

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 – NOVEMBER 19, 2015

The four hundred forty fifth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:00 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	Tim Anderson	Gary Arenson
	Robert Johnson (1:05 PM)	Adam Feiner	Jack McCluskey
	Frank Musumeci (1:33 PM)	Kevin Venema	Vicki Minnaugh

Trustee Gary Arenson joined the meeting via teleconference.

Others Present: Greg McNeillie, Dahab Associates; James Bates, Regions Am South; Barbara Keady, Ceres Partners; Jaime Houston, Molpus; Brian Newman & Kathy Malitz, Blackrock; Steve Cypen, Attorney for the Fund; and James Fisher, Plan Administrator.

Also in attendance:

Henry Renard, Inverness Counsel	Robert Maddock, Inverness Counsel
Adrian Sancho, Inverness Counsel	John Rochford, Inverness Counsel

2. **Dahab Associates** – Greg McNeillie of Dahab Associates discussed the overall performance of the portfolio. The market value of the Plan is \$489,427,509 at the end of September 2015.

Global events presented challenges while domestic equities did not fare well. Consumer confidence is strong despite poor growth in the job sector. Emerging markets also struggled. Despite the lackluster performance, Pembroke Pines ranked in the 26th percentile of the Public Fund universe.

Gross & Net Rate Returns for Q/E 9/30/15 – Chairman Cabeza presented the gross -4.52% and net -4.67% rates of return for Q/E 9/30/15, 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 9/30/15. The motion carried unanimously.

	Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Months
Atlanta Capital	(7.3)%	(11.9)%	---	---	10.6%
Herndon	(9.0)%	(8.4)%	---	---	(10.2)%
Inverness	(8.4)%	(6.4)%	1.7%	1.1%	(0.1)%*
Lee Munder Midcap	(8.9)%	(8.0)%	---	---	3.0%
Lee Munder LargeCap	(6.1)%	(5.3)%	---	---	2.2%
SSgA Midcap	(8.5)%	(8.5)%	---	---	1.4%
SSgA Int'l Equity	(10.8)%	(12.2)%	---	---	(8.4)%
SSgA LargeCap Value	(8.3)%	(8.4)%	---	---	(4.3)%
Wells Capital	(6.0)%	(5.3)%	---	---	2.5%

*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	3.3%	3.7%	14.0%
Black Rock	4.3%	3.7%	14.5%
Intercontinental	3.7%	3.7%	13.4%
TA Assoc Realty	3.0%	3.7%	16.5%
AmSouth	0.5%	0.8%	13.7%

3. **Regions AmSouth** – James Bates of Regions AmSouth addressed the Board on quarterly performance. The following summary was submitted by Mr. Bates.

As of 9/30/15, the AmSouth Timber Company TE, LLC owns 32,217 acres of timberland located across five southern states. The City Pension Fund for Firefighters and Policemen in the City of Pembroke Pines has a 9.01% ownership of AmSouth Timber Company TE, LLC. Since inception, your Timber Fund has produced an internal rate of return equal to 5.0%, net of all fees and expenses. Your Timber Fund has also produced a total cash yield of 32.6% which equates to \$1,631,055 which has come back to the Pension fund in the form of cash distributions. The current estimate of market value is \$5,207,542 which is 4% more than the original amount of capital contributed (\$5MM) by the Pension Fund in 2007. This 3.5% average annual cash yield and current FMV demonstrates two of the potential benefits associated with timber as an asset class (cash yield and capital preservation).

4. **Molpus** – Jaime Houston joined the meeting via teleconference and discussed quarterly performance. Mr. Houston submitted the following summary.

Jaime Houston, Deputy Chief Operating Officer – Business Development for The Molpus Woodlands Group (Molpus), presented on behalf of Molpus Woodlands Fund IV (MWFIV).

Mr. Houston provided a brief overview of Molpus, including information about company size, track record, and presence as a well-established TIMO 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. Houston presented details regarding MWFIV's first acquisition of 191,793 acres in Louisiana that closed in October of 2015; providing information about the future management of the property, as well as market opportunities.

Mr. Houston then explained how market drivers such as domestic demand, exports, and supply constraints play a key role in the timber market in the U.S. He concluded his presentation with a discussion of how Molpus considers sustainability to be a priority in its business model, ensuring long-term health of the timberland investment.

5. **Ceres Partners** – Barbara Keady, Director of New Business Development at Ceres Partners, discussed quarterly performance. Ms. Keady submitted the following summary.

I am Barbara Keady Director of New Business Development at Ceres Partners. I am here today to discuss year to date performance. Pembroke Pension invested \$15,000,000 into Ceres Farms on July 1, 2015. As a reminder, Ceres Farms is an open ended comingled fund that invests in and manages US Row Crop Farmland. We currently own over 70,000 acres across 9 states with assets under management of just under \$500M.

Pembroke's capital account as of September 30th 2015 stood at \$15,088,214.27 reflecting a + .59% return net of fees for the quarter. Ceres outperformed the S&P 500 by 7.03% for the quarter. Despite lower commodity prices overall and a flattening of land appreciation, Ceres delivered positive returns. It is important to remember why you are invested in this asset class: Income Generation (we continue to deliver approx. 5% cash on cash returns annually); Low Volatility- equity like returns with Treasury like volatility and Diversification- low to negative correlations are a hedge against broader market draw downs.

Outlook ahead: Commodity prices are at 2 year lows approx. \$4 for corn and land values are flat to down slightly in our buying area. We anticipate the strong dollar will continue to put pressure on corn prices as the Brazilian Real has collapsed. We do see signs that that currency trade may have hit its bottom as the Real has stabilized since September.

Weather conditions are always the big question mark. We see signs of a less than stellar harvest out

of Brazil which will alter the supply picture and help boost corn prices. Ceres, as a cash buyer is taking advantage of softening land market and has picked up some very attractive farms. The purchases we are making now will be the drivers of return in the future.

We are excited about the Pembroke Pines Investment and will continue to work hard on your behalf.

6. **Blackrock** –Brian Newman and Kathy Malitz discussed quarterly performance. They submitted the following summary.

Granite is a core open-end real estate equity fund that focuses on high quality assets in targeted primary urban markets. With an emphasis on quality and stability of income as a major driver of total return, we invest in four property subtypes that stay true to the core strategy: urban apartments, CBD offices, trade-based warehouses, and necessity retail. To achieve our return goals, Granite's portfolio management team implements a unique research-driven investment process that leverages not only top-down market perspectives, but also bottom-up local insights. Our use of on-the-grounds expertise supports superior asset selection and maximizes risk-adjusted return potential.

In addition to a robust investment process, the Granite team is also deeply committed to risk management at both the property and portfolio levels. We actively monitor concentration risk, leverage, joint venture partner risk, tenant/credit exposure, lease rollover risk, liquidity, and broader macroeconomic risks. This commitment to risk management has allowed us to generate the stable returns presented in the table below. In terms of positioning and outlook, Granite is currently overweight high-rise multifamily apartments in supply constrained markets (New York, Boston, San Francisco, San Diego) and slightly underweight offices, especially in suburban areas. We prefer primary and coastal markets with strong urban population growth to central inland states.

%	Quarter	1 Year	3 Year	5 Year	Inception
Total Return (Gross)	4.29%	14.49%	12.37%	13.49%	7.64%
Total Return (Net)	4.10%	13.63%	11.49%	12.67%	6.63%
NFI-ODCE (Gross)	3.68%	14.93%	13.45%	14.02%	7.89%

7. **Wells Capital** – Due to a scheduling conflict, Wells Capital could not attend but will present at the December 2015 meeting.

The Board recessed at 2:27 p.m. and reconvened at 2:56 p.m.

8. **Approval of Minutes for October 15, 2015** – Chairman Cabeza presented minutes from the October 15, 2015 meeting for approval. F/F Zinkil attended the meeting and his name was misspelled. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve the amended minutes. The motion carried unanimously

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

▪ P/O Kipp Shimpeno	Joint & 75% Contingent commencing 10/1/15
▪ F/F James Moving	10 Years Certain & Life commencing 9/1/15
▪ F/F Jason Swensson	Joint and 100% Contingent commencing 10/1/15
▪ F/F Wayne Noble	Normal Form commencing 10/1/15
▪ F/F Kevin Martin	Joint & 75% Contingent commencing 10/1/15
▪ F/F Paul Arcuri	Joint & 100% Contingent commencing 10/1/15
▪ F/F Richard Brady	10 Years Certain & Life commencing 10/1/15
▪ F/F Shawn Darnell	Normal Form commencing 10/1/15
▪ F/F Benjamin Moreno	Normal Form commencing 10/1/15

Motion by Frank Musumeci, second by Kevin Venema to approve the DROP benefits as presented. The motion carried unanimously.

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

- P/O John Gazzano ***
- P/O John Sammarco ***
- F/F Stu Pester ***

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

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

- P/O Kevin McCluskey – Lump Sum ***
- F/F Michael Sica – Lump Sum ***
- F/F David Saxon – Lump Sum ***
- F/F Robert Welter – Lump Sum ***

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

- F/F David Moss – Lump Sum ***

Motion by Kevin Venema, second by Vicki Minnaugh, to add the DROP distribution for F/F Moss to the agenda. The motion carried unanimously. Motion by Kevin Venema, second by Vicki Minnaugh, to approve the amended list of DROP distributions. The motion carried unanimously. Trustee McCluskey abstained from the vote due to a voting conflict.

*** 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.

12. Ratification of Special Warrant #652 – Chairman Cabeza presented Special Warrant #652 for approval. Motion by Vicki Minnaugh, second by Gary Arenson, to approve Warrant #652. The motion carried unanimously. Trustee McCluskey abstained from the vote due to a voting conflict.

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

13. Approval of Vendor Warrant #653 – Chairman Cabeza presented Vendor Warrant #653 for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #653 in the amount of \$288,796.79. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
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
Dahab – Consulting Fees for Q/E 9/30/15	\$28,440.54
SunTrust (J. Fisher)	\$1,103.13
SunTrust (R. Maldonado)	\$1,045.90
Holland & Knight, Invoice #3229321	\$175.00
Holland & Knight, Invoice #3254692	\$200.00
ABS – November 2015 Lease	\$245.44
Fiduciary – Custody Fee for Inverness, Q/E 9/30/15	\$7,450.18
Fiduciary – Custody Fee for R&D, Q/E 9/30/15	\$1,250.00
Fiduciary – Custody Fee for Wells Cap, Q/E 9/30/15	\$2,576.97
Fiduciary – Custody Fee for Herndon, Q/E 9/30/15	\$2,108.71
Fiduciary – Custody Fee for LMCG Midcap Q/E 9/30/15	\$2,401.17

Fiduciary – Custody Fee for LMCG, QE 9/30/15	\$2,683.20
Wells Capital – Mgmt Fees, Q/E 9/30/15	\$42,541.62
Broward County – Ad Valorem Assessments 2015	\$593.32
SSGA – Mgmt Fees for Value Index, Q/E 9/30/15	\$4,665.03
SSGA – Mgmt Fees for International Allocationa, Q/E 9/30/15	\$68,645.76
SSGA – Mgmt Fees for Midcap, Q/E 9/30/15	\$4,233.05
GRS – September 2015	\$19,964.00
Atlanta Capital – Mgmt Fee for Q/E 9/30/15	\$93,910.00
CRU Inv #3397	\$189.00
CRU Inv 3452	\$148.95
ABS – October Lease	\$234.69
FP&L 9/28-10/27/15	\$181.41
GRAND TOTAL	\$288,796.79

14. **Approval of Member Warrant #654** – Chairman Cabeza presented Member Warrant #654 for approval. Motion by Vicki Minnaugh, second by Kevin Venema, to approve Warrant #654 in the amount of **\$241,944.33**. The motion carried unanimously.

Plan Benefits:	
F/F David Moss – Normal Retirement Benefit Commencing 12/1/2015	***
DROP Withdrawals:	
F/F David Moss – Lump Sum DROP Withdrawal less FIT	***
F/F Michael Sica – Lump Sum DROP Withdrawal less FIT	***
F/F David Saxon – Lump Sum DROP Withdrawal less FIT	***
F/F Robert Welter – Lump Sum DROP Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Moss, Sica, Saxon, Welter)	***
DROP Loans:	
P/O John Gazzano – DROP Loan Less Documentary Stamp	***
P/O John Sammarco – DROP Loan Less Documentary Stamp	***
F/F Stu Pester - DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Gazzano)	***
Florida Department of Revenue – Documentary Stamp (Sammarco)	***
Florida Department of Revenue – Documentary Stamp (Pester)	***
TOTAL	\$241,944.33

*** 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 Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #655 in the amount of \$1,575.78. The motion carried unanimously. Trustee Arenson abstained from the vote due to a voting conflict.

WARRANT #655	Amount
Name (Pension Benefits, Services Rendered or Obligations)	
Gary Arenson – NCPERS Conference Reimbursement (10/15)	\$1,575.78
TOTAL	\$1,575.78

Motion by Vicki Minnaugh, second by Tim Anderson, to approve Warrant #656 in the amount of \$847.97. The motion carried unanimously. Trustee Venema abstained from the vote due to a voting conflict.

WARRANT #656	Amount
Name (Pension Benefits, Services Rendered or Obligations)	
Kevin Venema – SunTrust Visa	\$847.97
TOTAL	\$847.97

Motion by Vicki Minnaugh, second by Kevin Venema, to approve Warrant #657 in the amount of \$1,761.32. The motion carried unanimously. Trustee Cabeza abstained from the vote due to a voting conflict.

WARRANT #657**Name (Pension Benefits, Services Rendered or Obligations)****Amount**

Adam Cabeza – NCPERS Conference Reimbursement (October 2015)	\$240.00
SunTrust Visa (A. Cabeza)	\$1,521.32
TOTAL	\$1,761.32

NEW BUSINESS

15. **Office Staff Leave Report** – A report was submitted detailing leave usage of the Plan Administrator and Asst. Plan Administrator through the quarter ending 10/31/15 of their employment year. Motion by Kevin Venema, second by Frank Musumeci, to approve the leave report as presented. The motion carried unanimously.

UNFINISHED BUSINESS

None.

16. **Reports:**

Actuary – No report at this time.

Attorney – No report at this time.

Chairman – Chairman Cabeza shared with the Board an idea from one of the trustees. Mr. Venema suggested the Board look into tablets or laptops for the trustees to consolidate the amount of paper and files needed for meetings, performance presentations and disability hearings. The Board will convene a special committee with its IT professionals to review available options. The committee will consist of Trustees Cabeza, Venema, and Arenson.

Chairman Cabeza discussed the successful NCPERS conference and encouraged the Board to attend these conferences in addition to the FPPTA sessions.

Plan Administrator – No report at this time.

17. **Input from Retirees:** None.

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

19. **Input from Trustees:** Trustee Arenson expressed interest in working with additional firms for securities litigation.

20. **Public Comment:** None.

21. **Adjournment** – Chairman Cabeza announced that the next regular meeting would be held on **Wednesday, December 16th at 11:00 AM**. The meeting will be followed by the Board's holiday luncheon. There being no further business to come before the Board, motion by Vicki Minnaugh, second by Jack McCluskey, to adjourn the meeting at 3:20 p.m. The motion carried unanimously.

Adam Cabeza – Chairman

Robert Johnson – Secretary