

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 21, 2019

The four hundred ninety-third meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 1:06 PM by Secretary Thomas Moran.

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

Others Present: Jenna Oliver & James Gribbell, LMCG; Fred Sweeney & Christopher Lazzaro, Loomis Sayles; Robert Maddock, Adrian Sancho & Henry Renard, Inverness Counsel; Jennifer Borregard & Shelley Jones, Plan Actuary; Robert Klausner & Blanca Greenwood, Pension Attorney; James Fisher, Plan Administrator; and Rachel Maldonado, Asst. Plan Administrator.

Motion by Jack McCluskey, second by Adam Cabeza, to excuse Trustees Johnson and Feiner. The motion carried unanimously.

Also in attendance:

Frank Musumeci, Retired Pines Fire	Daniel Rios, Pines Fire
John Rochford, Tocqueville Asset Mgmt.	Joe Zock, Tocqueville Asset Mgmt.

14. **Reports: Attorney** – *(Due to a time constraint, this item was heard first.)* Attorney Bob Klausner told the Board that the HD Supply case settled at \$50 million, much higher than expected. Mr. Klausner requested an invoice for time the office staff spent related to the case. Motion by Vicki Minnaugh, second by Gary Arenson, authorizing Mr. Klausner to complete the settlement documents. The motion carried unanimously.

The Board also confirmed that the December meeting would take place on the 19th but the start time was from 2:00 PM to 12:00 PM.

2. **LMCG** - Jenna Oliver & Jim Gribbell presented on LMCG's Mid Cap Core and Large Cap Growth strategies.

Much of the presentation was spent on a proposed benchmark change for the Mid Cap Core strategy. Jim explained that based on LMCG's analysis, the S&P Midcap 400 Index is the more appropriate benchmark and should replace the Russell Mid Cap Core Index on a go-forward basis. LMCG can continue to list both benchmarks on monthly and quarterly reporting if requested. Motion by Adam Cabeza, second by Vicki Minnaugh, to approve the benchmark change. The motion carried unanimously. LMCG also included a short discussion on performance in both products, including what worked and what didn't from an individual contributor perspective.

3. **Loomis Sayles** - Fred Sweeney and Christopher Lazzaro discussed performance through 10/31/19. The follow summary was submitted.

- Year-to-date performance for the Loomis Sayles Core Plus Full Discretion strategy has been strong on an absolute basis though lags the benchmark Bloomberg Barclays Aggregate Bond Index with a return of 8.17% net of fees versus 8.85% for the Index.
- We have shifted to a more defensive profile within the strategy and are holding higher reserves in the form of cash and short-maturity US Treasury debt to maintain flexibility. Although, we have maintained our exposure to investment grade and high yield corporate bonds as we believe the

environment for risk assets should remain favorable given the outlook for continued profit growth, earnings growth and the low probability of defaults or economic recession.

- Holdings of US Treasuries, emerging market credit and high yield bonds have been positive contributors to performance.
- We continue to maintain a solid yield advantage in strategy (YTW of 2.95% versus 2.24% for the benchmark).
- The strategy's allocation to non-US dollar denominated issues, specifically the Argentine peso and Norwegian krone have detracted from performance.
- We remain in an extended late expansion phase of the credit cycle and continue to be highly selective with a keen focus on undervalued issues that have solid fundamentals.

4. **Inverness** – Robert Maddock, Adrian Sancho, and Henry Renard presented:

Large Cap Equity Portfolio

Inverness reviewed thoughts on markets. Key topics included market sentiment, the Fed's reversal of course and what these rates cuts portend, the impact of widespread negative interest rates on the fixed income markets, and valuations of equities vs. bonds. Inverness does not forecast a recession in the near-term based on current economic data. We continue to see consumer strength, stock valuations, technological innovation, and the low interest rates as catalysts. Meanwhile, concerns include the ongoing tariff war, potential pressure of trade and currency on earnings growth, weakness in the global economy, and continued stock volatility.

Inverness also provided a snapshot of performance for the fiscal year. The tactical investment of cash has added materially to total FYTD portfolio performance. Cash balances were raised at the end of September 2018 and we deployed a majority of this dry powder in November and December after standing aside from the correction. Inverness stayed invested for growth given view that a recession was not on horizon as we approached bear market territory given the nearly 20% correction in the S&P 500 Index during 4Q18. Equity portfolio outperformance YTD was driven by favorable security selection and security weights. Within the fixed income portfolio, corporate spreads continued to narrow, with lower rated securities providing the most performance.

5. **Dahab Associates** – Greg McNeillie of Dahab Associates discussed the overall performance of the portfolio. As of September 30, 2019, the Fund earned 1.3% for the quarter and was valued at \$682,130,597 representing an increase of \$9,048,266 from the previous quarter. The Fund returned a total of 4.6% for the fiscal year ending 9/30/19.

Mr. McNeillie also discussed rebalancing. The Board previously decided to invest \$10 million in the Molpus Fund V product. The Plan has already paid an initial fee of \$600,000. The rest will be taken from some overweight in LMCG and Inverness.

Gross & Net Rate Returns for Q/E 9/30/19 – The Board reviewed the gross and net of fees rates of return for Q/E 9/30/19, as submitted by Dahab Consulting. Motion by Adam Cabeza, second by J.P. Kearney, to approve the gross 1.26% and net 1.14% rates of returns for the quarter ending 9/30/19. The motion carried unanimously.

	Equities	Equity Benchmark	Fixed Income	Fixed Inc. Benchmark	Trailing 12 Mos.
Atlanta Capital	2.6%	(2.4)%	---	---	4.8%
Bridgeway Capital	0.4%	1.4%	---	---	(1.4)%
Inverness	1.2%	1.7%	1.8%	2.0%	5.2%*
LMCG Midcap	(0.7)%	0.5%	---	---	(2.6)%
LMCG LargeCap	2.5%	1.5%	---	---	6.1%
SSgA Midcap Core	(0.1)%	(0.1)%	---	---	(2.5)%
SSgA Int'l Equity	(2.8)%	(1.8)%	---	---	(4.6)%
SSgA LargeCap Value	0.4%	1.4%	---	---	(1.4)%
SSgA LargeCap Growth	1.5%	1.5%	---	---	3.7%
Loomis Sayles	---	---	1.6%	2.3%	8.5%
Manulife	---	---	2.6%	2.3%	10.8%

*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	1.4%	1.3%	6.8%
Black Rock	1.1%	1.3%	5.8%
Intercontinental	2.5%	1.3%	8.3%
TA Assoc Realty	(2.8)%	1.3%	(13.4)%
Ceres	1.1%	1.0%	7.9%
Molpus Fund IV	0.9%	0.2%	0.1%

6. **Fixed Income Manager Search** – Mr. McNeillie presented a short list of managers that could be considered for two different segments of fixed income investments. Mr. McNeillie advised the Board to invest a portion of fixed income assets in a product that is more liquid to better address future cash needs.

Motion by Gary Arenson, second by Jack McCluskey to interview those firms on the liquidity segment shortlist at the January 2020 meeting. The motion carried unanimously. According to the list compiled by Dahab Associates, those firms are:

Garcia Hamilton
Income Research and Management
Richmond Capital Management

Regarding the other list, there was a discussion about Johnson Asset Management. They have lower graded bonds included in their investments. If chosen to work with Pembroke Pines, they would have to create a new investment that meets the guidelines for the Plan. Trustee Arenson felt they should then not be included on the short list. Motion by Jack McCluskey, second by Adam Cabeza, to interview the four firms for the income segment at the March 2020 meeting. The motion carried with Trustee Arenson dissenting. According to the list compiled by Dahab Associates, those firms are:

CS Mckee
Inverness Counsel
Johnson Asset Management
Sawgrass Asset Management

7. **Approval of Minutes for October 17, 2019** – Secretary Moran presented the minutes from the previous meeting held on October 17, 2019. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve the minutes as presented. The motion carried unanimously.

8. **Approval of DROP/Retirement Benefit(s)** – The following DROP retirements were presented for approval.

- P/O Jon Cusak – Joint & 100% Contingent commencing 4/1/19
- P/O James Bolger – Joint & 100% Contingent commencing 11/1/19

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

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

- P/O Onofrio Raimondi – Lump Sum
- P/O William Bucknam – Lump Sum
- P/O William Maynard – Lump Sum
- P/O George Soubasis – Lump Sum
- P/O Thomas Varnadoe – Lump Sum
- P/O Robert Powers – Lump Sum
- F/F Lee Golditch – Lump Sum

- F/F Pete Greene – Lump Sum
- F/F Michael Vincent – Lump Sum
- F/F *Beneficiary* Maria Montopoli – Lump Sum
- F/F *Beneficiary* Francesco Montopoli – Lump Sum
- F/F *Beneficiary* Gina Caputo – Lump Sum
- F/F Joseph Ultimo
- F/F Richard Moravec
- F/F Andrew Teixeira
- F/F Kenneth Fritz

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 Jennifer Borregard. When appropriate, her 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 Nick Naples
- P/O John Gazzano
- F/F Steven Dougherty

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

11. Ratify Special Warrant #809 – The Board reviewed special warrant #809 for ratification. Motion by Jack McCluskey, second by Gary Arenson, to ratify Warrant #809. The motion carried unanimously.

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

12. Approval of Vendor Warrant #810 – Secretary Moran presented Vendor Warrant #810 for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #810 in the amount of \$316,875.27. The motion carried unanimously. Trustee Arenson abstained due to a voting conflict.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Klausner, Kaufman, Jensen & Levinson – Monthly Retainer for Nov. 2019	\$3,250.00
Klausner, Kaufman, Jensen & Levinson – Svces RE: Fritz	\$150.00
Klausner, Kaufman, Jensen & Levinson – Svces RE: Walsh	\$1,525.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – Dec. 2019)	\$407.72
Twilight Industries, LLC – (Maintenance – Nov. 2019)	\$152.00
SSGA – Mgmt Fees for Growth Index Q/E 9/30/19	\$5,232.67
SSGA – Mgmt Fees for International Q/E 9/30/19	\$82,875.51
SSGA – Mgmt Fees for Midcap Index Q/E 9/30/19	\$3,323.56
SSGA – Mgmt Fees for Value Index Q/E 9/30/19	\$4,701.32
Atlanta Capital – Mgmt Fees Q/E 9/30/19	\$133,861.00
Fiduciary Trust – Custodial Fees for LMCG Midcap Q/E 9/30/19	\$2,562.02
Fiduciary Trust – Custodial Fees for LMCG Large Cap Q/E 9/30/19	\$4,079.90
Fiduciary Trust – Custodial Fees for R&D Midcap Q/E 9/30/19	\$1,250.00
Fiduciary Trust – Custodial Fees for Inverness Midcap Q/E 9/30/19	\$7,888.61
Fiduciary Trust – Custodial Fees for Bridgeway Midcap Q/E 9/30/19	\$2,810.26
Dahab – Consulting Fees Q/E 9/30/19	\$35,458.74
GRS – October 2019	\$10,759.00
KSDT – 9/30/18 Annual Report	\$1,600.00
Ultimate Security – 3 months beginning 9/21/19	\$75.00

ProShred - 10/29/19 Service	\$56.38
Broward County – Fire Assessment	\$515.43
ABS – Copier Lease 10/15 – 11/14/19	\$233.78
CRU #6080	\$178.00
CRU #6091	\$150.00
CRU #6118	\$115.00
CRU #6119	\$230.00
Gary Arenson – Conference Reimbursement (Southeast International Forum)	\$1,109.93
Gary Arenson – Conference Reimbursement (NCPERS)	\$1,566.78
Rachel Maldonado – Mileage Reimbursement 6/27 – 11/14/19	\$63.22
FP&L	\$145.33
SunTrust, Acct 9334	\$1,660.85
SunTrust, Acct 8961	\$1,650.31
SunTrust, Acct 8987	\$2,379.95
SunTrust, Acct 9787	\$550.00
SunTrust, Acct 9977	\$550.00
Dr. Thomas Goldschmidt, IME Fee	\$1,910.00
Steven Bornstein – September 2019	\$1,200.00
Logos Plus	\$648.00
TOTAL	\$316,875.27

13. **Approval of Member Warrant #811** – Secretary Moran presented Vendor Warrant #811 for approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #811 in the amount of **\$407,547.17**. The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Retirement Benefits:	
F/F Andrew Teixeira – Normal Retirement commencing 12/1/19	***
DROP Distributions:	
P/O Onofrio Raimondi – Lump Sum Withdrawal less FIT	***
P/O William Bucknam – Lump Sum Withdrawal less FIT	***
P/O William Maynard – Lump Sum Withdrawal less FIT	***
P/O George Soubasis – Lump Sum Withdrawal less FIT	***
P/O Thomas Varnadoe – Lump Sum Withdrawal less FIT	***
P/O Robert Powers – Lump Sum Withdrawal less FIT	***
F/F Pete Greene – Lump Sum Withdrawal less FIT	***
F/F Michael Vincent – Lump Sum Withdrawal less FIT	***
F/F Beneficiary Maria 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	***
F/F Joseph Ultimo – Lump Sum Withdrawal less FIT	***
F/F Richard Moravec – Lump Sum Withdrawal less FIT	***
F/F Andrew Teixeira – Lump Sum Withdrawal less FIT	***
F/F Kenneth Fritz – Lump Sum Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Raimondi, Bucknam, Maynard, Soubasis, Varnadoe, Powers, Greene, Vincent, Montopoli, Montopoli, Caputo, Ultimo, Moravec, Teixeira, Fritz)	***
DROP Loans:	
P/O Nick Naples - DROP Loan Less Documentary Stamp	***
P/O John Gazzano - DROP Loan Less Documentary Stamp	***
F/F Steven Dougherty - DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Naples)	***
Florida Department of Revenue – Documentary Stamp (Gazzano)	***
Florida Department of Revenue – Documentary Stamp (Dougherty)	***
TOTAL	\$407,547.17

NEW BUSINESS

None.

UNFINISHED BUSINESS

None.

14. Reports:

Actuary – Ms. Jones informed the Board that the 415 limit has increased from \$225,000 to \$230,000 for the calendar year 2020. She also mentioned the Board will have to review in the future whether they want to change their mortality table to match the new table that FRS has chosen. Finally, Ms. Jones and Ms. Borregard confirmed that an experience study is due after the next valuation when the assumption rate is reduced to 7.75%.

Attorney – Attorney Greenwood asked the Board to consider scheduling a disability hearing for Mr. Walsh even though one of the requirements is still pending. The Board agreed to the hearing. Motion by Jack McCluskey, second by Vicki Minnaugh, to schedule the Informal Disability hearing for Michael Walsh on December 19, 2019.

Ms. Greenwood also mentioned a disability application from another member is in process. She will provide updates as progress is made.

Chairman – No report at this time.

Plan Administrator – Asst. Administrator Maldonado reminded the Board that the December meeting is followed by the Board annual holiday luncheon.

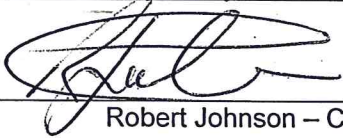
15. Input from Retirees: None.

16. Input from Active Members – None.

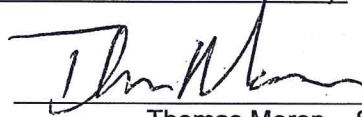
17. Input from Trustees: Trustee Cabeza asked the Board to hear a proposal from Battea who assists the securities monitoring firms. Motion by J.P. Kearney, second by Adam Cabeza, to schedule a proposal from Battea at the January 2020 meeting. The motion carried unanimously.

18. Public Comment: None.

19. Adjournment – Secretary Moran announced that the next regular meeting would be held on **Thursday, December 19, 2019 at 12:00 PM.** There being no further business, motion by Vicki Minnaugh, second by J.P. Kearney to adjourn the meeting at 4:02 PM. The motion carried unanimously.



Robert Johnson – Chairman



Thomas Moran – Secretary