

**City of Lauderhill Police Retirement Plan**  
**Minutes**  
**June 06, 2012**  
**2:00 PM**

**Roll Call:**

Mr. David Hennessy called the meeting of the City of Lauderhill Police Officers' Retirement Plan to order at 2:10 p.m. at the City of Lauderhill Police Department.

**Members Present:**

David Hennessy - Chairman, Floyd Harris - Trustee

**Absent & Excused:**

Michael Lucas – Trustee, Kennie Hobbs – Trustee and Gary Celetti – Trustee.

**Others Present:**

Adam Levinson – Attorney, Bob Dorn - Plan Administrator, Dave Williams – Plan Administrator, Patty Ostrander – Administrative Assistant, Don Dulaney – Dulaney & Company.

It should be noted that there was not a quorum for the Board to have an official meeting. Mr. Levinson advised that the Board cannot take official action, but the Chairman can give instruction to the plan representatives to take action of matters of the plan.

**Consent Agenda: Warrant Ratification / Approval:**

**Warrant 238**

Payment of \$2,130.00 to Klausner, Kaufman, Jensen & Levinson for Legal services rendered through April 30, 2012.

**Warrant 239**

Payment of \$1,655.01 to Gary Celetti. Reimbursement for travel expenses for NCPERS in May 2012.

**Warrant 240**

Payment of \$4,770.00 to Dulaney & Company for Actuarial services rendered through May 31, 2012.

**Warrant 241**

Payment of \$3,330.00 to Klausner, Kaufman, Jensen & Levinson for Legal services rendered through May 31, 2012.

Mr. Hennessy and Mr. Harris executed all of the aforementioned warrants. Mr. Dorn advised that all warrants will be presented at the July 11, 2012 meeting for ratification by Board.

**Attorney Report:**

Mr. Levinson advised that the plan will be receiving approximately \$20,000.00 from the Merrill Lynch litigation. Mr. Levinson advised that the proposed plan of allocation still must be approved by the Judge in this case. Mr. Hennessy inquired to Mr. Levinson how is the allocation done? Mr. Levinson advised that under the Plan of Allocation in the settlement, each authorized Claimant will receive a payment from the net settlement fund based on its pro rata share of the fund, which will be determined for each plan by dividing the Plan's adjusted claim amount by the total adjusted claim amounts of all authorized claimants.

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Mr. Levinson advised that the plaintiff's theory of liability in this case believed that Merrill Lynch to be liable for approximately \$14,500,000 dollars. Mr. Levinson advised that the proposed settlement is approximately \$8,500,000 dollars. Mr. Levinson advised that this is a very good settlement figure based upon the facts and circumstances of this particular case. Mr. Dorn gave the settlement documents to Mr. Hennessey for execution. Mr. Hennessey read and reviewed the settlement document. Mr. Dorn advised that at the previous meeting, the Board approved by motion to approve the settlement agreement. Mr. Hennessey signed the settlement agreement.

Mr. Levinson advised that the lawsuit for Mr. Moraga is completed and the process server is attempting to locate Mr. Moraga. Mr. Levinson advised that he will comment more once the process server completes his/her task.

Mr. Levinson advised the Board of House Bill 401. Mr. Levinson advised that House Bill 401 generally nullifies upon divorce or annulment the designation of a spouse as a beneficiary of non-probate assets such as life insurance policies, individual retirement accounts, and payable on death accounts. Certain state-administrated retirement plans (Florida Retirement Systems) are exempt from the bill. If the provisions of the bill apply, an asset will pass as if the former spouse predeceased the decedent. The bill also specifies criteria for a payor of a non-probate asset to use in identifying the appropriate beneficiary. The bill specifically provides that the payor is not liable in some circumstances for transferring an asset to the beneficiary identified through the bill's criteria. Mr. Levinson advised that this bill will affect the Lauderhill Police Pension Plan because it is not excluded from these provisions. Mr. Levinson advised that the beneficiary forms may have to be changed. Mr. Levinson advised that he will advise the Board at a future meeting.

Mr. Hennessey asked Mr. Levinson if a trustee to a board can be removed because of not attending Board meetings. Mr. Levinson advised Mr. Hennessey that a trustee can only be removed from the Board due to a criminal situation. Mr. Levinson advised that there may be other ways to entice Trustees to attend meetings by attaching attendance to the travel policy. Mr. Hennessey instructed Mr. Dorn to put this issue on the agenda to be discussed at the next meeting. Mr. Hennessey also requested that an attendance report be compiled. Mrs. Ostrander advised that she will complete and distribute to all trustees.

Mr. Levinson advised that a recent court ruling found that a local plan cannot declare bankruptcy to remove their liability from paying pensioners.

### **Actuary's Report:**

Mr. Dulaney presented to the Board a draft letter advising DROP members of the change in the rate of return. Mr. Dulaney advised that the letter explains to the members how it was determined to lower the rate of return from 8% to 7.75% and the start date of April 1, 2012. The Trustees reviewed the letter. Mr. Hennessey instructed Mr. Dorn and Mr. Williams to place this letter on the web and to insert it into the next statements so all of the DROP members will have it. Mr. Williams advised he will also include it in the next newsletter.

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Mr. Dulaney gave Mr. Dorn and Mrs. Ostrander a copy of the calculations for William Gordon. Mr. Dulaney advised that Mr. William Gordon initially attempted to purchase five years of additional police service.

Mr. Dulaney advised that the initial cost for this service purchase was \$52,949.00. Mr. Dulaney advised that Mr. William Gordon made bi-weekly payroll payments of \$115.00 from a payroll date of August 18, 2007 through July 2, 2011.

Mr. Dulaney advised that he was contacted by Trustee Celetti because Mr. William Gordon wanted to know the amount of service credit he purchased? Mr. Dulaney advised that he did the new calculation and the service credit is 0.8980 years or 10 months and 23 days. Mr. Hennessey asked who is paying for this calculation and Mr. Dulaney advised that he believed it was the Board. Mr. Hennessey inquired as to how much does this cost and Mr. Dulaney advised that it was approximately two hundred dollars. Mr. Hennessey advised that he felt that Mr. William Gordon should pay for this amount because the Board paid for the initial calculation. Mr. Levinson suggested that since the member was never told of the cost, it would be prudent for the Board to pay for this charge. Mr. Hennessey instructed Mr. Dorn to send an e-mail to each Trustee to have all calculations go through the Plan Administrator before going to the actuary to keep the cost down and also to inform members of the costs they will have to pay up front for these other calculations. Mr. Dorn advised that he will send out the e-mails to all Trustees.

Mr. Dulaney advised that he received a letter from the Division of Retirement. Mr. Dulaney advised that the Division of Retirement performs actuarial reviews of Florida's local government retirement plans to ensure that they are being funded in an actuarially sound manner in accordance with Part VII of Chapter 112, Florida Statutes. Mr. Dulaney advised that in 2009, in an effort to ensure compliance with these provisions, the Division of Retirement began requiring that local retirement plan contributions must minimally equal the amount of contributions determined using the percentage of payroll method. This was intended to eliminate recurring actuarial losses due to payroll growth underestimation. With several years of experience accumulated to evaluate the effectiveness of the percentage of payroll contribution requirement, the Division of Retirement has determined that the use of this method is not required for compliance of Chapter 112 of the Florida Statutes. Mr. Dulaney advised that the Division of Retirement is requiring the local governments should confer with retirement board actuary to select and maintain a contribution method that best fits the funding requirements of the plan and satisfies the legislative intent found in the Florida Statutes. Mr. Dulaney advised that the two methods to choose from are the percentage of payroll or a fixed dollar contribution. Mr. Dulaney advised that the fixed dollar amount is easy to budget for the City and State to follow as well as in the audit process. Mr. Hennessey concurred with Mr. Dulaney by using the fixed dollar contribution method. Mr. Hennessey advised Mr. Dorn to put this issue on the next agenda for the full Board to review and approve.

### New Members:

Mr. Dorn advised the Board that there are two new members for the Trustees to review and accept into the plan. Mr. Dorn advised that new members are Terrence McGriff and Edward McCormick. Mr. Dorn advised that all of the new member documents have been completed and the City has notified Mr. Dorn via an e-mail that they both passed their physicals. Mr. Hennessey instructed Mr. Dorn to put this on next July/2012 agenda so that a vote can be completed to enter the new members into the plan. Mr. Levinson asked if all new members are given a package so that the Board is notified when retained. Mr. Dorn advised that the City's Personnel Department handles this and we receive the forms from them. Mr. Levinson advised that we must ensure that all new members are entered into the plan so not to violate Chapter 185 or any possible IRS rulings/statutes.

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It was discussed that the Assistant Chief was reportedly provided the option of entering into the plan or entering into a DC type retirement plan. Mr. Levinson asked Mr. Dorn if the Assistant Chief has entered the plan. Mr. Dorn advised that he believes he has not at this time. Mr. Levinson advised that he will notify the City regarding this issue as there is no option, participation is mandatory.

### Plan Administrator Report:

Mr. Dorn advised the Board that in the new member packets, there is no information on the results of the member's Physical Examination. Mr. Hennessey felt the physical had no bearing on entry into the plan, it would be used as a baseline should an issue arise in the future. Mr. Levinson advised that if possible can we check and ensure that the Hospital doesn't destroy the new member records? Mr. Dorn advised that he will double check with the hospital that they do not destroy these records. Mr. Dorn advised that he is updating the new member packages. Mr. Dorn provided all the members a proposed updated beneficiary form which was reviewed & approved by Mr. Kaufman. Mr. Hennessey instructed Mr. Dorn to start using the new beneficiary form. Mr. Dorn advised that the new form can be updated to accommodate House Bill 401 if necessary. Mr. Hennessey requested that the new beneficiary form be placed on the web site. Mr. Williams advised that it will be done.

Mr. Dorn advised that the Agenda item regarding Southeastern Advisory and PIMCO will take place at the next quarterly meeting which is September 5, 2012.

Members present were reminded to complete the annual financial forms no later than July 1, 2012. Ms. Ostrander has also sent out reminder e-mails as well.

Mr. Dorn advised that a subpoena was received for Mr. John Rhames pension file. The matter will be addressed pursuant to the legal requirements.

Mr. Williams reported that Ms. Erica Williams asked and received a return of contributions package.

Mr. Williams ensured that trustees were aware of the financials being reported each meeting were in their respective packets.

Mr. Williams advised that the 13<sup>th</sup> check notice was sent to all concerned retired members. An inquiry arose regarding disabled members being eligible for the 13<sup>th</sup> check. The matter is under review by legal counsel.

### Open Discussion:

None.

### Adjournment:

Being there was no other business; the meeting was adjourned at 3:10 PM.

Next meeting is scheduled for July 11, 2012 at 2:00 PM.

Approved: \_\_\_\_\_

  
Chairman Hennessy

Date: \_\_\_\_\_

07-11-12