

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 FEBRUARY 21, 2019

The four hundred eighty-fourth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:02 PM by Chairman Timothy Anderson.

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

Others Present: Eric Leventhal, KSDT; Richelle Hayes, American Realty; Peter Hapgood, Intercontinental; Robert Maddock, John Rochford, & Adrian Sancho, Inverness Counsel; Greg McNeillie, Dahab Consulting; Robert Klausner, Pension Attorney; James Fisher, Plan Administrator; and Rachel Maldonado, Asst. Plan Administrator.

- FYE 9/30/2018 Pension Fund Audit Results** – Eric Leventhal of KSDT & Company presented the Audit results for FY 2018. He gave a clean opinion for the 2018 financial statements. Motion by Adam Cabeza, second by Vicki Minnaugh, to accept the FYE 9/30/18 Pension Fund Audit Results as presented. The motion carried unanimously.
- American Realty** – Richelle Hayes presented the performance for the quarter ending 12/31/18.
- Blackrock** – No one was present from the firm.
- Intercontinental** – Peter Hapgood presented the performance for the quarter ending 12/31/18.
- Dahab Associates** – Greg McNeillie of Dahab Associates discussed the overall performance of the portfolio. As of December 31, 2018, the Fund lost 8.9% for the quarter and was valued at \$601,294,925 representing a decrease of \$56,956,171 from the previous quarter. Almost every asset class returned a negative percent, except the real estate component which gained 1.4% and the fixed income portion of the portfolio which returned 0.8%

Gross & Net Rate Returns for Q/E 12/31/18 – The Board reviewed the gross and net of fees rates of return for Q/E 12/31/18, as submitted by Dahab Consulting. Motion by Adam Cabeza, second by Gary Arenson, to approve the gross -8.85% and net -8.99% 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	(13.7)%	(20.2)%	---	---	1.7%
Bridgeway Capital	(15.7)%	(11.7)%	---	---	(12.3)%
Inverness	(15.3)%	(13.5)%	1.0%	1.6%	(2.9)%*
LMCG Midcap	(17.8)%	(15.4)%	---	---	(13.5)%
LMCG LargeCap	(14.6)%	(15.9)%	---	---	2.1%
SSgA Midcap Core	(17.3)%	(17.3)%	---	---	(11.1)%
SSgA Int'l Equity	(12.3)%	(11.5)%	---	---	(16.4)%
SSgA LargeCap Value	(11.7)%	(11.7)%	---	---	(8.2)%
SSgA LargeCap Growth	(15.9)%	(15.9)%	---	---	(1.5)%
Loomis Sayles	---	---	0.3%	1.6%	0.6%

Manulife	---	---	0.5%	1.6%	(0.4)%
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*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	1.9%	1.8%	8.7%
Black Rock	1.3%	1.8%	7.7%
Intercontinental	2.1%	1.8%	10.7%
TA Assoc Realty	0.3%	1.8%	9.7%
Ceres	1.7%	2.8%	5.9%
Molpus Fund IV	(2.7)%	1.0%	(2.4)%

Members of the Inverness Team were in the audience. Since Blackrock was not present as scheduled, the Board invited Inverness to present their quarter's performance.

Inverness – Robert Maddock, Adrian Sancho and John Rochford of Inverness Counsel discussed their performance for the quarter ending 12/31/18. The following summary was submitted for the minutes.

Large Cap Equity Portfolio:

Inverness noted that despite a difficult 4th quarter at the end of a volatile calendar year, we still managed to outperform the market for the full year partly because of very strong outperformance 14.65% v 10.56% for the benchmark in the first three quarters and partly because we reduced our overall positions as much as we were allowed to at the beginning of the fourth quarter given our view that the market had gotten ahead of its skis. Nevertheless, we did not (and do not) view the cycle as over and continue to stay with most of the same names which we selectively added to throughout the quarter. Portfolio returns were driven by favorable security selection, with sector allocation detracting and our strongest relative sector returns for 2018 were from the Industrial and Technology sectors. We continue to expect strong performance from names that are in and make use of technology such as Progressive, IAC/Interactive, Union Pacific, Adobe Systems, Roper, and Microsoft. We had some disappointing names which were not executing that we eliminated such as Activision and Western Alliance. Since the Market bottom 12/24/18-2/12/19 the portfolio was up 18.3% versus 17.0% for the S&P 500 index as longer term holdings such as Service Now, Sun Trust, Progressive, Adobe, IAC and Facebook regained leadership.

Fixed Income Portfolio:

The portfolio maintained a short duration position in 2017 & 2018 given the rising interest rate environment. The Federal Reserve is now close to its target interest rate, and we have started to extend portfolio duration. Equity market volatility in Q4 2018 resulted in a sharp interest rate decline that may be temporary. Portfolio maintains a bias toward A-rated bonds given increased supply and other current risks of BBB-rated bonds. We are continuing to anticipate that Fed rate hikes probably have ended for the cycle, and trades include:

- Recent purchases of 10-year bonds: Anheuser-Busch 4.75%, DowDuPont 4.725%, Schlumberger 4.30%, Stanley Black & Decker 4.25%, Wells Fargo 4.15%, Schwab 4.00%
- Sold 2019 US Treasury bonds

Since market bottom (12/24/18 – 2/12/19) the portfolio is up 1.8% versus 1.3% for Barclays 50/50 Index

- Approval of Minutes for January 17, 2019** – Chairman Anderson presented the minutes from the previous meeting held on January 17, 2019. Trustee McCluskey noted that his abstentions were missing on two motions. Motion by Jack McCluskey, second by Vicki Minnaugh, to approve the amended minutes. The motion carried unanimously.
- Approval of DROP/Retirement Benefit(s)** – The following DROP benefits were presented for approval.
 - F/F Chris Kent – Normal Form commencing 11/1/18
 - P/O Drew Jacobs – 10 Years Certain & Life commencing 12/1/18

Motion by Gary Arenson, second by John Kearney, to approve the list of new DROP benefits. The motion carried unanimously.

9. **Request for DROP Account Distributions** – The following DROP distributions were presented for approval.

- F/F Bradley Masters – Lump Sum
- F/F James Sammarco – Lump Sum
- F/F Robert Austin – Lump Sum
- F/F Jaime Friedman – Lump Sum
- F/F Maurice Washington – Lump Sum
- F/F John Deegan – Lump Sum
- F/F Leslie Ortagus – Lump Sum
- P/O Richard LeBoeuf – Lump Sum
- P/O Robert Powers – Lump Sum
- P/O Christian Hemingway – Lump Sum
- P/O Barbara Laughead – Lump Sum
- P/O Joseph Covino – Lump Sum
- P/O Kevin King – Lump Sum

Motion by Jack McCluskey, second by Vicki Minnaugh, 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.

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

- P/O Britney Combs
- P/O Michael Johnson

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

11. **Request for Refund of Contributions** – Chairman Anderson presented the following refund of contributions for approval.

- P/O Brett Thompson

Motion by Vicki Minnaugh, second by Adam Feiner, to approve the refund as presented. The motion carried unanimously.

12. **Ratify Special Warrantws #781 & # 782** - Chairman Anderson presented special warrants #781 and #782 for ratification. Motion by Vicki Minnaugh, second by Jack McCluskey, to ratify Warrants #781 and #782. The motion carried unanimously.

WARRANT 781

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Bradley Masters – DROP distribution less Federal Income Tax	***
Federal Withholding for Bradley Masters	***
TOTAL	***

WARRANT 782

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Richard LeBoeuf– DROP distribution less Federal Income Tax	***
Federal Withholding for Richard LeBoeuf	***
TOTAL	***

13. **Approval of Vendor Warrant #783** – Chairman Anderson presented Vendor Warrant #783 for approval. Motion by Vicki Minnaugh, second by Adam Feiner, to approve Warrant #783 in the amount of \$185,397.77. The motion carried unanimously. Trustees Moran, Johnson, and Kearney abstained due to voting conflicts.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Klausner, Kaufman, Jensen & Levinson – Monthly Retainer for February 2019	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Mar 2019)	\$407.72
Twilight Industries, LLC – (Maintenance – February 2019)	\$152.00
CRU #5597	\$150.00
Fiduciary Trust – Custodial Fee for LMCG Midcap Q/E 12/31/18	\$2,173.73
Fiduciary Trust – Custodial Fee for LMCG Large Cap Q/E 12/31/18	\$3,294.45
Fiduciary Trust – Custodial Fee for R & D Acct Q/E 12/31/18	\$1,282.41
Fiduciary Trust – Custodial Fee for Inverness Q/E 12/31/18	\$6,381.65
Fiduciary Trust – Custodial Fee for Bridgeway Capital Q/E 12/31/18	\$2,411.94
Klausner, Kaufman, Jensen & Levinson – Professional Svcs re: Disability Application	\$3,775.00
Steven Bornstein – January 2019 DROP Loans	\$200.00
KSDT – Progress on 9/30/18 Audit	\$1,750.00
KSDT – Progress on 9/30/18 Audit	\$790.00
Dahab – Consulting Fees for Q/E 12/31/18	\$32,429.39
GRS – January 2019	\$9,463.00
Atlanta Capital – Mgmt Fees Q/E 12/31/18	\$111,048.00
FP&L	\$107.17
Purchase Power	\$450.78
SunTrust Visa Acct Ending 8870	\$637.60
SunTrust Visa Acct Ending 8961	\$903.48
SunTrust Visa Acct Ending 9977	\$650.00
Glenda Sandhouse – 1099 Preparation for 2018 Vendors	\$200.00
James Fisher – FPPTA Conference Reimbursement	\$614.40
Robert Johnson – FPPTA Conference Reimbursement	\$568.33
Thomas Moran – FPPTA Conference Reimbursement	\$240.00
John Kearney – FPPTA Conference Reimbursement	\$448.24
MSA Group – Annual Business Policy Renewal	\$1,499.00
ABS – Annual Property Fee (Copier)	\$119.48
TOTAL	\$185,397.77

14. **Approval of Member Warrant #784**– Chairman Anderson presented Member Warrant #784 for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #784 in the amount of \$355,477.85. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
DROP Distributions:	
F/F Robert Austin – Normal Retirement Commencing 3/1/19	***
F/F Jeff Clark – Retro Retirement Payment 1/1/19 and 2/1/19	***
F/F Jeff Clark – Normal Retirement 3/1/19	***
DROP Distributions:	
F/F Robert Austin – Lump Sum Withdrawal less FIT	***
F/F James Sammarco – Lump Sum Withdrawal less FIT	***
F/F Jaime Friedman – Lump Sum Withdrawal less FIT	***
F/F Maurice Washington – Lump Sum Withdrawal less FIT	***
F/F John Deegan – Lump Sum Withdrawal less FIT	***
F/F Leslie Ortagus – Lump Sum Withdrawal less FIT	***
P/O Robert Powers – Lump Sum Withdrawal less FIT	***
P/O Christian Hemingway – Lump Sum Withdrawal less FIT	***
P/O Barbara Laughead – Lump Sum Withdrawal less FIT	***
P/O Joseph Covino – Lump Sum Withdrawal less FIT	***
P/O Kevin King – Lump Sum Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Austin, Sammarco, Friedman, Washington, Deegan, Ortagus, Powers, Hemingway, Laughead, Covino, King)	***
DROP Loans:	

P/O Britney Combs - DROP Loan Less Documentary Stamp	***
P/O Michael Johnson - DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Combs)	***
Florida Department of Revenue – Documentary Stamp (Johnson)	***
Refund of Contributions:	
P/O Brett Thompson – Rollover Refund of Contributions	***
TOTAL	\$355,477.85

NEW BUSINESS

None.

UNFINISHED BUSINESS

None.

15. Reports:

Actuary – No report at this time.

Attorney – Attorney Klausner discussed HB 857 which, if passed, would create a cancer presumption for firefighters that has direct impact on employer healthcare and disability benefits. If passed, the bill would take effect on July 1, 2019.

Chairman – No report at this time.

Plan Administrator – Asst. Administrator Maldonado noted the first round of annual affidavits are due March 1, 2019. She also mentioned the annual actuarial valuation is scheduled for the March meeting, as is custom. Finally, she reminded the Board that securities monitoring firm Pomerantz would be presenting to the Board at the March meeting in the hopes of working for the Plan in the future


11. Input from Retirees: None.

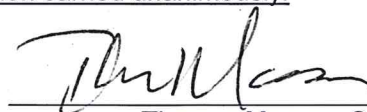
12. Input from Active Members: None.

13. Input from Trustees: None.

14. Public Comment: None.

15. Adjournment – Chairman Anderson announced that the next regular meeting would be held on **Thursday, March 21, 2019 at 2:00 PM.** There being no further business, motion by Vicki Minnaugh, second by John Kearney to adjourn the meeting at 4:03 PM. The motion carried unanimously.


Timothy Anderson – Chairman


Thomas Moran – Secretary