

# 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 NOVEMBER 15, 2018

The four hundred eighty-first meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:04 PM by Chairman Timothy Anderson.

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

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

**Others Present:** Joseph Beauparlant, Loomis Sayles; John Rochford & Adrian Sancho, Inverness Counsel; Tom Capobianco & James Gribbell, LMCG; Greg McNeillie, Dahab Associates; Robert Klausner, Pension Attorney; James Fisher, Plan Administrator; and Rachel Maldonado, Asst. Plan Administrator.

Also in attendance:

Frank Musumeci, Retired Pines Fire
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2. **Loomis Sayles** – Joseph Beauparlant discussed performance through 9/30/18. The following summary was submitted.
- Since inception performance (12/5/17) of the Loomis Sayles Core Plus Full Discretion strategy has been strong relative to our benchmark.
  - From 12/5/07 to 10/31/18, the strategy had a net return of -0.59% versus a benchmark return of -2.27%
  - Our broad guidelines allow us to invest in a variety of sectors including Investment Grade, High Yield, Convertible and Non-USD denominated bonds.
  - Each of our sector allocations contributed positively to net outperformance with the exception of Non-USD bonds where a position in Argentina dragged on performance
  - Additionally, our shorter duration positioning (effective duration of 4.83 years) contributed positively as interest rates rose over the period.
  - We continue to have a solid yield advantage in the portfolio (YTW of 3.50% versus 2.69% for the benchmark).
3. **Inverness** – John Rochford and Adrian Sancho discussed their quarterly performance through 9/30/18. They submitted the summary below.

Investment Outlook:

- Market catalysts include –
  - Earnings growth, which results continuing to come in higher than expected, driven by both tax reform and strong revenue growth
  - Technological innovation continues to accelerate, lowering costs and increasing efficiency
- Concerns include –
  - Tariff wars, but eventually we expect a compromise
  - Volatility, as two equity market corrections this year have shaken confidence
- Fixed Income commentary –

- Looking for only 2 rate hikes in 2019
- Buying 4% coupons in the portfolio as we believe rates will peak in the next 6-12 months
- Maintaining high quality portfolio as lower rated bonds risk increasing

4. **LMCG** – Tom Capobianco and James Gribbell discussed their 9/30/18 quarterly performance. They submitted the following summary.

There were updates on staffing or organizational changes at the firm. Assets under management as of 9/30/18 were \$7.7 billion.

**LMCG Large Cap Growth Equity**

- Equities up 19.8% YTD through Sept 30, 2018 vs Russell 1000 Growth Index up 17.1%
- Equities up 29.7% for trailing 12 months through Sept 30, 2018 vs Russell 1000 Growth Index up 26.3%
- Market value increased to \$38.7 million as of Sept 30 from \$32.5 million on Jan 1 2018
- Performance within a peer group is top 27% in 2018 and top 32% in 2017
- Stock selection in the technology sector was a big contributor to performance; recent profit-taking among top performing investments
- Currently hold 30 positions with 2.6% forecasted tracking error

**LMCG Mid Cap Core Equity**

- Equities up 5.3% YTD through Sept 30, 2018 vs Russell Mid Cap Index up 7.5%
- Equities up 10.7% trailing 12 months through Sept 30, 2018 vs Russell Mid Cap Index up 14%
- Market value increased to \$26.5 million as of Sept 30, 2018 up from \$25.3 million on Jan 1, 2018
- Within the investment universe this year there has been a wide divergence between stocks with price momentum outperforming and stocks with attractive value characteristics underperforming
- The mid cap value sleeve has underperformed this year as the team has been de-emphasizing high momentum stocks and placing high weights on stocks with attractive value
- Underperformance by the value team has negatively impacted the combined mid cap core portfolio.
- We recently rebalanced the portfolio and added 5% to the value sleeve while reducing the growth sleeve by 5%
- Current allocation now stands at 70% mid cap value and 30% smid cap growth
- The portfolio currently owns 91 positions with 2.9% forecasted tracking error

5. **Dahab Associates** – Greg McNeillie of Dahab Associates discussed the overall performance of the portfolio. As of September 30, 2018, the Fund earned 4.3% for the quarter and was valued at \$658,251,096 representing an increase of \$28,009,576 from the previous quarter. **The fund's one-year rate of return was 11.3% for fiscal year ending 9/30/18.**

**Gross & Net Rate Returns for Q/E 9/30/18** – The Board reviewed the gross and net of fees rates of return for Q/E 9/30/18, as submitted by Dahab Consulting. Motion Vicki Minnaugh, second by Jack McCluskey, to approve the gross 4.33% and net 4.20% rates of returns for the quarter ending 9/30/18. The motion carried unanimously.

	Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Mos.
Atlanta Capital	8.1%	3.6%	---	---	24.0%
Bridgeway Capital	4.4%	5.7%	---	---	12.9%
Inverness	8.2%	7.7%	0.6%	0.1%	22.5%*
LMCG Midcap	2.2%	5.0%	---	---	10.7%
LMCG LargeCap	9.6%	9.2%	---	---	29.3%
SSgA Midcap Core	3.9%	3.9%	---	---	14.2%
SSgA Int'l Equity	1.0%	0.7%	---	---	(1.9)%
SSgA LargeCap Value	5.7%	5.7%	---	---	9.5%



SSgA LargeCap Growth	9.2%	9.2%	---	---	26.3%
Loomis Sayles	---	---	1.0%	0.0%	---
Manulife	---	---	0.7%	0.0%	---

\*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	2.2%	2.1%	8.5%
Black Rock	1.8%	2.1%	9.0%
Intercontinental	2.5%	2.1%	11.4%
TA Assoc Realty	2.3%	2.1%	11.5%
Ceres	1.2%	1.3%	5.9%
AmSouth	(2.4)%	1.0%	(1.2)%
Molpus Fund IV	0.1%	1.0%	2.6%

6. **Approval of Minutes for October 18, 2018** – Chairman Anderson presented the minutes from the previous meeting held on October 18, 2018. Motion by Vicki Minnaugh, second by Adam Feiner, to approve the minutes as presented. The motion carried unanimously.
7. **Request for DROP Account Distributions** – The following DROP distributions were presented for approval.
  - F/F *Beneficiary* Maria Montopoli – Lump Sum
  - F/F *Beneficiary* Guiseppe Montopoli – Lump Sum
  - F/F *Beneficiary* Francesco Montopoli – Lump Sum
  - F/F *Beneficiary* Gina Caputo – Lump Sum
  - P/O William Bucknam – Lump Sum
  - P/O Dara VanAntwerp – Lump Sum

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

- P/O Christina Altman – Lump Sum
- F/F Reynol Perez – Lump Sum
- P/O James Desilva – Lump Sum
- F/F Robert Verrusio – Lump Sum
- F/F Joseph Dennis – Lump Sum
- F/F Glen Gibbons – Lump Sum
- F/F Steve Weishaar – Lump Sum

Motion by Vicki Minnaugh, second by Gary Arenson, to add the additional distributions. The motion carried unanimously. Motion by Vicki Minnaugh, second by Robert Johnson, to approve the amended 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.

8. **Request for DROP Loan(s)** – The following DROP loan was presented for approval.

- P/O Steven Wetterer

Motion by Vicki Minnaugh, second by Adam Feiner, to approve the DROP loan. The motion carried unanimously.

9. **Approval of Vendor Warrant #773** – Chairman Anderson presented Vendor Warrant #773 for approval. Motion by Vicki Minnaugh, second by Robert Johnson, to approve Warrant #773 in the amount of \$184,606.74. 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 November 2018	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Dec 2018)	\$407.72
Twilight Industries, LLC – (Maintenance – November 2018)	\$152.00
IFEBP – Annual Membership Renewal	\$1,245.00
Holland & Knight – Inv.# 5740025	\$327.50
GRS – October 2018	\$7,295.00
Broward County – 2018 Fire Protection Assessment	\$635.79
Fiduciary Trust – Custodial Fees for LMCG Midcap Q/E 9/30/18	\$2,648.22
Fiduciary Trust – Custodial Fees for LMCG Largecap Q/E 9/30/18	\$3,865.56
Fiduciary Trust – Custodial Fees for Inverness Q/E 9/30/18	\$7,549.01
Fiduciary Trust – Custodial Fees for Bridgeway Q/E 9/30/18	\$2,867.90
Fiduciary Trust – Custodial Fees for R&D Acct Q/E 9/30/18	\$1,250.00
SSGA – Mgmt Fees for International Q/E 9/30/18	\$93,836.13
SSGA – Mgmt Fees for Value Index Q/E 9/30/18	\$9,103.66
SSGA – Mgmt Fees for Midcap Index Q/E 9/30/18	\$5,467.46
SSGA – Mgmt Fees for Growth Index Q/E 9/30/18	\$6,252.88
Dahab – Consulting Fees for Q/E 9/30/18	\$34,579.24
FP&L	\$151.34
John Kearney – FPPTA Conference Reimbursement	\$963.87
Tim Anderson – FPPTA Conference Reimbursement	\$245.88
ABS Lease	\$245.35
SunTrust Visa Acct Ending 8870	\$611.81
SunTrust Visa Acct Ending 8961	\$467.12
SunTrust Visa Acct Ending 9324	\$591.30
SunTrust Visa Acct Ending 9787	\$597.00
<b>TOTAL</b>	<b>\$184,606.74</b>

10. **Approval of Member Warrant #774**– Chairman Anderson presented Member Warrant #774 for approval. Motion by Rob Johnson, second by Vicki Minnaugh, to approve Warrant #774 in the amount of \$363,815.64. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
<b>DROP Distributions:</b>	
F/F Beneficiary Maria Montopoli – Lump Sum Withdrawal less FIT	***
F/F Beneficiary Guiseppe Montopoli – Lump Sum Withdrawal less FIT	***
F/F Beneficiary Francesco Montopoli – Lump Sum Withdrawal less FIT	***
F/F Beneficiary Gina Caputo – Lump Sum Withdrawal less FIT	***
P/O William Bucknam – Lump Sum Withdrawal less FIT	***
P/O Dara VanAntwerp – Lump Sum Withdrawal less FIT	***
P/O Christian Altman – Lump Sum Withdrawal less FIT	***
P/O James DeSilva – Lump Sum Withdrawal less FIT	***
F/F Robert Verrusio – Lump Sum Withdrawal less FIT	***
F/F Joseph Dennis – Lump Sum Withdrawal less FIT	***
F/F Reynol Perez – Lump Sum Withdrawal less FIT	***
F/F Glen Gibbons – Lump Sum Withdrawal less FIT	***
F/F Steve Weishaar – Lump Sum Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Montopoli, Montopoli, Montopoli, Caputo, Bucknam, VanAntwerp, Altman, DeSilva, Verrusio, Dennis, Perez, Gibbons, Weishaar)	***
<b>DROP Loans:</b>	
P/O Steven Wetterer - DROP Loan Less Documentary Stamp	***
<b>Documentary Stamp for DROP Loans:</b>	
Florida Department of Revenue – Documentary Stamp (Wetterer)	***
<b>TOTAL</b>	<b>\$363,815.64</b>



11. **Approve Special Warrants #775** - The following special warrant was presented for approval. Motion by Jack McCluskey, second by Vicki Minnaugh, to approve the special warrant as presented. The motion carried unanimously. Trustee Arenson abstained due to a voting conflict.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Gary Arenson – Southeast Institutional Form Reimbursement	\$720.74
<b>TOTAL</b>	<b>\$720.74</b>

**NEW BUSINESS**

None.

**UNFINISHED BUSINESS**

None.

12. **Reports:**

**Attorney** – (This report was given at the start of the meeting due to an early departure from the pension attorney.) Attorney Klausner notified the Board that the Special Tax notices that are given to members at the time of requested DROP distributions has been updated. He provided the office staff with the paperwork that will be copied and disseminated as needed.

**Actuary** – No report at this time.

**Chairman** – No report at this time.

**Plan Administrator** – Administrator Fisher informed the Board that the discussion about excess City contributions was resolved prior to the meeting. While the Finance Director agreed to attend the meeting, she was then informed that her presence was not necessary. Due to reports given to the actuary by the City, there were no excess contributions that required action.

13. **Input from Retirees:** None.

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

15. **Input from Trustees:** None.

16. **Public Comment:** None.

17. **Adjournment** – Chairman Andersson announced that the next regular meeting would be held on **Thursday, December 13, 2018 at 12:30 PM.** The Board's holiday luncheon will immediately follow the close of the meeting. There being no further business, motion by Gary Arenson, second by Vicki Minnaugh to adjourn the meeting at 3:11 PM. The motion carried unanimously.

  
Timothy Anderson – Chairman

  
Thomas Moran – Secretary