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 – MAY 24, 2016

The four hundred fifty-second meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 2:09 PM by Chairman Adam Cabeza.

1. **Roll Call** –

Fire Members	Police Members	City Members
Adam Cabeza	Timothy Anderson	Gary Arenson
Robert Johnson	Adam Feiner	Jack McCluskey
	Kevin Venema	Vicki Minnaugh

Others Present: David Lee, Dahab Associates; Allison Corbally and Robert Spencer, SSGA; Mary Byrom and Chip Reed, Atlanta Capital; Marc Reid and Randall Cain, Herndon Capital; James Fisher, Plan Administrator and Rachel Maldonado, Asst. Plan Administrator.

Motion by Gary Arenson, second by Jack McCluskey, to excuse the absence of Trustee Kearney. The motion carried unanimously.

Also in attendance:

Adrian Sancho, Inverness Counsel	Robert Maddock, Inverness Counsel

2. **Dahab Associates** – David Lee of Dahab Associates discussed the overall performance of the portfolio. On March 31, 2016, The Fund was valued at $512,022,434, representing an increase of $1,184,705 from December 2015's quarter ending value.

Gross & Net Rate Returns for Q/E 3/31/16 – Chairman Cabeza presented the gross 0.99% and net 0.84% rates of return for Q/E 3/31/16, as submitted by Dahab Consulting. Motion Vicki Minnaugh, second by Gary Arenson to approve the gross and net rates of returns for the quarter ending 3/31/16. The motion carried unanimously.

	Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Months
Atlanta Capital	4.0%	(1.5)%	---	---	2.2%
Herndon	(1.3)%	1.6%	---	---	(8.4)%
Inverness	(0.9)%	1.3%	3.5%	3.0%	(0.6)%*
Lee Munder Midcap	0.1%	2.2%	---	---	(5.3)%
Lee Munder LargeCap	(1.7)%	0.7%	---	---	(1.5)%
SSgA Midcap	3.8%	3.8%	---	---	(3.6)%
SSgA Int'l Equity	(2.1)%	(0.4)%	---	---	(7.9)%
SSgA LargeCap Value	1.7%	1.6%	---	---	(1.4)%
Wells Capital	(4.2)%	0.7%	---	---	(4.5)%

*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	2.6%	2.2%	13.4%
Black Rock	2.5%	2.2%	14.7%
Intercontinental	1.1%	2.2%	14.7%
TA Assoc Realty	1.7%	2.2%	14.6%

Ceres	1.1%	1.4%	---
AmSouth	0.6%	(0.3)%	6.8%
Molpus Fund IV	0.0%	(0.3)%	---

3. **Atlanta Capital** – Mary Byrom and Chip Reed presented the quarterly performance for Atlanta Capital. The following summary was submitted.

   Atlanta Capital invests only in high quality businesses. We define high quality as companies with a demonstrated history of consistent growth and stability in earnings. We invest in companies that are in sound financial condition and whose equities are priced below our estimate of fair value.

   The Market Value of your SC portfolio at qtr. end was $58,237,293. In percentage terms, that's a 14.2% annualized return since the inception of the portfolio in February 2003. You had a good qtr. relative to the Russell 2000 +4.0 vs -1.5%, mostly due to strong stock selection. Overall, the portfolio has protected you well in a challenging market +2.2 vs -9.8%.

   There was one new position added to the portfolio this qtr. Kirby Corp., a tank barge operator on the Mississippi. Kirby is a solid company, but they lost about 80% of MV with the drop in oil, so good opportunity to add to the portfolio. During the quarter, we had three sales: Corporate Executive Board (CEB), Forest City Realty Trust (sold after restructured as REIT), and Hub Group (management changes).

4. **SSGA** – Allison Corbally and Robert Spencer discussed their quarter performance with the Board. They submitted the following summary.

   SSGA manages three equity strategies for the City of Pembroke Pines Fire and Police – two domestic equity index funds and one active international equity fund. Client's often select a passive or index strategy as their objectives are to have exposure to a specific market, achieve the returns of the respective benchmark with little tracking error and implement a low cost. SSGA has achieved these attributes for the Plan as a result of our broad and extensive resources and experience. The results of the International Equity strategy were challenged during the first quarter of 2016 as the market experienced volatility during last portion of quarter allowing some of the more risky issues, which the portfolio does not own, to outperform as well as underweight to emerging markets dampened returns. Continue to underweight to emerging markets and overweight developed markets based on valuations and risk measures.

5. **Herndon** – Marc Reid and Randall Cain presented to the Board for Herndon Capital. They submitted the summary below.

   Marc Reid discussed the performance based fee proposal and provided a chart that showed what the dollar amount paid is with the current fee structure compared to what it would be under the proposed performance based fee structure.

   Randy Cain, portfolio manager discussed performance for the first quarter of this year. He explained that the quarter was driven by two different perspectives. The first period being "The End of the World" and the second period termed, "The Era of Possibility". During the first period, the markets were driven by the fear that the Federal Reserve will raise rates too high too fast, China will have negative growth, Oil prices will drop to single digits and that the stock market will drop significantly. This period of negativity lasted from January through February 8th and the portfolio underperformed. Our portfolio is not positioned for the doomsday scenario. After the first week of February to the end of the quarter we outperformed. During this second period, "The Era of Possibility", the marketplace realized that the Federal Reserve considers global implications of rising rates, that China growth has tempered but the deceleration has slowed, the demand for oil continues to grow on a positive trajectory and the stock market recognizes that, once again, the world has not come to an end.

6. **Approval of Minutes for April 21, 2016** – Chairman Cabeza presented the minutes from the previous meeting held on April 21, 2016. <u>Motion by Vicki Minnaugh, second by Jack McCluskey, to approve the minutes as presented. The motion carried unanimously.</u>

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

- F/F Sandra Lluis 10 Years Certain commencing 3/1/16
- F/F Joseph Cjeka Joint & 100% Contingent commencing 3/1/16

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

- F/F Eduardo Sanchez Joint & 100% Contingent commencing 3/1/16

Motion by Kevin Venema, second by Rob Johnson, to add Mr. Sanchez's benefit for approval. The motion carried unanimously. Motion by Kevin Venema, second by Vicki Minnaugh to approve the amended list of DROP benefits. The motion carried unanimously.

8. **Approval of DROP Distributions** – The following DROP distributions were presented for approval.

- P/O Humberto Chirino – Lump Sum ***
- P/O James Fisher – Lump Sum ***
- P/O Craig Rupp – Lump Sum ***
- P/O *Beneficiary* Karen Hones – Lump Sum ***
- P/O Michael Scopa – Lump Sum ***
- P/O James Dilenge – Lump Sum ***
- P/O Joseph Covino – Lump Sum ***
- P/O Kim Diaz – Lump Sum ***
- P/O Chad Cunningham – Monthly ***
- P/O Joseph Yetto – Lump Sum ***
- F/F Frank Musumeci – Lump Sum ***
- F/F Glen Gibbons – Lump Sum ***
- F/F Lawrence Williamson – Monthly ***
- F/F James Sammarco – Lump Sum ***
- F/F Louis Nettina – Lump Sum ***

Motion by Vicki Minnaugh, second by Gary Arenson, 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.

9. **Request for DROP Loan(s)** – The following DROP loans were presented for approval.

- P/O William Jacob
- P/O Michael Pazienza

Motion by Tim Anderson, second by Kevin Venema, to approve the DROP loans as presented. The motion carried unanimously.

10. **Ratification of Special Warrants #679, #680** – There were two special warrants presented to the Board for ratification. Motion by Vicki Minnaugh, second by Jack McCluskey, to ratify warrant #679. The motion carried unanimously.

WARRANT #679

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

Motion by Vicki Minnaugh, second by Rob Johnson, to ratify warrant #680. The motion carried unanimously.

WARRANT #680

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	***

11. **Approval of Vendor Warrant #681** – Chairman Cabeza presented Vendor Warrant #681 for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #681 in the amount of **$277,447.40.** The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Cypen & Cypen – Monthly Retainer for May 2016	$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – June 2016)	$407.72
Twilight Industries, LLC – (Maintenance – May 2016)	$152.00
Dahab – Consulting Fees for Q/E 3/31/16	$29,208.09
SSGA – Midcap Index Fees for Q/E 3/31/16	$4,079.70
SSGA – International Mgmt Fees for Q/E 3/31/16	$63,400.00
SSGA – Value Index Fees for Q/E 3/31/16	$4,593.13
Fiduciary – Custodial Fees for LMCG Midcap Q/E 3/31/16	$2,460.91
Fiduciary – Custodial Fees for LMCG Q/E 3/31/16	$2,800.69
Fiduciary – Custodial Fees for Herndon Q/E 3/31/16	$2,093.50
Fiduciary – Custodial Fees for Wells Cap Q/E 3/31/16	$2,610.90
Fiduciary – Custodial Fees for R&D Acct. Q/E 3/31/16	$1,250.00
Fiduciary – Custodial Fees for Inverness Q/E 3/31/16	$7,895.85
Atlanta Capital – Mgmt Fees for Q/E 3/31/16	$101,915.00
Wells Capital – Mgmt Fees for Q/E 3/31/16	$43,094.85
CRU – Inv #3901	$436.00
Richard Ziff – May 2016 Loans	$350.00
SunTrust (J. Fisher)	$1,493.50
SunTrust (R. Maldonado)	$4,615.56
Richard Ziff – March 2016 Loans	$525.00
Richard Ziff – April 2016 Loans	$525.00
ABS- Lease April 15 through May 14, 2016	$290.00
TOTAL	**$277,447.40**

8. **Approval of Member Warrant #682** – Chairman Cabeza presented Member Warrant #682 for approval. Motion by Kevin Venema, second by Vicki Minnaugh, to approve Warrant #682 in the amount of **$492,131.32.** The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Plan Benefits:	
P/O Craig Rupp - Normal Retirement Benefit Commencing 6/1/2016	***
F/F Frank Musumeci – Normal Retirement Benefit Commencing 6/1/2016	***
F/F Glen Gibbons – Normal Retirement Benefit Commencing 6/1/2016	***
DROP Distributions:	
P/O Craig Rupp – Lump Withdrawal less FIT	***
P/O *Beneficiary* Karen Hones – Lump Sum Withdrawal Rollover	***
P/O Michael Scopa – Lump Sum Withdrawal less FIT	***
P/O James Dilenge – Lump Sum Withdrawal less FIT	***
P/O Joseph Covino – Lump Sum Withdrawal less FIT	***
P/O Kim Diaz – Lump Sum Withdrawal less FIT	***
P/O Joseph Yetto – Lump Sum Withdrawal less FIT	***
P/O Chad Cunningham – Monthly Withdrawal commencing 6/1/2016	***
F/F Frank Musumeci – Lump Sum Withdrawal less FIT	***
F/F Glen Gibbons – Lump Sum Withdrawal less FIT	***
F/F James Sammarco – Lump Sum Withdrawal less FIT	***
F/F Louis Nettina – Lump Sum Withdrawal less FIT	***
F/F Lawrence Williamson – Monthly Withdrawal commencing 6/1/2016	***
U.S. Treasury – FIT – W/H (Rupp, Scopa, Dilenge, Covino, Diaz, Yetto, Musumeci,	***

Gibbons, Sammarcto, Nettina)	
DROP Loans:	
P/O William Jacob - DROP Loan Less Documentary Stamp	***
P/O Michael Pazienza – DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Jacob)	***
Florida Department of Revenue – Documentary Stamp (Pazienza)	***
TOTAL	**$492,131.32**

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

NEW BUSINESS

None

UNFINISHED BUSINESS

The Board previously voted to accept a fee deduction from Herndon but the Board wanted the performance clause to be removed. However, that was not something that Herndon could legally comply with. Motion by Gary Arenson, second by Rob Johnson, to accept the fee reduction as originally proposed by Herndon Capital. The motion passed unanimously.

Chairman Cabeza also reminded the Board that the August meeting date was moved to Thursday, August 11 at 1:00 PM to accommodate a scheduling request.

14. Reports:

Actuary – No report.

Attorney – No report.

Chairman – No report.

Plan Administrator – Administrator Fisher directed the Board's attention to a letter sent from Holland & Knight regarding an increase in hourly fees. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the new fee of $325 per hour for Holland & Knight services. The motion carried unanimously.

15. Input from Retirees: None.

16. Input from Active Members: None.

17. Input from Trustees: Chairman Cabeza noted that he would not be able to attend the July 2016 meeting.

18. Public Comment: None.

19. Adjournment – Chairman Cabeza announced that the next regular meeting would be held on **Thursday, June 16, 2016 at 2:00 PM.** There being no further business, the meeting was adjourned at 3:13 PM.

Adam Cabeza – Chairman

Robert Johnson – Secretary