by Frank Musumeci, second by Gary Arenson, to excuse Vice Chairman Adam Cabeza and Trustee Kevin Venema from this meeting. The motion carried unanimously.

**Others Present:** Greg McNeillie, Dahab Associates; Richelle Hayes, Inverness Counsel; Barbara Keady and Brandon Zick, Ceres Partners; Lauren Lusthaus, ISS (via teleconference); Steve Cypen, Attorney for the Fund; Larry Wilson, GRS Actuary for the Fund; Rachel Maldonado, Assistant Plan Administrator.

- American Realty** – Richelle Hayes with American Realty Advisors provided a quarterly and yearly update to the board. She stated the fund made an original commitment in March 2006 of \$5 million. The board then added \$4 million to that commitment in September 2013 and is currently 100% invested in the American Core Realty Fund. The one-year return is 11.63%, the three-year 11.75% and the five-year is 12.30%. Richelle said that the Core fund return remained strong in 2014 – the fifth straight year of double digit returns. Richelle said the returns were right in line with what the fund is supposed to do based on the four core property types in which they invest – Office, Retail, Multi-Family and Industrial. Richelle reminded the board that American did not change their focus and style of investing due to any changes in the economy and has had a nice return over the long term by also using low leverage of 18.2%. The fund continues to pay a 1.5% quarterly dividend. She thanked the board for being part of the investment team and looks forward to continuing working with the board in the future.
- Dahab Associates** – Mr. McNeillie introduced Ceres Partners to the Board. Ceres Partners is an agricultural manager. The purpose of their presentation was to be educational showcasing the benefits of an agricultural product.

Barbara Keady and Brandon Zick represented Ceres Partners. Ceres Partners works with row crop like corn/wheat versus permanent crop like oranges/apples. They work with undervalued farms and lease them to tenant farmers. Ceres Partners considers agricultural investing as the “highest return for the lowest risk.” Comparing the asset class to realty, farmland has 0% vacancy rate because it is always in use. Next to timber, farmland yields annual returns, while a timber investment will only show returns at the time of the harvest. Trustee Minnaugh asked about the fee structure. Fees are “1 & 20” – 1% of managing assets and 20% of profit.

Mr. McNeillie addressed the Board at the end of the presentation. The trustees discussed general questions about the asset class in relation to the overall portfolio. Chairman Xiques inquired about additional firms. Mr. McNeillie felt Ceres had the best in returns compared to its competitors. The Board would like to see contract information from Ceres so the Board attorney can review it.

- ISS (Institutional Shareholders Services)** – Lauren Lusthaus of ISS joined the meeting via teleconference to discuss proxy voting services. ISS has been in business for 30 years and is the industry leader in corporate governance. ISS responded to the Board’s desire to learn about proxy voting.

After Ms. Lusthaus' presentation, the Board discussed whether they wanted to hire an independent firm for proxy voting. The Board asked to see contract information and guidelines from Marco Consulting, the firm that presented at the January 2015 meeting.

5. **Approval of Minutes for February 19, 2015** – Chairman Xiques presented minutes from the February 19, 2015 meeting for approval. Motion by Vicki Minnaugh, second by Frank Musumeci, to approve the minutes. The motion carried unanimously

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

- P/O Kevin Peddy, Joint & 100% Contingent, effective 2/1/15
- F/F Mario Martinez, Joint & 75% Contingent, effective 1/1/15

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

- F/F Andrew Teixeira, 10 Years Certain & Life, effective 11/1/14

Motion by Vicki Minnaugh, second by Gary Arenson, to add the DROP benefit for Mr. Teixeira. The motion carried unanimously. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the amended list of DROP benefits. The motion carried unanimously.

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

- P/O Chad Cunningham – Lump Sum \*\*\*
- P/O Gary Jomant – Lump Sum \*\*\*
- P/O Christian S. Hemingway – Lump Sum \*\*\*
- P/O James Gort – Lump Sum \*\*\*
- P/O Bryan Davis – Lump Sum \*\*\*
- P/O Lawrence Diaco – Lump Sum \*\*\*
- F/F James Sammarco – Lump Sum \*\*\*
- F/F David Donzella – Lump Sum \*\*\*
- F/F Johnny Mullin – Lump Sum \*\*\*
- F/F Michael Sica – Lump Sum \*\*\*

Asst. Administrator Maldonado asked the Board to add an additional DROP distribution to the agenda.

- P/O John Sammarco – Lump Sum \*\*\*

Motion by Gary Arenson, second by Vicki Minnaugh, to add the DROP distribution for Mr. Sammarco to the agenda. The motion carried unanimously. Motion by Gary Arenson, second by Vicki Minnaugh, to approve the amended list of DROP distributions. 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.

8. **Request for DROP Loan(s)** – The following DROP Loans were presented for Board consideration by Vice Chairman Cabeza:

- F/F Robert Griffin \*\*\*
- F/F David Saxon \*\*\*

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

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



9. **Request for Buyback** – The following buyback was presented to the Board for approval.

- P/O Milton Harris – Prior Police Service

Motion by Vicki Minnaugh, second by Jack McCluskey, to approve the buyback for Mr. Harris as presented. The motion carried unanimously.

10. **Ratify Special Warrant #626** – Warrant #626 was presented to the Board for ratification. Motion by Vicki Minnaugh, second by Jack McCluskey, to ratify special warrant #626. The motion carried unanimously.

**DROP Withdrawals:**

F/F Michael Scopa – Lump Sum DROP Withdrawal Less FIT	***
U.S. Treasury – FIT – W/H (Scopa)	***
<b>TOTAL</b>	<b>***</b>

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

11. **Approval of Vendor Warrant #627** –Chairman Xiques presented Vendor Warrant #627 for approval. Motion by Vicki Minnaugh, second by Rob Johnson, to approve Warrant #627 in the amount of \$61,540.55. The motion carried unanimously.

<b>Name (Pension Benefits, Services Rendered or Obligations)</b>	<b>Amount</b>
Cypen & Cypen – Monthly Retainer for March 2015	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Apr 2015)	\$407.72
Twilight Industries, LLC – (Maintenance – March 2015)	\$152.00
Accelerated Business Solutions – March Copier Lease	\$234.69
CRU Inv. #3152	\$138.00
Pitney Bowes – Machine Property Fee	\$23.32
Fiduciary Trust – Custody Fees for Atlanta Cap Q/E 1/31/15	\$5,472.41
Fiduciary Trust – Custody Fees for Inverness Q/E 1/31/15	\$10,872.05
Fiduciary Trust – Custody Fees for Lee Munder Midcap Q/E 12/31/14	\$2,767.55
Fiduciary Trust – Custody Fees for Herndon Cap Q/E 12/31/14	\$2,312.57
Fiduciary Trust – Custody Fees for Wells Cap Q/E 12/31/14	\$2,659.75
Fiduciary Trust – Custody Fees for R&D Q/E 12/31/14	\$1,408.20
Fiduciary Trust – Custody Fees for Inverness Q/E 12/31/14	\$8,660.10
Fiduciary Trust – Custody Fees for Lee Munder Q/E 12/31/14	\$2,768.20
Holland & Knight – Inv. #3156298	\$1,080.75
Richard Ziff – February 2015 Loans	\$700.00
GRS – January 2015	\$13,770.00
Ultimate Security – 3 months of monitoring	\$75.00
ABS – Machine Property Fee	\$167.08
SunTrust (James Fisher)	\$1,502.26
SunTrust (Rachel Maldonado)	\$1,235.94
SunTrust (Kevin Venema)	\$687.91
Rachel Maldonado – Mileage Reimbursement 9/2014 through 3/2015	\$90.29
FP & L	\$108.76
Pro-Shred February Service	\$55.00
Plastridge – Fidelity Bond Renewal 3/23/15	\$701.00
Rachel Maldonado – FPPTA Feb. Conference Reimbursement	\$240.00
<b>GRAND TOTAL</b>	<b>\$61,540.55</b>

12. **Approval of Member Warrant #628** –Chairman Xiques presented Member Warrant #628 for approval. Motion by Vicki Minnaugh, second by Gary Arenson, to approve Warrant #628 in the amount of \$296,733.51. The motion carried unanimously.

**Plan Benefits:**

P/O Bryan Davis - Normal Retirement Benefit Commencing 4/1/2015	***
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P/O Lawrence Diaco – Normal Retirement Benefit Commencing 4/1/2015	***
F/F James Sammarco – Normal Retirement Benefit Commencing 4/1/2015	***
<b>DROP Withdrawals:</b>	
P/O Bryan Davis – Lump Sum DROP Withdrawal less FIT	***
P/O Lawrence Diaco – Lump Sum DROP Withdrawal less FIT	***
F/F James Sammarco – Lump Sum DROP Withdrawal less FIT	***
P/O Chad Cunningham – Lump Sum DROP Withdrawal less FIT	***
P/O Gary Jomant – Lump Sum DROP Withdrawal less FIT	***
P/O Christian Hemingway – Lump Sum DROP Withdrawal less FIT	***
P/O James Gort – Lump Sum DROP Withdrawal less FIT	***
F/F David Donzella – Lump Sum DROP Withdrawal less FIT	***
F/F Johnny Mullin – Lump Sum DROP Withdrawal less FIT	***
F/F Michael Sica – Lump Sum DROP Withdrawal less FIT	***
P/O John Sammarco – Lump Sum DROP Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Davis, Diaco, Sammarco, Cunningham, Jomant, Hemingway, Gort, Donzella, Mullin, Sica, Sammarco)	***
<b>DROP Loans:</b>	
F/F Robert Griffin - DROP Loan Less Documentary Stamp	***
F/F David Saxon – DROP Loan Less Documentary Stamp	***
<b>Documentary Stamp for DROP Loans:</b>	
Florida Department of Revenue – Documentary Stamp (Griffin)	***
Florida Department of Revenue – Documentary Stamp (Saxon)	***
<b>TOTAL</b>	<b>\$296,733.51</b>

#### NEW BUSINESS

13. **F/F COLA effective 4/1/2015** –Chairman Xiques presented the list of COLAs for eligible retired firefighters and beneficiaries effective with the 4/1/2015 benefit payments. Motion by Vicki Minnaugh, second by Jack McCluskey to approve Firefighters COLAs effective 4/1/15. The motion carried unanimously. Trustee Musumeci abstained from the vote due to a voting conflict.
14. **10/1/2014 Actuarial Valuation Results** – Larry Wilson, actuary for the Fund, submitted his annual actuarial valuation. These were the highlights of the report and the discussion.
- Valuation as of October 1, 2014 completed:
  - Determines minimum required City / State contribution for fiscal year ending 9/30/2016
  - Provides required accounting information
  - Provides State required actuarial information
  - Contribution requirements:
    - Member: \$ 2,948,298
    - State: \$ 2,629,081
    - City: \$23,593,757
    - Total: \$29,171,136
  - Last year City contribution - \$23,731,343.
  - Actuarial gain of \$5,068,959:
  - Actuarial smoothed investment return (8.3%) gain of \$1,794,366
  - Actuarial gain from liabilities of \$3,274,593
  - Market value return of 10.1%.
  - Deferred investment gains of \$6,058,158 – last year deferred investment losses of \$1,402,874.

Motion by Gary Arenson, second by Vicki Minnaugh, to accept the 2014 Actuarial Valuation as presented by Mr. Wilson of Gabriel Roeder Smith. The motion carried unanimously.

15. **Actuarial Study on Mortality Tables** – City HR Director Dan Rotstein forwarded a request to the Board



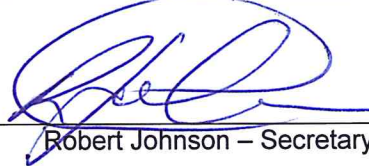
via email. Mr. Rotstein asked if actuary Larry Wilson could provide an actuarial impact report related to potentially implementing new mortality tables. The Board did not agree the study was necessary. Motion by Gary Arenson, second by Vicki Minnaugh, to authorize the City to use Larry Wilson for the requested study, with all associated costs paid for by the City. The motion carried unanimously.

#### UNFINISHED BUSINESS

16. **Status of "Are You Alive?" Affidavits** – Asst. Administrator Maldonado provided a list of close to 30 pension participants who had not turned in their annual affidavits. The Board asked her to send a second certified letter to these members. The Board will decide on April 16 if any benefits should be stopped for the May 1<sup>st</sup> payment.
17. **Reports:**
- Plan Administrator** – Asst. Administrator Maldonado informed the Board that there would be an informal disability hearing scheduled for the April meeting.
- Ms. Maldonado reminded the Board that the trustees should be prepared to discuss the annual evaluations of the office staff at the April meeting, as well.
- Chairman** – No report at this time.
- Attorney** – Nothing additional at this time.
- Actuary** – Nothing additional at this time.
18. **Input from Retirees:** P/O John Sammarco submitted a question to the Board regarding 72(t) tax. Since he was not able to attend the meeting, the Board deferred the conversation until Mr. Sammarco could be present to discuss.
19. **Input from Active Members:** None.
20. **Input from Trustees:** None.
21. **Public Comment:** None.
22. **Adjournment** – Chairman Xiques announced that the next regular meeting would be held on **Thursday, April 16 at 2:00 PM**. There being no further business to come before the Board, motion by Carl Heim, second by Vicki Minnaugh, to adjourn the meeting at 4:34 p.m. The motion carried unanimously.



Al Xiques – Chairman



Robert Johnson – Secretary