

City of Lauderhill Police Officers' Retirement Plan
Minutes
March 04, 2015
2:00 PM

Call to Order / Roll Call:

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 2:10 PM at the Lauderhill Police Department 6279 West Oakland Park Blvd in Lauderhill Florida.

Members Present:

David Hennessy - Chairman, Floyd Harris - Secretary, Kennie Hobbs (via conference call at 2:25 P.M.) & Sam Smith - Trustees.

Absent:

Gary Celetti

Others Present:

Paul Daragjati - Board Attorney (left at 3:35 P.M.); Dave Williams - Plan Administrator & Patty Ostrander - Administrative Assistant, Don Dulaney - Board Actuary (left at 3:55 P.M.), Jeff Swanson - Performance Monitor Southeastern Advisory (left at 3:35 P.M.), & Clement Johns - Board Auditor (left at 3:10 P.M.)

Public Discussion:

No Comments Provided

Approval of Minutes:

The Board of Trustees reviewed the minutes for the February 04, 2015 meeting. Mr. Harris made a motion to approve the minutes, seconded by Mr. Hobbs. The motion passed 4-0.

Consent Agenda: Warrant Ratification / Approval:

Warrant 440

Payment of \$2.15 to Sun Credit Union - Sam Smith (Interest charge). Motion by Mr. Harris to approve as outlined, seconded by Mr. Hobbs. Motion passed 4-0.

Warrant 441

Voided Warrant - No action taken

Warrant 442

Payment of \$4,780.00 to Dulaney & Company, Inc. for Actuarial services through January 2015. Motion by Mr. Hobbs to approve as outlined, seconded by Mr. Harris. Motion passed 4-0.

Warrant 443

Payment of \$684.60 (one time only) to Jorge Manchola as a retroactive payment due for the months of January - March 2015, based on the difference from estimated benefit and final calculation prepared by Board Actuary. Motion by Mr. Harris to approve as outlined, seconded by Mr. Hobbs. Motion passed 4-0.

Warrant 444

Payment of \$2,967.50 monthly to Jorge Manchola as a Normal Retirement Benefit (Life Only option) effective April 01, 2015 and the first day of each month thereafter until further notice per the final calculation prepared by Board Actuary. Motion by Mr. Harris to approve as outlined, seconded by Mr. Hobbs. Motion passed 4-0.

Attorney's Report:

Summary Plan Description and DROP FAQ Revision – Mr. Daragjati distributed a draft of the cited documents dated March 2015. Upon a cursory review, it was determined that further revisions were required. Mr. Daragjati will provide an updated copy for the next meeting.

Discussion of Salem Trust Matter - Mr. Daragjati informed the Board that Salem Trust undergoes their own independent annual financial audit each fiscal year which ends June 30th. For the financial statements of the fiscal year ending June 30, 2014, Salem Trust received an Unfavorable Adverse Opinion. Mr. Daragjati and Mr. Johns stated that they have never seen such a finding as reported.

Mr. Hennessy feels we should move forward with a Custodial search. Mr. Daragjati felt a search would be reasonable however felt the funds were safe and the Board should proceed with deliberant action.

After discussion by the trustees, Mr. Harris made a motion for Mr. Williams to conduct a custodial search. Motion seconded by Mr. Smith, passed 4-0. Mr. Swanson indicated he would provide point of contact information for various financial institutions to Mr. Williams.

Actuary's Report:

Mr. Swanson and Mr. Dulaney reported that the GASB67 requirement was a new provision for this years financial statements. With that being said, Mr. Swanson developed a revised rate of return based on JP Morgan projections and a long term horizon of expected returns. Using that blended mix, Mr. Swanson feels 7.6% is a reasonable expectation. Mr. Dulaney concurred with Mr. Swanson's findings.

Based on the recommendation of Mr. Dulaney and Mr. Swanson, the Board felt the revision was reasonable. Motion to accept the revised GASB67 by Mr. Harris, seconded by Mr. Smith. Motion carried 4-0. The updated GASB67 will be provided to Mr. Johns for inclusion in the September 30, 2014 Financial Statements.

Mr. Dulaney began his presentation by discussing his upcoming Valuation Report. The topic of assumptions was discussed to include the assumed rate of return, turn over rates and salary increases. Mr. Swanson stated that forecasters expect lower returns in the capital markets in the next ten years. Mr. Swanson looked up all Florida Plans and their rate of returns and 32% are equal or greater than 8%. Therefore, Mr. Swanson feels the Board may wish to consider changing the rate of return. Weighing the previous discussion, Mr. Dulaney indicated that he could prepare a report valuing various assumption changes. The Board by consensus agreed. Mr. Dulaney indicated that he will have the report prepared for the April meeting.

Mr. Dulaney presented the individual benefit statements to Mrs. Ostrander who indicated she would prepare for distribution to the membership. Mr. Dulaney inquired about members Ranger and Yopps. Mr. Williams indicated that he would research and respond forthwith.

Financial Statements Presentation Fiscal Year ending September 30, 2014:

Mr. Clement Johns of Goldstein Schechter Koch (GSK), indicated that the September 30, 2014 financial statements were approved based on the previous version of GASB67. Due to the revised GASB67 being approved this date, the report will have to be updated. A motion was made by Mr. Hobbs to amend and approve the financial statements of September 30, 2014 with the insertion of the revised GASB67 data, seconded by Mr. Smith. Motion passed 4-0.

Mr. Johns explained that due to the recent development of the adverse findings with regard to Salem Trust, his firm is under taking further review and testing of the data provided by Salem Trust. Mr. Johns feels this further due diligence will provide another layer of checks and balances to the audit process. Mr. Johns reflected that this work will cost additional time and money; however the cost will be sought with Salem Trust.

Performance Monitor's Report – Jeff Swanson

Mr. Swanson advised that the total fund was valued at \$50,878,424 as of December 31, 2014. He provided a snapshot to the Board as of this date, that the total fund was valued at \$52,835,004.

Mr. Swanson indicated the total asset allocation for the portfolio as of December 31, 2014 was 7.8% in Absolute Returns, 18.8% in Fixed Income, 48.7% in Domestic Equities, 14.3% in International Equities, 1.6% in Cash and 8.8% in Real Estate.

Mr. Swanson reported Vanguard 500 Index returned 4.9% for the quarter vs. 4.9% which was in line for the benchmark and ranked in the top 28th percentile. On a one year basis that portion of the portfolio returned 13.5% vs. 13.7% for the benchmark, placing it in the top 19th percentile.

Mr. Swanson continued his Investment report advising ICC Capital returned 6.4% for the quarter, outpacing the benchmark which returned 4.9%, placing it in the top 7th percentile. On a one year basis, that portion of the portfolio returned 11.1% vs. 13.3% for the benchmark, placing it in the 80th percentile. ICC Capital returned 19.6% and 13.0% respectively on a three and five year basis. During that same time frame the Benchmark returns as 20.6% and 15.6% respectively.

Mr. Swanson reported on the following components:

New Amsterdam returned 7.9% for the quarter vs. 6.8% for the benchmark, placing it in the top 4th percentile. On a one year basis that portion of the portfolio returned 3.6% vs. 7.1% for the benchmark, placing it in the 73rd percentile.

Oakmark International returned -0.5% for the quarter vs. -3.6% for the benchmark, placing it in the top 12th percentile. On a one year basis that portion of the portfolio returned -5.4% vs. -4.9% for the benchmark, placing it in the 58th percentile.

Euro Pacific Growth returned -1.6% for the quarter vs. -3.6% for the benchmark, placing it in the top 21st percentile. On a one year basis that portion of the portfolio returned -2.3% vs. -4.9% for the benchmark, placing it in the top 29th percentile. On a three and five year basis, the return was 12.2% and 6.4% vs. 11.1% and 5.3% respectively placing it in the top 21st percentile and top 25th percentile

Mr. Swanson updated the Board with the funding status of the Promissory Note for the City of Lauderdale Housing Authority. The transfer of the funds in the amount of \$1M was completed. Mr. Swanson prepared and provided an amortization schedule to Salem Trust, with the first payment date of March 31, 2015. Salem Trust has the original note in their Vault, which was hand delivered by Mr. Williams.

Mr. Swanson advised that Board that we are still in queue with JP Morgan and Principal (Real Estate Managers) for \$1M each.

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Mr. Swanson reviewed the manager status section of his report. ICC was placed in a good standing status. It was noted that ICC was under review since the fourth quarter of 2011 and that the Board significantly reduced their assets under management since that time.

Plan Administrator's Report:

No formal report was provided due to the late hour of the meeting, however Mr. Williams indicated that the announcement for the upcoming Pension Seminar was posted to the website and transmitted to the Chairman for internal distribution. Mrs. Ostrander will monitor RSVP's.

Old Business:

Custodial Services – Discussed under Attorney's Report

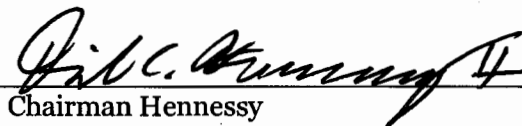
Open Discussion:

No formal open discussion ensued.

Adjournment:

Being there was no other business; Mr. Hennessy adjourned the meeting at 4:00 P.M.

Approved: _____


Chairman Hennessy

Date: 04-01-15