



Lauderhill Police Retirement System

Lauderhill Police Retirement System
6279 West Oakland Park Blvd.
Lauderhill, FL 33313
November 2, 2011
2:00 PM

Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement System to order at 2:04 p.m. at the City of Lauderhill Police Department.

Members Present:

David Hennessy, Chairman, Michael Lucas, Trustee and Floyd Harris, Trustee

Absent & Excused:

Kennie Hobbs, Trustee and Gary Celetti, Trustee

Others Present:

Jeff Swanson, Southeastern Advisory, LLC, Steve Stack and Bob Dorn, Plan Administrator

It should be noted that there was a quorum for the Board to have an official meeting.

Consent Agenda: Warrant Ratification / Approval:

Warrant 193

Payment of \$820.00 to Dulaney & Company, Inc. for actuarial services rendered through September 2011 Motion made by Mr. Lucas to approve Warrant 193 as outlined, which was seconded by Mr. Harris. Motion passed 3-0.

Warrant 194

Payment of 900.00 to Goldstein, Schechter & Koch for examination of financial statements required for audit services rendered through period ending 9/30/11. Motion made by Mr. Harris to approve Warrant 194 as outlined, which was seconded by Mr. Lucas. Motion passed 3-0.

Warrant 195

Payment of 12,925.90 to ICC Capital Management, Inc. rendered from July 1, 2011 to September 30, 2011 for management fee. Motion made by Mr. Harris to approve Warrant 195 as outlined, which was seconded by Mr. Lucas. Motion passed 3-0.

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Warrant 196

Payment of \$2,460.00 to Klausner & Kaufman for legal services rendered through October 31, 2011. Motion made by Mr. Harris to approve Warrant 196 as outlined, which was seconded by Mr. Lucas. Motion passed 3-0.

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

ICC CAPITAL MANAGEMENT

Mr. Stack advised that the total return for the quarter was -19.42%. Mr. Stack advised that the quarter was going well except for a two week period which took all of the positive gains for the fiscal year. Mr. Stack advised that the plan started the year with a market value of \$10,827,426 and ended the year at a market value of \$10,341,824.00

Mr. Stack advised that three products underperformed in the previous quarter which caused the negative returns. The Value section return was -20.33% and the Benchmark return was -14.68%. The Multi-cap section return was -17.39% and the bench mark return was -14.68%. The Growth section return was -19.62% and the Benchmark return was -14.68%. The Total Fund for the quarter return was -19.42% and the Benchmark was -14.68%

Mr. Stack advised that the one year numbers were as follows: Value return was -8.31% and the Benchmark was .91%. The Multi-Cap return was -1.90% and the Benchmark was .91%. The Growth return was -6.30% and the Benchmark was .91%. The Total Fund return for the year was -6.24% and the Benchmark was .91%.

Mr. Stack advised that prior to last month, all of the funds were doing a positive return. He advised that there was a dramatic sell off and various debt reasons worldwide which caused the market shift based upon their information. The market sectors they liked were harmed over the last six months by the move towards removing money from stocks to bonds.

Mr. Stack advised that the Fed responded with a pledge to hold interest rates low for several years to allow businesses to make decisions without having to weigh the uncertainty of borrowing costs during the back half of the recovery. S&P weighed the uncertainty and decided to downgrade the US sovereign credit rating, causing a rush into US debt. The Fed announced through 'Operation Twist' that they stand to be buyers of long maturity US treasury bonds continuing the steady march into fixed income investments.

Mr. Stack advised that the market was so volatile that diversification was the risk in that more asset classes leading to higher probability of greater underperformance. When everything does down equally, then owning small pieces of everything does little to help the total situation. Mr. Stack advised that they have not changed their strategy in investments at ICC Capital Management. Mr. Stack advised that there have been no personal changes at ICC Capital Management.

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Southeastern Advisory- Monitor Report

Mr. Swanson advised the he would classify the market investment as a risk on and risk off type. He advised that the last two quarters were a risk off type market and anyone with risk was at a negative in gains. He advised that the Multi-cap has gotten bigger, more global.

Mr. Swanson advised that ICC Capital Management usually diversify into 30-40 different stocks and have broadened their approach to 120 different stocks. He advised that at a macro level, the securities had very little crossover in their ICC Capital management three products.

Mr. Swanson advised the following information to the Board: the allocation for plan assets was, 31.3% Fixed Income, 3% Cash, 12.7% Absolute Return, 37.8% Domestic Equity, and 15.2% International Equity. Mr. Swanson advised that we are close to target allocations in each area. The target areas for Domestic Equity securities is 45%, International Equity securities is 15%, Absolute Return is 10%, Fixed Income is 30% and Cash is 0%.

The total fund assets at the end of this fiscal year were \$26,170,987.00. The total fund was down -3.7%. Total Fund net of fees the loss was -3.9%. The total number of securities in the fund was 121, which provided broad diversification. The largest single company stock owned was Microsoft Corp with is 2.5% of portfolio.

Mr. Swanson advised that ICC underperformed during the quarter and overall during the year. The PIMCO Core Value Fund had a large miss in the investment field which really hurt the overall performance of the fund for the fiscal year. The ending quarter has a -12.1% return which caused the return for the overall year to below. The fund was up over ten percent going into the last fiscal quarter.

Mr. Swanson advised that we have tried to balance the PIMCO All Asset with the PIMCO Investment Grade Bond with new funds and we have accomplished that. He advised that he does not recommend any changes to the new money allocation into the fund at this point and will make recommendations to the Board in the future when he thinks it is necessary.

Mr. Swanson advised that he has worked with Karen Russo (Salem Trust) and Bob Dorn (Plan Administer) to set up a new account program for the note receivable payment from the City to better track it. He advised that it has been working thus far. Mr. Swanson advised that on a better note, as of yesterday, the fund had a total market value of \$28,814,000 which was up since the end of the fiscal year.

Mr. Swanson advised that the market is down and all of his other clients are in similar positions at this time in the market.

Attorney Report:

No formal report provided

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Plan Administrator Report:

Mr. Dorn advised that the audit process is going on and thus far moving along with no problems. Mr. Dorn advised that American Express account was applied for the Board and that it will take a few months to get this approved. Mr. Dorn advised that he expects it to be approved by January/2012.

Adjournment:

Mr. Harris moved to adjourn the meeting. The motion was seconded by Mr. Harris. The motion passed 3-0. The meeting was adjourned at 3:18 p.m.

Approved: _____ Date: _____
Chairman Hennessy