

City of Lauderhill Police Officers' Retirement Plan
Minutes
September 05, 2012
2:00 PM

Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 2:11 p.m. at the City of Lauderhill Police Department.

Members Present:

David Hennessy - Chairman, Michael Lucas – Secretary (arrived at 2:41), Floyd Harris – Trustee (left at 3:34), Kennie Hobbs – Trustee & Gary Celetti – Trustee (left at 2:48).

Absent & Excused:

None

Others Present:

Stu Kaufman – Board Attorney; Dave Williams & Patty Ostrander – Precision Pension Administration; Don Dulaney – Board Actuary; Jeff Swanson – Southeastern Advisory (arrived at 3:00); and Matt Clark - PIMCO.

Consent Agenda: Warrant Ratification / Approval:

Approval of Minutes:

The Board of Trustees reviewed the minutes for the July 11, 2012 meeting. Mr. Hennessy asked if there were any changes required to the minutes. Mr. Harris made a motion to approve the minutes. Mr. Hobbs seconded the motion. The motion passed 4-0. (Mr. Lucas was off the dias).

The Board of Trustees reviewed the minutes for the August 01, 2012 meeting. Mr. Hennessy asked if there were any changes required to the minutes. Mr. Hobbs made a motion to approve the minutes. Mr. Harris seconded the motion. The motion passed 4-0. (Mr. Lucas was off the dias).

Warrant 249

Payment of \$450.00 to FPPTA for Floyd Harris to attend Fall Trustee School. Motion made by Mr. Hobbs to approve as outlined, seconded by Mr. Celetti. Motion passed 4-0. (Mr. Lucas was off the dias).

Warrant 250

Payment of \$3,120.00 to Klausner, Kaufman, Jensen & Levinson for Attorney services through July 2012. Motion made by Mr. Harris to approve as outlined, seconded by Mr. Celetti. Motion passed 4-0. (Mr. Lucas was off the dias).

Warrant 251

Payment of \$1,510.00 to Dulaney & Company for Actuary services through July 2012. Motion made by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 4-0. (Mr. Lucas was off the dias).

Warrant 252

Payment of \$862.76 to City of Lauderhill to reimburse for travel expenses for Kennie Hobbs for FPPTA June 2012 conference. Motion made by Mr. Harris to approve as outlined, seconded by Mr. Celetti. Motion passed 4-0. (Mr. Lucas was off the dias).

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Warrant 253

Payment of \$750.00 to Dulaney & Company for Actuary services through August 2012. Motion made by Mr. Celetti to approve as outlined, seconded by Mr. Harris. Motion passed 4-0. (Mr. Lucas was off the dias).

Warrant 254

Payment of \$3,502.50 to Klausner, Kaufman, Jensen & Levinson for Attorney services through August 2012. Motion made by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 4-0. (Mr. Lucas was off the dias).

Mr. Hennessy and Mr. Celetti executed all of the aforementioned warrant.

APPROVAL NEW MEMBERS:

Motion to approve Allen Siegel and Evans Michel by Mr. Harris, seconded by Mr. Hobbs. Motion passed 4-0. (Mr. Lucas was off the dias).

Return of Pension Contributions:

Erika (McFarland) Williams – Tabled for October meeting.

Approval for Normal Retirement:

Darrell Walker – Tabled for October meeting.

Attorney Report:

Mr. Kaufman presented the updated Summary Plan Description. The consensus by the Board was to post the Summary Plan Description on the Pension website. It was felt members could view, save and print from that file if necessary. Motion to accept same by Mr. Celetti, seconded by Mr. Hobbs. Motion passed 4-0. (Mr. Harris was off the dias). Mr. Hennessy will generate an internal e-mail to all sworn personnel about the posting.

Mr. Kaufman highlighted the City of Miami Financial Urgency case being handled by his firm. The Third District Court of Appeals will be hearing the matter.

Mr. Kaufman advised the State of Florida Supreme Court will be hearing the FRS Case on September 07, 2012. The case will be streamed on the web for interested parties.

Mr. Kaufman reviewed letters from State of Florida Division of Retirement regarding the City of Naples & the City of Hollywood. The Division after 13 years has indicated that they have misinterpreted 99-1 that was passed March 12, 1999. Mr. Kaufman advised that legislators removed the rule making authority from the Division of Retirement therefore any issues raised are handled on a case by case basis by the Division. Further information will be distributed as it is received.

Actuary Report:

Mr. Dulaney indicated he was working on the vested benefit statement for Erika Williams. The question arose regarding a notation of a buyback contribution. Further examination is required and he is awaiting clarification from the Finance Department.

Mr. Hennessy indicated that Mr. Epstein (Member of the Plan) requested an actuarial calculation with regard to an incentive plan offered to him by the City. It was noted that Mr.

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Epstein had an outstanding invoice open with Mr. Dulaney's office and that prior to any further calculations the invoice would need to be satisfied. Mr. Williams indicated that he has been in e-mail communication with Mr. Epstein and that he would follow up and notify Mr. Epstein accordingly.

Mr. Dulaney confirmed that the State of Florida Chapter 185 funds were valued at \$303,326.00. Last year the amount was \$285,072.00.

Mr. Dulaney briefed the Board on communications that he is holding with the States Actuary with regard to the 2011 Actuarial Valuation Report. Mr. Dulaney was advised the best course of action was to pursue the matter in an effort to maintain the Plan Sponsors contribution to the Plan.

PIMCO:

Mr. Matt Clark appeared before the Board to review the quarterly investment report for the period ending June 30, 2012. It was reported that the return on the PIMCO All Asset Fund was -0.7% vs. the Barclays Aggregate which returned 2.1% and the MSCI ACW which returned -5.6%. On a rolling twelve month basis, the PIMCO All Asset Fund was 3.1% vs. the Barclays Aggregate which returned 7.5% and the MSCI ACW which returned -6.5%. On a three year basis, the PIMCO All Asset Fund was 11.4% vs. the Barclays Aggregate which returned 6.9% and the MSCI ACW which returned 10.8%.

Mr. Matt Clark reported that the return on the PIMCO Total Return Fund was 2.8% vs. the Barclays Aggregate which returned 2.1%. (Top 4% tile). On a rolling twelve month basis, the PIMCO Total Return Fund was 7.0% vs. the Barclays Aggregate which returned 7.5%. On a three year basis, the PIMCO Total Return Fund was a stellar 8.7% vs. the Barclays Aggregate which returned 6.9%.

Mr. Matt Clark reported that the return on the PIMCO Investment Grade Bond was 2.8% vs. the Barclays Aggregate which returned 2.1%. (Top 1% tile). On a rolling twelve month basis, the PIMCO Investment Grade Bond was 10.2% vs. the Barclays Aggregate which returned 7.5%. (Top 2 % tile). On a three year basis, the PIMCO Investment Grade Bond was a stellar 12.9% vs. the Barclays Aggregate which returned 6.9% (Top 1 % tile).

SOUTHEASTERN ADVISORY REPORT:

Mr. Swanson came before the Board and presented the June 30, 2012 Investment Report for the Plan. As of June 30, 2012 the fiscal year return was valued at 11.5%.

Mr. Swanson advised the total balance of the fund was valued at \$32,241,534. He indicated the total asset allocation for the portfolio as of 06-30-12 was 15.1% in absolute returns, 30.6% in Fixed Income, 40.5% in domestic equities, 12.7% in international equities, and the balance held in cash.

ICC Capital returned -6.2% for the quarter vs. -3.1% for the benchmark, placing it in the 94th percentile. ICC Capital returned 12.3% and -0.9% respectively on a three and five year basis. During that same time frame the Benchmark returns was 16.86% and 0.4% respectively. The Board expressed their concerns with Mr. Swanson with regard to ICC's performance. Mr. Swanson indicated that recent underperformance in the last year were pulling down the longer term numbers. The Board inquired if the investment style has drifted or was there a change in personnel. Mr. Swanson said that is not the case. Mr. Hobbs called for a possible search and he feels we should diligently review and consider all options. Mr. Swanson will review the entire equity program and bring options for the Board to consider at the next quarterly meeting.

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Euro Pacific Growth returned -6.1% for the quarter vs. -7.1% for the benchmark, placing it in the 26th percentile. On a one year basis that portion of the portfolio returned -12.6% vs. -13.8% for the benchmark, placing it in the Top 28th percentile. On a 3 & 5 year basis, the return was 7.9% and -2.0% (Top 19th percentile) vs. 6.0% and -6.1% respectively.

Mr. Swanson was asked if it would be reasonable to take advantage of the positive fiscal year return and rebalance and / or reallocate at this time. In short, Mr. Swanson felt that we needed to stay the course and by changing the investment philosophy at this juncture would be a dangerous move. Mr. Swanson indicated by reallocating, the Plan could possibly be missing a positive impact of the September 30, 2012 quarter. Mr. Swanson reminded the Board that they were not market timers.

Mr. Swanson proceeded to review the Actuarial Assumption and Asset Allocation report dated August 2012. Historical returns of the S & P 500 were reviewed as well as variations to the asset allocation mix. Comparisons were made to other public pension plans. A breakdown in the asset allocation of the Florida Retirement System was also made. At the conclusion of the presentation, Mr. Swanson felt that the plan assumption of 7.75% was reasonable and in line with the Florida Retirement System.

Mr. Swanson stated that in addition to the equity review that he will be conducting, he will also bring a Real Estate search for the first quarter of 2013.

Plan Administrator Report:

Mr. Williams presented the revised Beneficiary form to the Board. The change was offered due to House Bill 401 relating to divorced beneficiaries. Mr. Kaufman reviewed and approved of its legal content. Motion to accept same by Mr. Hobbs, seconded by Mr. Celetti. Motion passed 4-0. (Mr. Harris was off the dias).

Mr. Williams presented the Letter of Engagements from Goldstein Schechter and Koch to complete the independent review of the financial statements and state report. Motion to authorize Mr. Hennessy to sign the letters of engagement by Mr. Hobbs, seconded by Mr. Celetti. (Mr. Harris was off the dias).

Mr. Williams distributed the 2013 meeting dates to the Board.

Mr. Williams advised the Board that the annual confirmation of retirement forms were distributed to all retired members. Any non compliance will be brought to the board's attention and retirement payments subject to interruption.

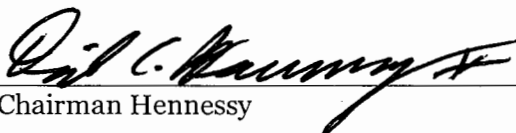
Open Discussion:

None.

Adjournment:

Being there was no other business; the meeting was adjourned at 4:27 PM.

Approved: _____


Chairman Hennessy

Date: 10-03-12