

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

August 9, 2016

I. Call to order

Sean Henderson called to order the regular meeting of the CITY OF LAUDERHILL FIREFIGHTERS RETIREMENT SYSTEM at 4:37PM on August 9, 2016 at Lauderhill Fire Headquarters, 3rd 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
Ryan Gabner, Trustee
Matthew Newman, Trustee
Ron Cohen, Rice Pugatch Robinson Storfer & Cohen, PLLC
Greg McNeillie, Dahab Associates
Chad Little, Freiman Little Actuaries
Jamie Sanderson, Artisan
Allison Corbally, SSGA

Absent: Karen Pottinger, Secretary

III. Approval of minutes from meeting dated July 12, 2016

The minutes were reviewed by the trustees.

Motion to approve minutes by Ryan Gabner, seconded by Matthew Newman. Motion passed unanimously.

IV. New business

1. 5th Trustee Appointment

The position was vacated by John Leicht. Mr. Gabner nominated Michael Taussig as the 5th trustee. The Plan Administrator called for any other nominations three times. Michael Taussig was the only nomination.

The Chairman asked for a rollcall vote.

Mr. Henderson yes
Mr. Gabner yes
Mr. Newman yes

The motion passed 3-0.

2. SSGA Report by Allison Corbally

As of June 30, 2016 the Daily International Alpha SL Fund market value was \$2,813,966. Russell 1000 Growth Index NL Strategy market value was \$5,273,094 and Russell 1000 Value Index NL Strategy market value was \$5,746,567. Total portfolio \$13,833,628. Allison Corbally reviewed the report she handed out. Additional information can be found in the Dahab Report under the SSGA tab. Chairman Henderson said he would like to see the trend towards achieving some alpha for the product. Value doesn't seem to have the same problems that growth has had so he would assume they could stay in position. Mr. McNeillie commented that Value over the last 12 months was down 15.4 and Growth is only down 4.8. So they have actually done very well against the Value Index. Developed market growth only. Not including Emerging Markets. There is some Emerging Market exposing in the Artisan portfolio. Full report is on file in the pension office.

3. Artisan Partners Report

Jamie Sandison reviewed the report he handed out. Mr. Sandison introduce the management teams listed in the report. Portfolio construction is typically 60-100 holdings. Their max position size is generally 5%, there is usually a max of 25% in any one industry, while a max of 30% in any one country. They may invest up to 35% in emerging markets, but typically hold at 20%. Less than 5% is typically in a cash position. The second quarter was going along well but ended on a more volatile note following the UK's late June Brexit vote. Energy was a strong performer in the second quarter. It came out ahead continuing its rebound as crude oil prices climbed 35%. Mr. Sanderson continued to go over the portfolio. As of June 2016 the ending Market Value was \$2,440,492. Additional information can be found in the Dahab Report under the Artisan tab. Full report is on file in the pension office.

4. Dahab Report

On June 30, 2016, the Lauderhill portfolio was valued at \$66,675,234, a decrease of \$851,436 from the March ending value.

Relative performance:

Total fund:

For the second quarter, the Composite portfolio gained 1.2%, which was 0.8% below the Lauderhill Policy Index's return of 2.0% and ranked in the 88th percentile of the Public Fund universe. Over the trailing 12-month period, this portfolio returned 0.6%, which was 1.7% less than the benchmark's 2.3% performance, and ranked in the 48th percentile. Since June 2011, the portfolio returned 7.5% annualized and ranked in the 19th percentile. The Lauderhill Policy Index returned an annualized 8.2% over the same time frame.

Large Cap Equity:

Large cap equity returned 1.6%, which was 0.9% less than the S&P 500 Index's return of 2.5% and ranked in the 56th percentile of the Large Cap universe. Over the trailing 12 months, this segment returned -0.6%, which was 4.6% less than the benchmark's 4.0% return, and ranked in the 59th percentile. Since June 2011, this component returned 9.7% on an annualized basis and ranked in the 82nd percentile. For comparison, the S&P 500 returned an annualized 12.1% during the same period.

Small/Mid Cap Equity:

Smid cap equity returned 0.9% last quarter, 2.7% below the Russell 2500 Index's return of 3.6% and ranked in the 81st percentile of the Smid Cap universe. Over the trailing year, this segment returned -6.1%, 2.4% less than the benchmark's -3.7% performance, and ranked in the 68th percentile. Since June 2011, this component returned 10.4% on an annualized basis and ranked in the 40th percentile. The Russell 2500 returned an annualized 9.5% during the same period.

International Equity:

International equity lost 2.2% during the second quarter, 0.7% below the MSCI EAFE Net Index's return of -1.5% and ranked in the 77th percentile of the International Equity universe. Over the trailing year, the international equity portfolio returned -11.3%; that return was 1.1% below the benchmark's -10.2% performance, and ranked in the 79th percentile. Since June 2011, this component returned 0.8% annualized and ranked in the 73rd percentile. For comparison, the MSCI EAFE Net Index returned an annualized 1.7% during the same period.

Emerging Market Equity:

This component of the portfolio returned -0.1%, which was 0.8% less than the MSCI Emerging Markets Net Index's return of 0.7% and ranked in the 90th percentile of the Emerging Markets universe. Over the trailing 12 months, this segment's return was -14.0%, which was 1.9% less than the benchmark's -12.1% performance, and ranked in the 91st percentile. Since June 2011, this component returned -5.0% on an annualized basis and ranked in the 96th percentile. The MSCI Emerging Markets Net Index returned an annualized -3.8% over the same period.

Real Estate:

This segment gained 1.6%, which was 0.5% below the NCREIF NFI-ODCE Index's return of 2.1%. Over the trailing year, this component returned 12.0%, which was 0.2% greater than the benchmark's 11.8% return. Since June 2011, this component returned 12.3% per annum, while the NCREIF NFI-ODCE Index returned an annualized 12.7% over the same period.

Farmland:

This segment returned 1.6%, which was 0.3% greater than the NCREIF Farmland Index's return of 1.3%. Over the trailing 12 month period, this segment returned 4.6%, which was 5.1% below the benchmark's 9.7% return.

Fixed Income:

This segment gained 2.4% in the second quarter, 0.5% above the Barclays Aggregate A-or-Better Index's return of 1.9% and ranked in the 37th percentile of the Core Fixed Income universe. Over the trailing 12 months, this component returned 7.0%, 1.1% greater than the benchmark's 5.9% return, ranking in the 7th percentile. Since June 2011, this component returned 4.5% annualized and ranked in the 26th percentile. For comparison, the Barclays Aggregate A-or-Better Index returned an annualized 3.5% during the same period.

Asset allocation as of June 2016: Large cap equities 33.9% (\$22.6 million), mid cap equities 14.7% (\$9.8 million), and international equities totaled 7.9% (\$5.3 million). Emerging markets equity segment was valued at \$2.3 million, while real estate component's \$9.2 million totaled 13.7%. The farmland segment totaled 2.8% of the portfolio's value and the fixed income component made up 20.8% (\$13.9 million). The remaining 2.8% was comprised of cash & equivalents (\$1.9 million).

Loomis Sayles tab of the report: Mr. McNeillie reminded the board he was watching Loomis. Page 5 of the Loomis report shows around the time Dan Thailen left the company. It's not the same product since there was a change in head management. He feels they need to break down the small cap and mid cap portions of the portfolio and see if one of them is dragging. They put the small and mid cap together because the fund was not as big as it is now. It's the biggest piece of Lauderhill's portfolio. It will add or subtract the most value because it's 15% of the total portfolio.

In regard to Systematic product, the large cap value search is ongoing. In the asset class of covered calls Mr. McNeillie stated they have seen where the cost cannot justify the returns. Sometimes you run into issues with the structure of the product that won't allow you to invest in the product. Mr. Henderson would like to hear more about the product. Mr. Cohen will check and see if the plan can invest in covered calls. Mr. McNeillie would rather look at venture capital products as an alternative to equities. He can bring some information on this product. Mr. Cohen will see if the fund can invest in venture capital as well. The trustees directed Dahab to add the mid search into the ongoing search. Mr. McNeillie isn't suggesting they take away small or mid cap, but rather split them up and invest in them separately now that the fund is larger. He will do a three part search that includes mid, small and mid cap products.

5. Freiman Little Actuaries Report

Collective Bargaining Agreement: The City and Union mutually agreed that for FY 2016 the Chapter 175 money will continue to be used in the same manner. The chapter money is received, \$167,000 goes to offset the City's contribution, what is left is put into the reserve account, which at the present goes to pay the supplemental benefit account. The CBA says that was for Oct 1 2015-September 30, 2016. Mutual consent expires on Sept 30, 2016. The parties mutually consented to spend the money in 2016 as stated in the CBA, and they mutually consented to go to the State default after that. So unless another mutual consent is agreed upon the actuary will go to the State default.

The CBA also states that the City set up a defined contribution plan in the Ordinance. Mr. Little asked if this was done. Mr. Cohen said the City decided to pass an ordinance creating the defined contribution language, however, it is not being funded. Mr. Little will do a statement of no impact if one is needed. The administrator said the ordinance was passed at the beginning of 2016 and she will send a copy to the actuary.

At the May meeting Mr. Little discussed the concept of net return going from 8% gross to 7.5% net. He sent an email to the auditor and he is waiting for Clement's input on this. The State does not mandate that we have to be at net return so Mr. Little is confirming with the auditor to see if GASB will or will not. Mr. Little is looking for a response from the auditor saying that gross return is sufficient for filing GASB statements. He will report on this when he has an answer from the auditor.

The plan did receive State acceptance of all valuation reports.

FRS went to a 100% line of duty death benefit. Mr. Little has been receiving calls and questions about whether or not the municipalities should. There are no laws that changed this and it is not a requirement for the city to change. It merely started conversation in some municipalities. There would be a cost to go to this. The contributions would increase but typically it would not cost a lot of money. The attorney said they can give this knowledge of the change to the interested parties (Union or City). The trustees cannot negotiate this. The trustees' role is to make the parties aware if they learn something. This plan's non-line of duty benefit is better than the line of duty benefit. After some discussion, Mr. Gabner said he would let the Union know about the FRS 100% line of duty death benefit.

6. Approve Warrant

Motion to approve the warrant by R. Gabner, seconded by M. Newman. The motion passed 3-0.

V. Attorney's report given by Ron Cohen

Rantanen disability Hearing: September 6th at 9:00AM is the date and time of the Final Hearing. There is not a request for a continuance. Mr. Spears wants to subpoena two witnesses. Mr. Cohen has authority to issue the subpoena. He prepared a form of subpoena but has asked Mr. Spears for the names so the subpoenas are not blank. He would like to work with the Chairman in the interim to get the names and signatures on each of the subpoenas. The board directed the attorney to do so.

Mr. Gabner asked the attorney about the language in ordinance under disability in reference to a retiree being re-examined. The board directed the attorney to work on a policy in regard to this. Mr. Chudachek is working on the policy.

VI. Plan Administrator's report

The Plan Administrator stated all items have been discussed throughout the meeting.

VII. Old Business

VIII. Communications

IX. Adjournment

The meeting adjourned at 7:00.