

**CITY OF LAUDERHILL FIREFIGHTERS RETIREMENT SYSTEM  
FIRE PENSION MEETING**

May 10, 2016

**I. Call to order**

Sean Henderson called to order the regular meeting of the CITY OF LAUDERHILL FIREFIGHTERS RETIREMENT SYSTEM at 4:33PM on May 10, 2016 at Lauderhill Fire Headquarters, 2nd Floor Conference Room, 1980 NW 56 Avenue, Lauderhill, Fl. 33313.

**II. Roll call**

The Plan Administrator conducted a roll call. The following persons were present:

Sean Henderson, Chairman  
Michael Taussig, Vice Chairman  
Karen Pottinger, Secretary  
Brent Chudachek, Rice Pugatch Robinson Storfer & Cohen, PLLC  
Greg McNeillie, Dahab Associates  
Joseph Beuparlant, Loomis Sayles  
Chad Little, Freiman Little Actuaries

**III. Approval of minutes from meeting dated April 12, 2016**

The minutes were reviewed by the attorney prior to the meeting. Under Attorney's Report in the section Zachary Ninger, the Administrator typed "Mr. Ninger's application of a non-service incurred disability", when it should read "Mr. Ninger's application for a service incurred disability". The Administrator will provide a revised version at the June meeting.

**Motion to table April 12, 2016 minutes by Karen Pottinger, seconded by Michael Taussig. Passed unanimously.**

**IV. New business**

1. Loomis Sayles Report by Joseph Beuparlant

As of March 31, 2016 the portfolio was valued at \$10,052,861. This was an increase of \$76,295 from the December quarter. In the first quarter, the portfolio gained 0.8%, which was 0.4% above the Russell 2500 Index's return of 0.4% and ranked in the 55<sup>th</sup> percentile of the Smid Cap universe. Over the trailing year, the portfolio returned -7.3% which was equal to the benchmark's -7.3% performance. Since March 2011, the portfolio returned 10.4% on an annualized basis and ranked in the 26<sup>th</sup> percentile. For comparison, the Russell 2500 returned an annualized 8.6% over the same period. Smid cap equities comprised 97.1% of the total portfolio (\$9.8 million), while cash & equivalents totaled 2.9% (\$286,970). Last quarter the Loomis portfolio outpaced the index by 40 basis points. Overweight positions in the Consumer Service and Service segments proved to be costly, as the portfolio sustained negative losses in each segment last quarter. Conversely, strong gains in the Computer Technology and Energy sectors helped bolster the portfolio's performance. Led by top ten equity holding, Teleflex Inc, helped

the Technology sector more than double the return of its index counterpart. The full report is on file in the pension office.

The agenda was taken out of order at this time.

2. DROP withdrawal/Retirement Richard Boulger

**Motion by Michael Taussig to approve DROP withdrawal and retirement for Richard Boulger, seconded by Karen Pottinger, and it passed unanimously.**

3. DROP withdrawal/Retirement George Ferguson

**Motion by Karen Pottinger to approve DROP withdrawal and retirement for George Ferguson, seconded by Michael Taussig, and it passed unanimously.**

4. Fiduciary Liability Insurance Plan Administrator Endorsement

The Administrator reminded the Board that she had been researching Errors & Omissions Insurance for Third Party Plan Administrators. She reached out to other Third Party Administrators like her. She found they are under the umbrella of the Fiduciary Liability Insurance Policies of the City's they are contracted with. S&D Mac Inc has had an Errors & Omissions policy for years that covers (Actuary) more than Plan Administrator's duties. She brought this concern to the Board and Plan attorney. The attorney reviewed the Plan's Fiduciary Liability Policy and said the way it is written, it does not specify the duties of the Plan Administrator. There are policies that do. The attorney and the Administrator researched further. The Administrator first reached out to the Plan's current provider to see if the policy can be revised or a new policy can be provided including the Plan Administrator and duties. The provider stated the Plan Administrator can be covered under the Fiduciary Liability Policy by adding an endorsement to the policy. An Endorsement was provided for review and approval. A \$25 fee shall be paid by the Administrator. The endorsement states that it is only for Plan Administrators and their duties. No other job description will be a part of the endorsement. The Plan attorney reviewed it and advised the Administrator this would be acceptable provided the Board approves it. The Endorsement was handed out for discussion. After review and discussion, a motion was entertained.

**Motion by Karen Pottinger to approve and sign the Plan Administrator endorsement, directing S&D Mac Services to pay the \$25 waiver of recourse premium, seconded by Michael Taussig and passed unanimously.**

The Board passed a motion at the last meeting to approve retaining Michael Burke for the Ninger disability. Brent Chudachek brought a retainer agreement for signatures. He reminded the board that RICE PUGATCH ROBINSON STORFER & COHEN PLLC still represent the Plan, while Mr. Burke will be representing the Trustees for the Ninger service incurred disability application. The retainer agreement was signed and given to Mr. Chudachek for execution. A copy will be sent to the Plan Administrator.

The Chairman moved to Dahab Report.

5. Dahab Report by Greg McNeillie

In the interest of time, Mr. McNeillie was asked to discuss anything that may need a motion since one of the trustees will have to leave the meeting early.

Mr. McNeillie reminded the Board that they last discussed the need to move money to the R&D account when necessary. There are three DROP withdrawals between May and June. Mr. McNeillie took into consideration the employee contributions that are wired in the account each month, the amount of money that is needed to cover the month to month regular benefit payments and the supplemental payments. He recommended the board move \$1,000,000 from Brown Advisory to the R&D account to handle the cash flow. Brown Advisory is over allocated and it is a good time to move the money. Negative cash flow is very common in a fund and this plan has not been there yet. When your monthly benefits become higher than the contributions it will happen. Eventually, as more members retire the R&D account will show a negative cash flow. In the future, if more money is needed the Consultant may recommend using Agincourt, a more liquid pool. After much discussion, a motion was entertain.

**Motion by Michael Taussig to move \$1,000,000 from Brown Advisory to the R&D Account on the advice of the Consultant, seconded by Karen Pottinger. Motion passed unanimously.**

Mr. McNeillie went over the quarterly report which is on file in the pension office and posted on the pension website at [www.lauderhillfrs.com](http://www.lauderhillfrs.com).

Investment Return:

As of March 31, 2016 the fund was valued at \$67,526,670, an increase of \$921,056 from December 2015. Since March 2011, the fund has posted net contributions totaling \$4.1 million, and generated net investment gains totaling \$19.4 million.

Relative Performance:

During the first quarter, the Composite portfolio 1.2%, which was 0.3% less than the Lauderhill Policy Index's return of 1.5% and ranked in the 39<sup>th</sup> percentile of the Public Fund universe. Over the trailing 12 month period, this portfolio returned -0.1%, which was 0.6% less than the benchmark's 0.5% return, and ranked in the 15<sup>th</sup> percentile. Since March 2011, the portfolio returned 7.5% annualized and ranked in the 15<sup>th</sup> percentile. For comparison, the Lauderhill Policy Index returned an annualized 8.0% over the same time frame.

Brown had some long term underperformance but they are improving. Concerns about Systematic may mean the Consultant will recommend a search in Large Cap Value. After some discussion, the board agreed that Mr. McNeillie should begin the search process so he has information to report at the August meeting.

## 6. Actuary Report by Chad Little

Mr. Little reminded the board there was discussion about net return vs gross return. He reached out to the auditor to discuss it. He heard from Clement Johns (auditor) just before the meeting. Mr. Johns asked for time to think about it and they would speak again. Mr. Little will report again at the August meeting.

In the valuation the actuary recommended shortening the amortization periods down to 25 years opposed to 30 years. This will be done at the next valuation. This fits better with a 25 year firefighter career.

To be compliant with Chapter 112.664 reporting requirements, the Valuation was filed electronically on March 24.

## V. Attorney's report given by Brent Chudachek

- Shane Vaughn

Shane Vaughn provided Brent Chudachek with some additional documents from the Air Force. Mr. Chudachek needs to contact the Air Force and reconcile the service dates. The attorney continues to track Mr. Vaughn's credited service in regard to his military deployment orders, and will report again at a future meeting.

## VI. Plan Administrator's report

There will be a pension trustee election held in June. Ryan Gabner's and Michael Taussig's two-year terms will expire in July. The Administrator will send an official notice with nomination forms to the membership immediately.

This concluded the Administrator's report.

## VII. Old Business

## VIII. Communications

## IX. Adjournment

The meeting adjourned at 5:54PM.