

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 AUGUST 23, 2018

The four hundred seventy-eighth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:09 PM by Chairman Adam Cabeza.

1.	<u>Roll Call –</u>	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
		Adam Cabeza Robert Johnson John Kearney	Timothy Anderson Adam Feiner Sean Wollard	Gary Arenson Jack McCluskey Vicki Minnaugh

Others Present: Barbara Keady & Brandon Zick, Ceres Partners; David Lee, Dahab Associates; Bonni Jenson, Pension Attorney; James Fisher, Plan Administrator; and Rachel Maldonado, Asst. Plan Administrator.

Also in attendance:

Frank Musumeci, Retired Pines Fire	Thomas Moran, Pines Police
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2. **Molpus** – There were no representatives at this meeting.
3. **Ceres Partners** – Barbara Keady and Brandon Zick discussed their quarterly performance through 6/30/18. They submitted the following summary.

Brandon Zick Head of Acquisitions and Portfolio Management and Barbara Keady, Director of New Business Development presented a manager update on Ceres Farms LLC to the City Pension Fund for Fire and Police of Pembroke Pines Florida on August 23, 2018. The firm had previously given an update to the Board on November 16, 2017.

Ms. Keady discussed the firm's growth since Pembroke invested in June of 2015- The fund now has over 112,000 acres of income producing farmland across 10 states with \$727,000,000 AUM (as of June 30, 2018). We remain true to our core strategy of over weighting the Midwest as we believe this should be a core asset in any farmland portfolio. This market remains highly fragmented and is the least efficient – offering us the best opportunities to buy undervalued assets. The Board was also reminded of why they made the decision to invest in this asset class- US Rowcrop Farmland provides income, offers diversification to other investment classes and is a hedge against inflation.

Ms. Keady then discussed performance to date versus our Benchmark- the NCREIF Annual Commodity Cropland Index. The fund is up 1.87% net YTD (6/30/2018) and 10.9% net on an annualized basis since inception. More importantly, Ceres has posted consistent positive returns despite a challenging commodity environment- exceeding our Benchmark over 1,3,5 and 7 year periods. This speaks to the value add that our Portfolio Managers are producing with their disciplined approach to buying and improving our properties.

Mr. Zick discussed what he and his team are seeing on the ground – slight firming of farmland valuations despite the overhang of tariff considerations. No one can predict when these tensions will end, but Mr. Zick outlined how our tenants faring. Given the sophistication and progressive practices of our farmers, they have hedged out a lot of their 2018 crop are not as affected by the selloff in soy and corn prices. Certainly there have been disruptions in the supply chain, but the overall demand for grains remains positive.

Mr. Zick then discussed some initiatives we have taken to supplement cash income in the face of tightening rents. Renewable energy in the form of leasing out farmland to Solar Companies is a new focus and driver of returns. We currently have over 10% of our acres under the Development/Option

period. The additional income from these contracts will add ~ \$1M to our rental income in 2018 on an annualized basis. Should any of these acres go into construction and then operation we are looking at generating 2.5x rents versus what we get under a straight farm lease. Our acres are particularly attractive in the States of Michigan and Georgia as they pursue Green Energy initiatives.

Outlook: Continue to see tremendous opportunity for managers such as ourselves. The US Economy continues to chug along at an impressive rate- but with rates rising and creeping inflation, we recommend maintaining a position in farmland as a low risk, inflation protected asset.

4. **Dahab Associates** – David Lee of Dahab Associates discussed the overall performance of the portfolio. As of June 30, 2018, the Fund earned 2.4% for the quarter and was valued at \$630,241,520 representing an increase of \$12,603,958 from the previous quarter.

The Board asked questions about the international component of the SSGA investment. David Lee also referred to page 14 of the report to highlight the Board's current allocations are very close to targets.

Gross & Net Rate Returns for Q/E 6/30/18 – The Board reviewed the gross and net of fees rates of return for Q/E 6/30/18, as submitted by Dahab Consulting. Motion Gary Arenson, second by Jack McCluskey, to approve the gross 2.42% and net 2.29% rates of returns for the quarter ending 6/30/18. The motion carried unanimously.

	Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Mos.
Atlanta Capital	7.0%	7.8%	---	---	18.8%
Bridgeway Capital	0.9%	1.2%	---	---	12.3%
Inverness	4.5%	3.4%	-0.1%	-0.2%	18.3%*
LMCG Midcap	5.5%	2.8%	---	---	11.9%
LMCG LargeCap	5.4%	5.8%	---	---	25.7%
SSgA Midcap Core	4.3%	4.3%	---	---	13.5%
SSgA Int'l Equity	-3.7%	-2.6%	---	---	3.2%
SSgA LargeCap Value	1.2%	1.2%	---	---	6.8%
SSgA LargeCap Growth	5.8%	5.8%	---	---	22.5%
Loomis Sayles	---	---	-0.4%	-0.2%	---
Manulife	---	---	-0.1%	-0.2%	---

*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	2.1%	2.0%	8.2%
Black Rock	1.9%	2.0%	9.6%
Intercontinental	2.9%	2.0%	11.4%
TA Assoc Realty	3.6%	2.0%	12.0%
Ceres	2.1%	1.1%	5.8%
AmSouth	0.1%	0.5%	-15.3%
Molpus Fund IV	0.8%	0.5%	2.6%

The Board recessed at 2:43 p.m. and reconvened at 2:54 p.m.

5. **Approval of Minutes for July 19, 2018** – Chairman Cabeza presented the minutes from the previous meeting held on July 19, 2018. Motion by Vicki Minnaugh, second by Gary Arenson, to approve the minutes as presented. The motion carried unanimously.
6. **Approval of DROP/Retirement Benefit(s)** – The following DROP benefit was presented for approval.
 - F/F Michael Dejouris – Normal Form commencing 4/1/2018

Motion by Vicki Minnaugh, second by Jack Minnaugh, to approve the new DROP benefit. The motion carried unanimously.

7. **Request for DROP Account Distributions** – The following DROP distributions were presented for approval. Chairman Cabeza noted a distribution for fire retiree Frank Musumeci was pulled from the agenda.

- P/O Steven Wetterer – Lump Sum
- P/O David Thompson – Lump Sum
- P/O Greg Hitchings – Lump Sum
- P/O Joseph Yetto – Lump Sum
- P/O Kim Diaz – Lump Sum
- P/O Michael Grant – Monthly
- F/F Anthony Curtis – Lump Sum
- F/F Mariano Santos – Lump Sum
- F/F *Beneficiary* Cristina Montopoli – Lump Sum.
- F/F Rodney Spreitzer – Lump Sum & Monthly

Administrator Fisher asked the Board to add additional distributions to the agenda.

- P/O Sean Yap – Lump Sum
- P/O Christian Hemingway – Lump Sum
- P/O Nelson Martinez – Lump Sum
- P/O Kevin McCluskey – Lump Sum

Motion by Vicki Minnaugh, second by Gary Arenson, to add the additional distributions. The motion carried unanimously. Motion by Gary Arenson, second by Tim Anderson, to approve the amended list of DROP distributions. The motion carried unanimously. Trustee McCluskey abstained from the vote due to a voting conflict.

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 loan was presented for approval.

- F/F Adam Cabeza

Motion by Vicki Minnaugh, second by Gary Arenson, to approve the DROP loan. The motion carried unanimously. Trustee Cabeza abstained due to a voting conflict.

9. **Refund(s) of Contributions** – Chairman Cabeza presented the following refunds of contributions for approval.

- P/O Vanessa Falletich
- P/O Casey Duke

Motion by Vicki Minnaugh, second by Tim Anderson, to approve the refunds as presented. The motion carried unanimously.

10. **Ratify Special Warrants #760, #761, #762** - The following special warrants were presented for ratification. Motion by Jack McCluskey, second by Vicki Minnaugh, to ratify the special warrants as presented. The motion carried unanimously. Trustee Cabeza abstained due to a voting conflict.

Warrant 760

Name (Pension Benefits, Services Rendered or Obligations)	Amount
DROP Distributions:	
P/O Steven Wetterer – Lump Sum DROP Withdrawal less FIT	***
US Treasury – W/H – FIT	***

TOTAL	***
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Warrant 761

Name (Pension Benefits, Services Rendered or Obligations)	Amount
DROP Distributions:	
F/F Mariano Santos – Lump Sum DROP Withdrawal less FIT	***
US Treasury – W/H – FIT	***
TOTAL	***

Warrant 762

Name (Pension Benefits, Services Rendered or Obligations)	Amount
DROP Loans:	
F/F Adam Cabeza – DROP Loan Less Documentary Stamp	***
Florida Dept of Revenue Documentary Stamp	***
TOTAL	***

11. **Approval of Vendor Warrant #763** – Chairman Cabeza presented Vendor Warrant #763 for approval. Motion by Vicki Minnaugh, second by Adam Feiner, to approve Warrant #763 in the amount of \$297,806.63. The motion carried unanimously. Due to voting conflict, Trustee Anderson abstained from the vote.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Klausner, Kaufman, Jensen & Levinson – Monthly Retainer for August 2018	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance –Sept 2018)	\$407.72
Twilight Industries, LLC – (Maintenance – August 2018)	\$152.00
Dahab – Consulting Fees for Q/E 6/30/17	\$33,521.44
Steven Bornstein – August 2018 Loans	\$200.00
Fiduciary Trust – Custodial Fees for LMCG Midcap Q/E 6/30/18	\$2,593.97
Fiduciary Trust – Custodial Fees for R&D Q/E 6/30/18	\$1,250.00
Fiduciary Trust – Custodial Fees for Inverness Q/E 6/30/18	\$6,989.11
Fiduciary Trust – Custodial Fees for Bridgeway Q/E 6/30/18	\$2,743.88
Fiduciary Trust – Custodial Fees for LMCG Large Cap Q/E 6/30/18	\$3,531.65
GRS – July 2018	\$3,646.00
CRU – Inv #5189	\$1,904.00
CRU – Inv #5256	\$115.00
CRU – Inv #5272	\$230.00
CRU – Inv #5244	\$150.00
Atlanta Capital – Mgmt Fees for Q/E 6/30/18	\$119,234.00
SSGA – Mgmt Fees for International Q/E 6/30/18	\$94,980.51
SSGA – Mgmt Fees for Value Index Q/E 6/30/18	\$8,663.84
SSGA – Mgmt Fees for Growth Index Q/E 6/30/18	\$5,732.38
SSGA – Mgmt Fees for Midcap Index Q/E 6/30/18	\$5,196.32
FP&L	\$142.13
Pitney Bowes – Inv #3102335264	\$32.00
Accelerated Business – Copier Lease	\$245.35
SunTrust Visa – Acct Ending 8870	\$1,068.22
SunTrust Visa – Acct Ending 8961	\$513.38
SunTrust Visa – Acct Ending 8987	\$1,001.71
Timothy Anderson – FPPTA Conference Reimbursement	\$312.02
TOTAL	\$297,806.63

12. **Approval of Member Warrant #764**– Chairman Cabeza presented Member Warrant #764 for approval. Motion by Vicki Minnaugh, second by Tim Anderson, to approve Warrant #764 in the amount of \$255,483.15. The motion carried unanimously. Trustee McCluskey abstained due to a voting conflict.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
DROP Distributions:	
P/O David Thompson – Lump Sum Withdrawal less FIT	***
P/O Greg Hitchings – Lump Sum Withdrawal less FIT	***
P/O Joseph Yetto – Lump Sum Withdrawal less FIT	***

P/O Kim Diaz– Lump Sum Withdrawal less FIT	***
P/O Michael Grant – Monthly Withdrawal commencing 9/1/18	***
F/F Anthony Curtis – Lump Sum Withdrawal less FIT	***
F/F Beneficiary Cristina Montopoli – Lump Sum Withdrawal less FIT	***
F/F Rodney Spreitzer – Lump Sum Withdrawal less FIT	***
F/F Rodney Spretizer – Monthly Withdrawal commencing 9/1/18	***
P/O Kevin McCluskey – Lump Sum Withdrawal less FIT	***
P/O Christian Hemingway – Lump Sum Withdrawal less FIT	***
P/O Nelson Martinez – Lump Sum Withdrawal less FIT	***
P/O Sean Yap – Lump Sum Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Thompson, Hitchings, Yetto, Diaz, Curtis, Montopoli, Spreitzer, McCluskey, Hemingway, Martinez, Yap)	***
Refund of Contributions:	
P/O Vanessa Falletich – Refund less FIT	***
P/O Casey Duke – Refund less FIT	***
P/O Casey Duke – Rollover Refund	***
U.S. Treasury – FIT – W/H (Falletich, Duke)	***
TOTAL	\$255,483.15

NEW BUSINESS

13. **Trustee Election Report** – The election results were reported by Chairman Cabeza. Due to self-nominees running unopposed for the firefighter and police seats, a formal election was not required. Therefore, current trustee and firefighter John Kearney will be serving an additional two year term beginning 10/1/18. Current trustee and police officer Sean Wollard did not run for re-election and will be replaced by Officer Thomas Moran beginning 10/1/18.

In addition, trustee Gary Arenson was re-appointed by the City Commission. Chairman Cabeza thought it would be a good idea to draft a summary of the position akin to a job description for future city appointees. Ms. Jensen thought she might have something available and would forward to the staff for review.

UNFINISHED BUSINESS

None.

14. Reports:

Attorney – Paul Daragjati (formerly of Klausner, Kaufman, Jenson & Levinson) will no longer be representing the Board. Moving forward, Bob Klausner of KKJL will attend Pembroke Pines' pension meetings. At this meeting, Bonni Jenson covered for Mr. Klausner. Ms. Jenson shared the State contributions for the Plan this year. \$1,010,991.00 will be contributed on behalf of the Fire department and \$1,458,280.00 will be contributed on behalf of the Police department. Ms. Jenson also discussed a Sunshine Law case and issued important reminders about emails and meetings.

Actuary – No report at this time.

Chairman – Chairman Cabeza reminded the Board of the upcoming fall FPPTA conference. Motion by Gary Arenson, second by Tim Anderson, to approve the attendance of new trustee Thomas Moran. The motion carried unanimously. Chairman Cabeza also noted the State will be holding its conference Nov. 14-16 in Kissimmee, FL.

Plan Administrator – No report at this time.

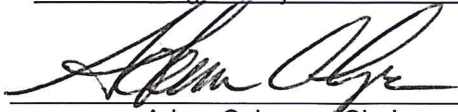
15. **Input from Retirees:** None.

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


17. Input from Trustees: None.

18. Public Comment: None.

19. Adjournment – Chairman Cabeza announced that the next regular meeting would be held on **Thursday, September 20, 2018 at 2:00 PM.** There being no further business, motion by Gary Arenson, second by Vicki Minnaugh to adjourn the meeting at 3:22 PM. The motion carried unanimously.



Adam Cabeza – Chairman



John P. Kearney – Secretary