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 20, 2014

The four hundred thirty-third 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 Chairman Al Xiques.

1. **Roll Call** –

Fire Members	Police Members	City Members
Adam Cabeza	Carl Heim	Gary Arenson
Robert Johnson	Kevin Venema	Jack McCluskey
Frank Musumeci	Al Xiques	Vicki Minnaugh

Others Present: Greg McNeillie, Dahab Associates; Henry Renard, Robert Maddock, and John Rochford, Inverness Counsel; Tom Capobianco and James Gribbell, Lee Munder; Allison Corbally, SSGA; Steve Cypen, Attorney for the Fund; Larry Wilson, GRS Actuary for the Fund; James Fisher, Plan Administrator and Rachel Maldonado, Assistant Plan Administrator.

2. **Dahab Associates** – Mr. McNeillie discussed the overall performance of the portfolio. The performance for the quarter was -0.66% net and -0.79% gross of fees. The Fund closed the fiscal year at 10.7%.

	Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Months
Atlanta Capital	-5.4%	-7.4%	---	---	4.4%
Herndon	-0.1%	-0.2%	---	---	17.4%
Inverness	1.3%	1.1%	0.0	0.1	19.3%
Lee Munder Midcap	-2.0%	-1.7%	---	---	13.5%
Lee Munder LargeCap	2.3%	1.5%	---	---	18.0%
SSgA Midcap	-4.0%	-4.0%	---	---	11.8%
SSgA Int'l Equity	-4.9%	-5.3%	---	---	6.2%
SSgA LargeCap Value	-0.2%	-0.2%	---	---	18.9%
Wells Capital	0.9%	1.5%	---	---	13.8%

	R.E.	R.E. Bench-mark	Trailing 12 Months
Am. Realty Advisors	3.4%	3.2%	12.5%
Black Rock	3.3%	3.2%	12.0%
TA Assoc Realty	3.0%	3.2%	11.9%
AmSouth	0.4%	1.5%	7.8%

Mr. McNeillie addressed the Board concerning an investment policy change with Atlanta Capital to increase Atlanta Capital's upper limit in regards to market capitalization. Motion by Gary Arenson, second by Frank Musumeci to approve and implement the policy change with Atlanta Capital as of January 1, 2015. The motion carried unanimously. Mr. McNeillie also mentioned TA Associates had entered into a strategic partnership with another company that would allow TA Associates access to additional assets. He said this change would not impact Pembroke Pines investments or its portfolio.

3. **State Street** – Allison Corbally gave review of both equity index funds and AIA Fund managed for the City of Pembroke Pines Police & Fire Pension Plan. The investment goal of index funds, which SSgA has achieved, are to gain market exposure to benchmark of choice, low tracking error and lower investment management fees. AIA continues to outpace benchmark net and gross of fees for most time periods with the exception of since inception 2004.

Global markets pulled back 3rd quarter of the calendar year after resilient first half of 2014. Based in part on geopolitical tensions and concerns over expected changes to Federal Reserve policies. Volatility increased and assets like equities declined. Flows moved to quality including US investment grade and US large cap stocks, which were the only asset classes in positive territory for the third quarter. While SSgA is very satisfied with AIA performance returns they are mindful of absolute returns. The portfolio well position, with slight overweight to Developed Markets, underweight to EM equity and cautious in Small Cap Exposure. Non US Equity gives the plan diversification as well as full exposure to Non US Equities – market cap and regional exposure. Ms. Corbally reiterated that while SSgA manages both active and passive mandates, the firm is a strong advocate of managing active where inefficiencies exist including non-US equity markets and small cap.

4. **Lee Munder** – Tom Capobianco and Jim Gribbell presented to the Board their performance report. Lee Munder Capital Group reviewed 2 strategies; Midcap Core and Large Cap Growth. Mr. Capobianco gave a brief update on the firm; assets grew to over $7 billion in 2014, the firm had 1 departure of a portfolio manager from the Midcap Value strategy (which is a subset of the Midcap Core strategy). Remaining Value team members will step in to fill the role and a new analyst will be hired before year end.

Mr. Gribbell first reviewed the Large Growth strategy. The strategy had a 1 year return of 17.4% while increasing the plans assets in Large Cap Growth by over $2.4 million. Jim next reviewed the Midcap Core strategy. The strategy had a 1 year return of 14.0% while increasing the plans assets in Midcap Core by over $1.9 million. Mr. Gribbell went on to discuss the investment landscape for the remainder of 2014 and into 2015. The economy is slowly recovering with 2-3% GDP growth, unemployment continues to improve, increasing dividends and shared buybacks. The year 2015 will hopefully bring rising interest rates, growing corporate profits that offset rising interest rates and GDP and inflation expectations.

5. **Inverness Counsel** – Robert Maddock and John Rochford presented to the Board on behalf of Inverness Counsel. Declining commodity prices will aid manufacturing, housing recovery stable, improving employment market, low interest rates globally, and low inflation. Inverness remains positive on the US economy growing while the global economy is slowing. Mr. Maddock and Mr. Rochford also reviewed the new monthly report format with the board which was approved.

The Board recessed at 2:40 p.m. and reconvened at 2:47 p.m.

6. **Approval of Minutes for October 16, 2014** – Chairman Xiques presented minutes from the October 16, 2014 meeting for approval. Asst. Administrator Maldonado noted a few corrections. Item 1 was missing a motion to excuse the absence of Trustee Frank Musumeci and Item 2 named the incorrect person as Secretary. Motion by Jack McCluskey, second by Gary Arenson, to approve the corrected minutes. The motion carried unanimously

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

- P/O John Baker, Joint & 50% Contingent, effective 10/1/14

Motion by Kevin Venema, second by Vicki Minnaugh, to approve the DROP benefit as presented for Mr. Baker. The motion carried unanimously.

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

- P/O Joseph Covino – Lump Sum

- P/O France Michaud – Lump Sum
- P/O Kevin McCluskey – Lump Sum
- P/O David Parsons – Lump Sum
- F/F Rodney Spreitzer – Lump Sum
- F/F Maurice Washington – Lump Sum
- F/F David Saxon – Lump Sum

Motion by Kevin Venema, second by Robert Johnson, to approve all distributions except P/O Kevin McCluskey. The motion carried unanimously. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the distribution for Kevin McCluskey. The motion carried unanimously. Jack McCluskey abstained from the second vote due to a voting conflict.

Assistant Administrator Maldonado asked the Board to add P/O John Sammarco to the agenda for a DROP distribution. Motion by Vicki Minnaugh, second by Gary Arenson, to add John Sammarco to the agenda for a DROP distribution. The motion carried unanimously. Motion by Adam Cabeza, second by Kevin Venema, to approve Mr. Sammarco's DROP distribution. 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.

Trustee Cabeza asked the Administrator if he was aware of any members of the Plan contacting Robert Friedman of Holland & Knight directly. Administrator Fisher said he spoke to a member that was told by City personnel that he should contact Mr. Friedman with his particular concern. Mr. Fisher informed the member that any concerns should come through the pension office and the staff will relay it to the appropriate professional if necessary.

9. Request for DROP Loan(s) – The following DROP Loans were presented for Board consideration by Chairman Xiques:

- P/O James Fisher ***
- P/O Nick Naples ***

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

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

10. Approval of Refund – The refund of pension contributions for the member listed below was approved for immediate distribution.

- F/F Patrick Naddy ***

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

Motion by Vicki Minnaugh, second by Rob Johnson, to approve the refund as presented for Mr. Naddy. The motion carried unanimously.

11. Ratify Special Warrant #608 – Warrant #608 was presented to the Board for ratification.

DROP Loans:	
P/O James Fisher - DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Fisher)	***
TOTAL	***

**** 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 ratify Warrant #608. The motion carried unanimously.

12. **Ratify Special Warrant #609** – Warrant #609 was presented to the Board for ratification.

DROP Loans:	
P/O Nick Naples - DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Naples)	***
TOTAL	***

**** 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 ratify Warrant #609. The motion carried unanimously

13. **Approval of Vendor Warrant #610** – Chairman Xiques presented Warrant #610 in the amount of $321,190.69 for approval and payment. Motion by Vicki Minnaugh, second by Gary Arenson, to approve Warrant #610 as presented. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Cypen & Cypen – Monthly Retainer for November 2014	$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Dec 2014)	$407.72
Twilight Industries, LLC – (Maintenance – November 2014)	$152.00
Holland & Knight Inv. #3117596	$35,350.00
Atlanta Capital – Mgmt Fees for Q/E 9/30/14	$89,820.00
Wells Capital – Mgmt Fees for Q/E 9/30/14	$41,788.42
Computers R Us – Inv. #2929	$241.50
Computers R Us – Inv. #2934	$178.00
Computers R Us – Inv. #2937	$138.00
Herndon Capital – Mgmt Fees for Q/E 9/30/14	$35,493.37
Broward County Fire Assessment	$619.94
Dahab – Consulting Fees for Q/E 9/30/14	$28,049.70
SSGA – Mgmt Fees for International Q/E 9/30/14	$73,097.54
SSGA – Mgmt Fees for MidCap Index Q/E 9/30/14	$2,275.10
SSGA – Mgmt Fees for Value Index Q/E 9/30/14	$4,684.12
Accelerated Business Solutions – November Copier Lease	$234.69
James Fisher – Conference Reimbursement (Division of Retirement)	$180.00
FP & L	$186.52
SunTrust (James Fisher)	$1,263.99
SunTrust (Rachel Maldonado)	$3,546.57
Accelerated Business Solutions – October Copier Lease	$233.51
TOTAL	$321,190.69

14. **Approval of Vendor Warrant #611** – Chairman Xiques presented Warrant #611 in the amount of $128,854.89 for approval and payment. Motion by Gary Arenson, second by Vicki Minnaugh, to approve Warrant #611 as presented. The motion carried unanimously.

DROP Withdrawals:	
P/O Joseph Covino – Lump Sum DROP Withdrawal Less FIT	***
P/O France Michaud – Lump Sum DROP Withdrawal Less FIT	***
P/O Kevin McCluskey – Lump Sum DROP Withdrawal Less FIT	***
P/O David Parsons – Lump Sum DROP Withdrawal Less FIT	***
F/F Rodney Spreitzer – Lump Sum DROP Withdrawal Less FIT	***
F/F Maurice Washington – Lump Sum DROP Withdrawal Less FIT	***
F/F David Saxon – Lump Sum DROP Withdrawal Less FIT	***

P/O John Sammarco – Lump Sum DROP Withdrawal Less FIT	***
U.S. Treasury – FIT – W/H (Covino, Michaud, McCluskey, Parsons, Spreitzer, Washington, Saxon, Sammarco)	***
Refunds of Contributions (Termination):	
F/F Patrick Naddy – Refund of Contributions less FIT $	***
U.S. Treasury – FIT – W/H Naddy	***
TOTAL	**$128,854.89**

**** 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 add Warrant #612 to the agenda. The motion carried unanimously. Motion by Vicki Minnaugh, second by Kevin Venema to approve Warrant #612. The motion carried unanimously. Gary Arenson abstained from voting due to a voting conflict.

Conference Reimbursement:	
Trustee Gary Arenson, NCPERS -New Orleans 10-25-14 to 10-29-14	$1,620.84
Conference Reimbursement:	
Trustee Gary Arenson, Division of Retirement- Orlando 11-16-14 to 11-18-14	$792.20
TOTAL	**$2,413.04**

Motion by Gary Arenson, second by Vicki Minnaugh, to add Warrant #613 to the agenda. The motion carried unanimously. Motion by Frank Musumeci, second by Gary Arenson to approve Warrant #613. The motion carried unanimously. Al Xiques abstained from voting due to a voting conflict.

Payment	
Sun Trust Visa: (Al Xiques)	$233.51
TOTAL	**$233.51**

Motion by Gary Arenson, second by Vicki Minnaugh, to add Warrant #614 to the agenda. The motion carried unanimously. Motion by Vicki Minnaugh, second by Frank Musumeci to approve Warrant #614. The motion carried unanimously. Kevin Venema abstained from voting due to a voting conflict.

Payments:	
Sun Trust Visa: (Kevin Venema)	$515.65
TOTAL	**$515.65**

NEW BUSINESS

15. **Gross & Net Rate Returns for Q/E 9/30/14** – Administrator Fisher presented the gross -0.66% and net -0.79% rates of return for Q/E 9/30/14, as submitted by Dahab Consulting. Motion by Adam Cabeza, second by Kevin Venema to approve the gross and net rates of returns for the quarter ending 9/30/14. The motion carried unanimously.

16. **Ratify Chairman Action** – Steve Cypen informed the Board that he was contacted by Grant & Eisenhofer, one of the security monitoring firms, about a case involving SeaWorld where the Plan incurred a loss of several hundred thousand dollars. The deadline to file for lead plaintiff was prior to this meeting. Upon advice from Mr. Cypen, the Chairman signed his approval. The Board is a co-lead plaintiff with another public pension plan in Oklahoma. Motion to ratify, confirm, and approve the action of the Chairman regarding the SeaWorld litigation. The motion carried unanimously.

17. **Office Staff Leave Report** – The trustees received a record of leave taken by Mr. Fisher and Ms. Maldonado during the quarter ending 10/31/14 of the current employment year. Motion by Kevin

Venema, second by Carl Heim, to approve the leave balances for Mr. Fisher and Ms. Maldonado. The motion carried unanimously.

UNFINISHED BUSINESS

None.

18. **Reports:**

Attorney – No additional report given.

Chairman – Chairman Xiques asked about the State Conference that was held at the end of October. Administrator Fisher and Trustee Arenson attended. Mr. Arenson gave a report on the panel discussion at the conference concerning SB 534.

Actuary – Larry Wilson gave a progress update on SB 534 and the implementation of GASB 67.

Plan Administrator – Asst. Administrator Maldonado discussed updating the Summary Plan Description. The Board felt that it should wait until after negotiations, in case any pertinent changes arose as a result.

Administrator Fisher told the Board that he was officially notified of terminations for the following SROs: James DeSilva and Nelson Martinez.

Ms. Maldonado reported on the status of the 1099-R reprints. Fiduciary Trust is currently working on them and assured Ms. Maldonado that they would be released in December, after a review for accuracy.

Mr. Fisher informed the Board that a member who was rehired by the City for a time has called the office to request a calculation of a potential second pension, as allowed for by Ordinance 1774. The Board asked how this benefit should be calculated. Larry Wilson will review this particular case to determine eligibility and the appropriate benefit.

19. **Input from Retirees:** None.

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

21. **Input from Trustees:** None.

22. **Public Comment:** None.

23. **Adjournment** – Chairman Xiques announced that the next regular meeting would be held on **Thursday, December 18 at 11:00 a.m.** The Board voted last month to change the meeting time to accommodate a holiday luncheon after regular business at the December meeting. There being no further business to come before the Board, motion by Vicki Minnaugh, second by Gary Arenson, to adjourn the meeting at 4:04 p.m. The motion carried unanimously.

Al Xiques – Chairman

Robert Johnson – Secretary