

City of Lauderhill Police Officers' Retirement Plan
Minutes
November 07, 2012
2:00 PM

Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 2:03 p.m. at the City of Lauderhill Police Department.

Members Present:

David Hennessy - Chairman, Michael Lucas – Secretary (left at 3:55 p.m.) & Floyd Harris – Trustee.

Absent & Excused:

Kennie Hobbs & Gary Celetti - Excused

Others Present:

Stu Kaufman – Board Attorney; Dave Williams & Patty Ostrander – Precision Pension Administration; Don Dulaney – Board Actuary; Steve Stack – ICC, Investment Manager & Jeff Swanson – Performance Monitor, Southeastern Advisory.

Consent Agenda: Warrant Ratification / Approval:

Approval of Minutes:

The Board of Trustees reviewed the minutes for the October 03, 2012 meeting. Mr. Hennessy asked if there were any changes required to the minutes. Mr. Harris made a motion to approve the minutes. Mr. Lucas seconded the motion. The motion passed 3-0.

Warrant 261

Payment of \$17,715.93 to ICC Capital Management for Quarterly Management Fees form period July 01, 2012 through September 30, 2012. Motion by Mr. Harris to approve as outlined, seconded by Mr. Lucas. Motion passed 3-0.

Warrant 262

Payment of \$4,041.87 to Professional Indemnity Agency, Inc. for Fiduciary Insurance Renewal October 12, 2012 through October 12, 2013. Motion by Mr. Harris to approve as outlined, seconded by Mr. Lucas. Motion passed 3-0.

Warrant 263

Payment of \$800.00 to Goldstein Schechter Koch for Progress billing related to September 30, 2012 audit work. Motion by Mr. Lucas to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 264

Payment of \$992.61 to Floyd Harris for reimbursement for FPPTA Trustee School in October 2012. Motion by Mr. Lucas to approve as outlined, seconded by Mr. Hennessy. Motion passed 3-0.

Warrant 265

Payment of \$600.00 to FPPTA for Annual membership for 2013. Motion by Mr. Harris to approve as outlined, seconded by Mr. Lucas. Motion passed 3-0.

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Warrant 266

Payment of \$1,920.00 to Klausner, Kaufman, Jensen & Levinson for legal services through October 29, 2012. Motion by Mr. Lucas to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 267

Payment of \$1,840.00 to Dulaney & Company, Inc. for Actuarial services through October 2012. Motion by Mr. Harris to approve as outlined, seconded by Mr. Lucas. Motion passed 3-0.

Warrant 268

Payment of \$395.00 to Opal Financial Group, registration fee for Kennie Hobbs to attend the 25th Annual NAPO Conference February 2013. Motion by Mr. Harris to approve as outlined, seconded by Mr. Lucas. Motion passed 3-0.

Mr. Hennessy and Mr. Lucas executed all of the aforementioned warrants.

Approval of New Member:

Motion to approve Glenford Veitech as a new member effective October 09, 2012 by Mr. Lucas, seconded by Mr. Harris. Motion passed 3-0.

Motion to approve Lori Ramsey as a new member effective October 01, 2012 by Mr. Lucas, seconded by Mr. Harris. Motion passed 3-0.

ICC - Investment Manager Report:

Mr. Stack, ICC indicated that as of September 30, 2012, the portfolio had a market value of \$14,177,315. The allocation at the end of the quarter based on each asset class is as follows: 7.3% in cash, 22.1% in growth equity, 47.4% in value equity and 23.3% in multi-cap equity.

Investment performance for the quarter by asset category is as follows: value 6.35% vs. the benchmark of 6.31%, multi-cap 5.68% vs. the benchmark of 6.31%, growth 5.19% vs. 6.31%, which equates to a quarterly return of 5.90% vs. 6.31%. These numbers are gross basis.

The investment return on a fiscal year basis - Value 27.01% vs. the benchmark of 30.05%, Multi-cap 17.43% vs. the benchmark of 30.05%, Growth 26.60% vs. the benchmark of 30.05%, which equates to an annual return of 24.44% vs. 30.05%.

On a five year basis the total account return was -0.40% vs. the benchmark of 1.23%. The cited returns were reported on a gross basis.

Mr. Stack reported that the Shareholders of ICC have met and have decided to sell the company. An offer and counter offer have been made by a Michigan based firm. Mr. Stack assured the board that our account will not be affected. Further details to follow.

Mr. Hennessy questioned Mr. Stack with regard to the style & strategy of the portfolio & investments. Mr. Stack indicated that nothing changed & what caused the lag in their performance was primarily because of Gold Holdings & American Airlines strategic bankruptcy.

Southeastern Advisory – Performance Monitor Report:

Mr. Swanson advised the total fund was valued at \$34,450,420. The fund is up 17.5% for the fiscal year return.

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Mr. Swanson indicated the total asset allocation for the portfolio as of 09-30-12 was 15.1% in absolute returns, 30.6% in Fixed Income, 38.2% in domestic equities, 12.8% in international equities, and 3.3% cash.

ICC Capital returned 5.9% for the quarter vs. 6.3% for the benchmark, placing it in the 67th percentile. On a one year basis, that portion of the portfolio returned 24.5% vs. 30.1% for the benchmark, placing it in the 83rd percentile. ICC Capital returned 8.6% and -0.5% respectively on a three and five year basis. During that same time frame the Benchmark returns was 13.3% and 1.2% respectively.

Euro Pacific Growth returned 7.3% for the quarter vs. 6.9% for the benchmark, placing it in the 28th percentile. On a one year basis that portion of the portfolio returned 18.4% vs. 13.8% for the benchmark, placing it in the 26th percentile. On a 3 & 5 year basis, the return was 4.2% and -1.6% vs. 2.1% and -5.2% respectively placing it in the 34th percentile and 16th percentile.

Mr. Swanson advised that PIMCO All Asset Fund returned 6.4% and trailed the benchmark which was at 6.8%. Mr. Swanson advised that PIMCO Total Return Fund was at 3.1% and the benchmark which was at 1.6%. Mr. Swanson advised that PIMCO Investment grade Bond was at 4.6% and this also beat the benchmark of 1.6%.

Mr. Swanson recommended transferring the assets from PIMCO All Asset to PIMCO All Asset All Authority Fund. Mr. Swanson reflected that the fees were higher in this account but the potential upside in the portfolio outweighs the fee increase. Mr. Swanson also felt there would be more downside protection to the Plan. Motion to approve same by Mr. Harris, seconded by Mr. Lucas. Motion carried 3-0. Mr. Williams will contact Mr. Swanson for the formal instructions for Salem Trust.

Mr. Swanson stated that the Plan is now large enough to have three fixed income funds. He recommended adding PIMCO Income and dividing all the fixed income portfolios evenly. Motion to approve same by Mr. Lucas seconded by Mr. Harris. Motion carried 3-0. Mr. Williams will contact Mr. Swanson for the formal instructions for Salem Trust.

Mr. Swanson stated that overall the performance for the last year has been good; however ICC has had some issues. Mr. Swanson briefly reviewed the ICC products, outlined the decentralized structure of ICC and spoke about ownership / personnel matters. Mr. Swanson provided three options for the Board to consider; split the existing portfolio, replace poor performing segments and / or seek passive core product. The discussion ensued with regard to the proposals, however no action was taken as there was no longer a quorum present at the meeting. Mr. Hennessy asked Mr. Swanson to invite three managers to be interviewed at the December meeting.

Mr. Swanson proposed that the Board consider adding a Real Estate Manager to the Plan. Mr. Swanson outlined various Core & Non-Core Real Estate products. Mr. Swanson felt that a Core Real Estate Manager would best fit the Plan at this juncture. Mr. Hennessy asked Mr. Swanson to invite three managers to be interviewed at the January meeting.

Attorney's Report:

No formal report provided.

Actuary's Report:

Mr. Dulaney provided the board with a spreadsheet on City Funding for the Fiscal year that ended September 30, 2012. Mr. Dulaney outlined the ongoing conversations that he is having with the State Actuary, Mr. Douglas Beckendorf. The issues are, the Amortization schedule

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proposed in the initial Valuation Report & the Actuarial Value of Assets. Mr. Dulaney advised that the conversations will continue until a consensus is reached. At that juncture Mr. Dulaney will report back to the Board.

Mr. Dulaney presented a November 07, 2012 letter to the Board. The letter outlined the repayment of employee contributions that were refunded to Mr. Raymond Ranger. The request to calculate originated from the City of Lauderhill HR Department.

Plan Administrator's Report:

Mr. Williams stated that the Annual Independent Audit of the Financial Statements is underway. Mr. Williams is hopeful for a January presentation.

Mr. Williams & Mrs. Ostrander provided recent action / efforts taken with regard to several past & present members of the Plan.

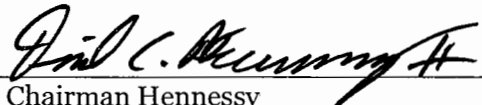
Mr. Williams was pleased to present the 2012 Public Pension Coordinating Council – Public Pension Standards Award for Funding to the Board of Trustees. Mr. Williams cited that this honor was presented in recognition of meeting professional standards of plan funding. The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators (NASRA), National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR). Mr. Williams reflected that this is the first year this nationally recognized award has been issued to the Plan.

Open Discussion:

None.

Adjournment:

Being there was no other business; the meeting was adjourned at 4:34 PM.

Approved: 
Chairman Hennessy

Date: 12-05-12