

City of Lauderhill Police Officers' Retirement Plan
Minutes
December 04, 2013
10:00 a.m.

Call to Order / Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 10:15 a.m. at the City of Lauderhill Police Department.

Members Present:

David Hennessy - Chairman, Kennie Hobbs (left at 11:00 a.m.) & Floyd Harris – Trustees.

Absent & Excused:

Mr. Michael Lucas & Mr. Gary Celetti

Others Present:

Paul Daragjati, Board Attorney - Klausner, Kaufman, Jensen & Levinson; Jeff Swanson, Performance Monitor - Southeastern Advisory; Dave Williams & Patty Ostrander – Precision Pension Administration.

Public Discussion:

None

Consent Agenda: Warrant Ratification / Approval:

Approval of Minutes:

The Board of Trustees reviewed the minutes for the November 06, 2013 meeting. Mr. Hennessy asked if there were any changes required to the minutes. Mr. Harris made a motion to approve the minutes as outlined, seconded by Mr. Hobbs. Motion passed 3-0.

Warrant 330

Payment of \$30.00 to FPPTA for Re-certification fees for Floyd Harris. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Hennessy. Motion passed 3-0.

Warrant 331

Payment of \$600.00 for FPPTA 2014 Membership Fees. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 332

Payment of \$3,200.00 to Goldstein Schechter & Koch for Audit services for year ended 09-30-13. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 333

Payment of \$851.25 to Klausner, Kaufman, Jensen & Levinson for legal services through November 2013. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 3-0.

Warrant 334

Payment of \$4,397.21 to Salem Trust Company for custodial services April 01, 2013 through June 30, 2013. Motion by Mr. Harris to approve as outlined, seconded by Mr. Hobbs. Motion passed 3-0.

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Warrant 335

Payment of \$4,722.72 to Salem Trust Company for custodial services July 01, 2013 through September 30, 2013. Motion by Mr. Harris to approve as outlined, seconded by Mr. Hobbs. Motion passed 3-0.

Attorney's Report:

Mr. Darajgati spoke briefly about the IRS Ruling 2013-17 and how it relates to same sex marriage.

Actuary Report:

Not present, no report provided.

Southeastern Advisory Report:

Mr. Swanson began his presentation by stating that the positive cash flow helped our Plan during the year. We continue to have the ability to buy into the market which helped our bottom line. Mr. Swanson continued by stating that our fund had the highest return with his clients and known to him by other plans. Mr. Swanson reflected that the asset allocation was right, stock selection was right & performance from the managers was good.

Mr. Swanson advised that the total fund was valued at \$42,224,114 as of September 30, 2013. Mr. Swanson indicated the total asset allocation for the portfolio as of September 30, 2013 was 10.0% in absolute returns, 30.0% in fixed income, 45.0% in domestic equities and 15.0% in international equities.

ICC Capital returned 5.4% for the quarter vs. 6.0% for the benchmark, placing it in the 49th percentile. On a one year basis, that portion of the portfolio returned 25.7% vs. 20.9% for the benchmark, placing it in the 8th percentile. ICC Capital returned 13.5% and 7.9% respectively on a three and five year basis. During that same time frame, the Benchmark returns were 16.6% and 10.5% respectively.

Euro Pacific Growth returned 9.6% for the quarter vs. 10.6% for the benchmark, placing it in the 47th percentile. On a one year basis that portion of the portfolio returned 18.3% vs. 23.8% for the benchmark, placing it in the 45th percentile. On a three and five year basis, the return was 7.8% and 7.8% vs. 8.5% and 6.4% respectively placing it in the 33rd and 27th.

Oakmark International returned 13.2% for the quarter vs. 11.6% for the benchmark, placing it in the 47th percentile. On a one year basis that portion of the portfolio returned 40.8% vs. 23.8% for the benchmark, placing it in the 1st percentile. As this is a new addition to the portfolio there are no longer term historical numbers.

New Amsterdam returned 13.1% for the quarter vs. 9.1% for the benchmark, placing it in the 7th percentile. As this is a new addition to the portfolio there are no longer term historical numbers.

Mr. Harris asked Mr. Swanson if we should reduce the allocation of ICC. Mr. Swanson stated that due to their uncertainty he is not confident with ICC. Mr. Swanson felt it would be prudent to go passive vs. active management. Further, Mr. Swanson is in favor of interviewing other managers. Mr. Hennessy asked if the Board wanted to cut back or totally close ICC. Mr. Harris is in favor of cutting back. Mr. Hobbs made a motion to Move \$6M from ICC and place it in the Vanguard S&P500 Index Fund when administratively practical. Seconded by Mr. Harris. Motion carried 3-0.

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Mr. Hennessy asked Mr. Swanson if he was confident in the Salem Trust reported numbers. Mr. Swanson stated that he was satisfied and that his firm identified any reporting errors. Mr. Swanson wanted Salem Trust to restate the reports but they would not as they are making journal entries for the issues identified.

Mr. Swanson distributed a proposal for Custodian. He stated that he currently has clients with all firms except US Bank. Wells Fargo was given the opportunity to provide a quote, however they did not following instructions.

Mr. Hennessy asked Mr. Swanson for confirmation that we can sever ties with Salem Trust at any time and Mr. Swanson confirmed same.

Mr. Swanson stated that he is in favor of staying with Salem Trust. We were forced to go through this transition and why go through another transition again. He understands the error and the loss of confidence.

Mr. Hennessy asked Mr. Daragjati to negotiate with Salem Trust and convey the Board is looking at other Custodians and in lieu of a Custodian change, the Board would like to see a 20% reduction in fees for 2014 and a 10% reduction in 2015.

Mr. Hennessy along with other Board members congratulated & thanked Mr. Swanson for a great year.

Plan Administrator's Report:

PPCC AWARD: Mr. Williams presented notification that the Lauderhill Police Officers Plan was the recipient of the 2013 Public Pension Coordinating Council (PPCC) Award. Mr. Williams reflected that the PPCC is a coalition of three associations that represent public pension funds who cover the vast majority of public employees in the US. The associations are:

National Association of State Retirement Administrators (NASRA)
National Council on Teacher Retirement (NCTR)
National Conference on Public Employee Retirement Systems (NCPERS)

Mr. Williams stated that this is the second year the Plan received the PPCC Award. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. Mr. Williams reflected that retirement systems and state and local governments that sponsor them are encouraged to meet these standards.

New Business

Mr. Hobbs & Mr. Harris were reappointed to the Board of Trustees by the City Commission. Mr. Williams reminded the Board that the Fifth Member position is up for appointment in January 2014.

Old Business

Mr. Harris asked about the credit card status. Mr. Williams provided an update and Mr. Hennessy stated that he will follow up with Regions Bank.

Open Discussion:

None

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Adjournment:

Being there was no other business; the meeting was adjourned at 11:45 a.m.

Approved: 
Chairman Hennessy

Date: 01-08-14