

CITY OF LAUDERHILL FIREFIGHTERS RETIREMENT SYSTEM

FIRE PENSION MEETING

02/12/2019

I. Call to order

Michael Taussig called to order the regular meeting of the CITY OF LAUDERHILL FIREFIGHTERS RETIREMENT SYSTEM at 4:30PM on February 12, 2019 at Lauderhill Fire Headquarters, 2nd Floor Conference Room, 1980 NW 56 Avenue, Lauderhill, and Fl. 33313.

Roll call

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

Sean Henderson, Chairman	Brent Chudachek, Rice Pugatch Robinson Storfer & Cohen
Michael Taussig, Vice Chairman	Steve Roth, Dahab Associates
Meralis Celetti, Secretary	Chad Little, Freiman Little Actuaries
Ryan Gabner, Trustee	
Matthew Newman, Trustee	

II. Approval of minutes from meeting dated Jan 15, 2019

MOTION to approve minutes by R. Gabner

SECONDED by M. Newman

MOTION PASSED UNANIMOUSLY.

III. New business

1. Investment Manager Report given by Ceres Partners.

2. Investment Manager Report given by Agincourt Capital.

See Dahab Report complete report

3. Dahab Report given by Steve Roth

Investment Return: December 31, 2018, the portfolio was valued at \$78,504,602, a decrease of \$7,553,281 from the September quarter ending.

Relative Performance:

Total Fund. The portfolio lost 8.6%, which was 0.2% less than the Lauderhill Policy Index's return of -8.4% and ranked in the 56th percentile of the Public Fund universe. Over the trailing year, the portfolio returned -3.5%, which was 0.1% less than the benchmark's -3.4% performance, and ranked in the 34th percentile. Since December 2008, the account returned 8.9% per annum and ranked in the 29th percentile. For comparison, the Lauderhill Policy Index returned an annualized 9.6% over the same time frame.

Large Cap Equity: The portfolio lost 14.5% last quarter, 1.0% below the S&P 500's return of -13.5% and ranked in the 60th percentile of the Large Cap universe. Over the trailing twelve months, the large cap equity portfolio returned -5.7%, 1.3% less than the benchmark's -4.4% performance, and ranked in the 56th percentile. Since December 2008, this component returned 11.9% on an annualized basis and ranked in the 76th percentile. For comparison, the S&P 500 returned an annualized 13.1% during the same period.

Mid Cap Equity: Earnest Partners Mid Cap Core was fired in October 2018. Performance was not able to be calculated.

Small Cap Equity: Chatham Capital Group Small Cap Investing was hired in October 2018. Performance was not able to be calculated.

International Developed Markets: The developed markets equity portfolio returned -12.0% in the fourth quarter, 0.5% greater than the MSCI EAFE Net's return of -12.5% and ranked in the 51st percentile of the International Equity universe. Over the trailing twelve-month period, the developed markets equity portfolio returned -13.8%; that return was equal to the benchmark's -13.8% return, and ranked in the 37th percentile. Since December 2008, this component returned 6.8% per annum and ranked in the 82nd percentile. The MSCI EAFE Net returned an annualized 6.3% over the same time frame.

Emerging Market Equity: For the fourth quarter, the emerging markets equity segment returned -7.9%, which was 0.4% less than the MSCI Emerging Markets Net's return of -7.5% and ranked in the 62nd percentile of the Emerging Markets universe. Over the trailing twelve-month period, this segment's return was -16.2%, which was 1.6% below the benchmark's -14.6% return, ranking in the 60th percentile.

Real Estate: During the fourth quarter, the real estate component returned 2.1%, which was 0.3% greater than the NCREIF NFI-ODCE Index's return of 1.8%. Over the trailing year, this component returned 9.8%, which was 1.5% above the benchmark's 8.3% performance. Since December 2008, this component returned 6.7% per annum, while the NCREIF NFI-ODCE Index returned an annualized 7.0% over the same time frame.

Farmland: The audited report were not available at the time of this report. A preliminary value was calculated based on Ceres provided ending capital balances and fees.

For the fourth quarter, the farmland component gained 1.7%, which was 1.1% less than the NCREIF Farmland Index's return of 2.8%. Over the trailing twelve-month period, this segment returned 5.8%, which was 0.9% less than the benchmark's 6.7% return.

Fixed Income: The fixed income assets returned 1.5% during the fourth quarter, 0.1% below the Bloomberg Barclays Aggregate Index's return of 1.6% and ranked in the 42nd percentile of the Core Fixed Income universe. Over the trailing twelve-month period, this component returned 0.6%, 0.6% greater than the benchmark's 0/0% performance, ranking in the 18th percentile. Since December 2008, this component returned 4.6% on an annualized basis and ranked in the 38th percentile. The Bloomberg Barclays Aggregate Index returned an annualized 3.5% during the same time frame.

Asset Allocation: On December 31st, 2018, large cap equities comprised 36.2% of the total portfolio (\$28.4 million), mid cap equities comprised 7.7% (\$6.0 million), small cap represented 7.2% or \$5.6 million, and international developed totaled 7.5% (\$5.9 million). The account's emerging markets equity segment was valued at \$3.4 million, representing 3.4% of the portfolio, while the real estate component's \$11.3 million totaled 14.4%. The farmland segment totaled 2.6% of the portfolio's value and the fixed income component made up 18.3% (\$14.3 million). The remaining 2.9% was comprised of cash and equivalents (\$2.3 million).

4. Auditor's Draft Financial Report by Eric Leventhal from KSDT

Mr. Leventhal introduced himself and was appreciative of the new relationship between KSDT and Lauderhill Firefighter's Retirement Plan. Being a transitional, a little more work was involved. However, it was a smooth transition. They believe that the audit evidence they have obtained was sufficient and appropriate to provide a basis for their audit opinion. In the opinion of KSDT the financial statements referred to present fairly, in all material respects, the fiduciary net position of the City of Lauderhill Firefighters' Retirement System as of September 30, 2018 and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United State of America. In other matters, the financial statements of the Plan as of and for the year ended September 30, 2017, were audited by other auditors whose report dated February 28, 2018, expressed an unmodified opinion on those statements. In KSDT's opinion, the summarized comparative information presented in the report as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived. Mr. Leventhal summarized the report going over pertinent information.

September 30, 2018 results. Mr. Leventhal went over the State of Fiduciary Net Position. Total Net position was \$86,028,658, a \$7,237,959 increase from prior year. Looking at the next page in the report is a breakdown of money coming in and going out to explain the net increase. Contributions, Statement Chapter money, and Employer portion contributions determined by the Actuary, and investment increases earned come into the plan. Going out of the plan are benefit payments, DROP distributions supplemental distributions refund of contributions and administrative expenses to run the plan. No red flags found and they understood the increases and decreases to be consistent with normal operation of the plan. The plan is in normal range and is operating effectively. Mr. Leventhal went over the report highlighting certain areas and also brought the management representation letter for signature. GASB supplements can be covered under the Actuary's Report. Internal Controls had no significant matters to report. The entire draft report is submitted for acceptance.

Motion by R. Gabner to accept the financial report and sign the management representation letter.

Seconded by M. Celetti

MOTION PASSED UNANIMOUSLY

5. Valuation Report given by Chad Little from Freiman Little Actuaries

Chad went over the draft Valuation. Report is on file. Some highlights are:

- The Plan is in a cumulative net gain position for supplemental purposes. Rule is a portion of the gains goes to the supplemental. The fund has never been in this position. Paula sent Barbara a summary of what Chad is reporting. The calculation of revised supplemental monthly benefits payable from 10/01/2018 of \$374.91 (compared to \$315.16 as reported 09/10/2018) after a portion of gains are allocated to the supplemental retirement benefit account balance at 10/01/2018 based on the valuation results, which has never happened before. This means that whereas the draft audit information provided shows the supplemental retirement benefit account balance of \$480,267 (based on the draft supplemental retirement benefit account balance work provided 09/10/2018), the audit should be revised to show a supplemental retirement benefit account balance of \$571,401.
- Variable Benefit still has no gains so no payments are due
- DROP rate will change on 10/01/2019
- Declaration of Returns is 7.3%

Motion by R. Gabner to accept Valuation

Seconded by M. Celetti

MOTION PASSED UNANIMOUSLY

Motion by M. Taussig to have the Administrator prepare a letter to the Division of Retirement for Declaration of Returns are at 7.3%

Seconded by R. Gabner

6. Approve Warrant #289 in the amount of \$66,547.32

Motion by R. Gabner to approve the warrant in the amount of \$66,547.32

SECONDED by M. Celetti

PASSED UNANIMOUSLY

IV. Attorney's report given by Brent Chudachek

- Status of Pension Ordinance. Mr. Chudachek sent revisions of the Pension Ordinance to the City attorney and awaits a response. He will update at the next meeting.

V. Plan Administrator's Report

Pension Office lease renewal is due. The amount remains the same.

Motion by M. Taussig to approve the lease. Seconded by R. Gabner. MOTION PASSED UNANIMOUSLY

Mr. Taussig's two year appointment as the 5th trustee elected by the other four trustees expires February 2019. He has shown a willingness to sit for another two years. The Administrator has no other names to bring forth. The Administrator is asking for a Motion to elect Mr. Taussig to the 5th trustee seat.

Motion R. Gabner to appoint Michael Taussig as 5th Trustee
Seconded by M. Newman
The Chairman asked if there are any more nominations and hearing none
MOTION PASSED UNANIMOUSLY

Chad Lariviere resigned and his withdrawal of funds needs approval for process

Motion by R. Gabner to approve the withdrawal for Chad Lariviere
Seconded by M. Newman
MOTION PASSED UNANIMOUSLY

As a follow up from last month. The R&D withdrawal the Administrator reporter at the last meeting was actually a dividend going into the account and reinvested. Everything is fine.

VI. Communications

VII. ADJOURNMENT

MOTION to adjourn at 6:25pm